Summer 2016

Financial and business intelligence

SHIPS AHOY

Decision-making in an uncertain world

shipleys LLP

Also in this issue:

Focus on inheritance tax

New drive for company transparency

A quick guide to the different 'minimum wage' terms

New rules on CGT main residence exemptions

Top tips to avoid online scams

Client profile: **Kusch & Co**

Contents:

Shipleys LLP is a firm of chartered accountants and business advisers. *Shipshape* is our regular newsletter for clients and contacts.

If you have any suggestions for topics you would like to see covered in *Shipshape*, or have any comments about its content, please contact Stuart Dey at our London office.

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More detailed information on tax changes is available on our website at www.shipleys.com

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IHT 403 tax form to complete for gifts out of income

£7.20 New National Living Wage from 1 April 2016

14% Flat rate of VAT for 'consultants'

35 years NICs needed for maximum state pension

£850k Maximum value of homes left to descendants IHT-free (2017/18)

£1 MILLION pension contributions lifetime allowance from April 2016

10% CGT Investors' CGT relief on disposal of unquoted shares

STAMP DUTY Up 3% on additional properties

Viewpoint: Simon Robinson
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Unwrapping the decision-making process

The narrow decision by voters to leave the EU means the country is now in uncharted territory – and it is perhaps ironic that a referendum campaign characterised by uncertainty and a lack of clarity should have delivered a result that leaves the UK facing an unclear and uncertain future.

Should I stay or should I go?
During the campaign there were strong arguments on both sides, and many voters will have been influenced by persuasive personalities such as Boris Johnson, Sadiq Khan or even David Beckham. Perhaps less so, Jeremy Corbyn, apparently. But shouldn't you vote for actual policies rather than, say, someone with a knack for a good soundbite or a sense of humour, or because their father was a bus driver or a stockbroker? Or you may, perhaps admirably, have chosen to vote for what you thought will be best for your children.

Many people will admit that they found it very difficult to truly understand the profoundly complex implications of either the in or out option and to disentangle the facts from the speculation, extrapolation and hyperbole. Indeed, some have argued that the magnitude of the consequences of Brexit were simply too great for a largely disengaged public to be given responsibility for the decision. Sometimes democracy comes at a very high price!

In a similar vein, many people and certainly all businesses need the facts and advice from someone they can trust when it comes to money matters. At Shipleys we pride ourselves on our ability to unravel complexity and identify the appropriate options for our clients – whether that's complying with the latest Companies House regulations or minimising the impact of inheritance tax on a family.

Our role as advisers is to clearly explain, in plain English, the pros and cons of any course of action. We will usually make a recommendation based on a combination of our knowledge of you and your goals. There's no leaping into the unknown – we're a steady hand to guide you and then put plans into action. And as members of AGN International, the global association of independent accounting and advisory businesses, we have the international reach to help you do business in Europe and beyond.

Start making sense
While Brexit has created a lot of risk and uncertainty there will be opportunities too. Once the lengthy process of negotiating the UK's exit from the EU is complete, there may be a number of positive tax developments. For example, the Government will have the flexibility to offer more generous tax reliefs, simplify certain incentive schemes and set VAT rates as it sees fit.

This is all just speculation for now – the consequences of Brexit will be far-reaching and won't be known for some time. The main focus now has to be to make the most of the cards that have been dealt.

So, in this issue of *Shipshape* we discuss announced changes to inheritance tax with the introduction of the additional 'residence nil rate band', and the new implications of owning a second residential property. There's also a quick guide to the three different 'minimum pay' terms now in use in the UK. And we provide some pointers on how to protect yourself against the latest online scams.

Enjoy the read.

5 top tips to beat online scams

new main residence CGT exemption – down from 36 months

Inheritance tax possible on an outright discounted gift

The new residence nil-rate band

"With the average price of a semi-detached house in London now over £600,000 many ordinary people have found themselves affected by IHT."

The inheritance tax (IHT) payable on death is normally 40% on the value of a person's estate in excess of the available nil-rate band, which has been £325,000 since 2009. However, if the deceased had a spouse or civil partner who died before them without using their own nil-rate band, then the unused proportion can be transferred to the deceased (a claim is required). In practice therefore, if the first of a couple to die leaves their whole estate to their spouse, without having made any gifts in the previous seven years, the nil-rate band on the death of the surviving spouse is £650,000.

With the average value of a semi-detached house in London now over £600,000 many ordinary people have found themselves affected by IHT. The 2015 summer budget included provisions to address the Conservative Party's 2007 election manifesto pledge to increase the nil-rate band to £1m. But the new rules, which don't come into force until 6 April next year, are far short of a simple increase in the nil-rate band!

The new 'residential enhancement' introduces a 'residential nil-rate band' (RNRB). But only if a deceased person's estate includes a home that is inherited by descendants. The additional relief is being phased in over a number of years and is limited to the value of the interest in the home, up to a maximum of £100,000 for a death in 2017/18, £125,000 for 2018/19, £150,000 for 2019/20 and £175,000 for 2020/21. Any unused RNRB can be transferred between spouses or civil partners.

With the inheritance nil-rate band at £325,000 per spouse, plus the RNRB of £175,000 per spouse, from 2020 a couple can leave their descendants up to £1m free of inheritance tax.

If the value of the deceased's estate exceeds £2m, these enhancements are reduced by £1 for every £2 the estate exceeds £2m. The actual value of the estate is used for this test, not the value after reliefs which are taken in to account for inheritance tax purposes. Estates which include valuable shares in family companies (which qualify for business property relief), for example, may find the residential enhancement is withdrawn.

The Finance Bill 2016 proposes that the RNRB should apply when the deceased had downsized or ceased to own a home after 7 July 2015. Aspects of these proposals are still under discussion.

From 2020 a couple can leave their descendants up to £1m free of inheritance tax.

Gifts out of income

There is a potentially useful exemption from inheritance tax for gifts which form normal expenditure out of income. But the rules could be clearer.

This exemption can be very useful to stop surplus income building up in your estate and increasing your inheritance tax (IHT) liability. Unusually, the exemption has no upper limit and there's no requirement to live a further seven years after the gift. But, it only applies to gifts out of income which are part of your normal expenditure, and which leave you with sufficient after-tax income to maintain your usual standard of living.

These requirements can result in a lot of confusion or uncertainty in practice.

Income does not mean taxable income. It includes interest credited to an ISA, but not the 5% tax-free withdrawals from bonds (which strictly speaking are part of the capital originally invested).

'Habitual expenditure'?

For gifts to form part of your normal expenditure, they must usually be typical or habitual expenditure, and thus some element of recurrence is implied. There's no requirement for gifts to continue until death (but it is harder for HMRC to challenge them if they do). On the other hand, a single gift made not long before death may still qualify, if the intention to make regular gifts can be demonstrated. One year is considered with another, so the exemption may still be obtained in an abnormal year in which a regular gift wasn't covered by surplus income.

Normal expenditure includes mortgages, insurance, household bills, council tax, travelling costs, entertainment, standard holidays and nursing home fees. But it might be possible to exclude the cost of a new car or one-off holiday, for example to mark a significant wedding anniversary or birthday.

According to HMRC, "There is no rule of thumb. We basically judge each case on its merits."

Donors and executors should be aware that the IHT return for a deceased person requires net income (after tax) and regular expenditure to be analysed for the seven years prior to death using form IHT403. Donors might want to complete this form on an annual basis when filing their tax return, as this is likely to save their executor a lot of trouble.

Valuable inheritance tax rules surrounding gifts out of income lack 'rule of thumb'

Personal affairs checklist

For a personal affairs checklist visit our website at: *http://www.shipleys.com/resources/useful-tools*

Discounted gift schemes can help save inheritance tax

These investment products can be helpful when planning for passing on your estate.

Discounted gift schemes involve a single premium life insurance policy usually known as an 'investment bond'. You choose a fixed percentage of your initial investment to be withdrawn from the bond each year for the rest of your life.

The bond's value is therefore discounted by reference to the actuarial value of the right you retain to future withdrawals. The 'discounted' bond can then be given away to someone or to a discretionary trust, who will get the proceeds from the bond when you die. At this point there may be an income tax liability, based on comparing the value of the bond at that time with the amount originally invested, taking withdrawals into account.

If the 'discounted' bond is given away outright, for example to your children, there is usually no inheritance liability unless you die within seven years. If the bond is given to a trust the transfer will have inheritance tax (IHT) implications. If its value exceeds any unused nil-rate band, there is likely to be an immediate IHT liability, at 20% of the value of that excess, with further tax due if you die within seven years. Within the trust there may be IHT payable on exits and every ten years.

Overall, while there may be potential IHT savings as a result of making a lifetime gift, those considering them should be aware that they involve the purchase of an investment product.

Example:
A 75-year-old non-smoking woman who gives away £100,000 in a bond subject to £5,000 a year withdrawals makes a gift of about £50,000 for IHT purposes.

Claim child benefit to secure your state pension?

To get the maximum state pension under the new rules you need to have 35 qualifying years on your National Insurance Contributions (NIC) record. Qualifying years include those in which you worked and paid NICs, but also years when you claimed child benefit, provided that your child was under 12. If you have more than one child it may be worth claiming in respect of the youngest.

This can still be relevant even if you're not claiming child benefit because of the high income child benefit charge – the effect of which is that if either parent's income is more than £50,000 a year some or all of the child benefit has to be paid back. The child benefit claim form CH2 now includes an option: "I don't want to be paid Child Benefit, but I want to protect my State Pension."

Do your pension sums

The new pension contribution limits mean that using a defined benefit scheme may enable you to maximise the amount paid in. Pension rules continue to be amended by the Government – 'turning off the taps' on the way in (restricting tax relief for companies and individuals) and 'opening them' on the way out to keep money in the economy.

The lifetime allowance from April 2016 has now dropped to £1m, and the annual contribution limit remains at just £40,000 for those earning under £150,000. Earnings over that amount reduce this annual limit gradually down to just £10,000.

People who are likely to be able to afford a £1m pension pot are arguably precluded from getting much tax relief with such low annual contributions.

The annual limit of £40,000 applies to private pension contributions, but not necessarily to all company pensions.

Contributions to defined benefit or 'final salary' schemes are not measured in the same way. These schemes rely on the employer making sufficient contributions at any point in time to ensure that the pension can be paid in the future. Members are likely to feel more comfortable if the scheme is properly funded early on in case contributions can't be afforded later down the line, so advance funding is quite common.

Calculate carefully

For defined benefit schemes the annual allowance does not apply to the actual contributions but instead looks at the increase in the benefits which have accrued to the member. The lifetime limit of a pension beneficiary still needs to be considered carefully.

An employer can make a substantial pension contribution to a defined benefit scheme in a single tax year and, provided it is wholly and exclusively for business purposes, it will usually be tax deductible.

This contribution may well be significantly greater than the contribution that would be permitted to a personal pension

Example:

A company sets up a scheme for a 30-year old director currently earning £90,000. The scheme promises a pension of half the final salary after 30 years' service.

The increase in accrued benefits to which the annual limit applies is calculated as: 1/60 x £90,000 x 16 = £24,000 (the multiplier of 16 forms part of the regulations and an adjustment for inflation is also required – omitted in our example). As £24,000 is less than the annual £40,000 limit, there is no restriction.

However, if the actuarial calculation is that £90,000 is needed to fund the pension, then that's the amount which can be contributed. Normally that level of contribution might be expected in future years. But if the scheme is subsequently converted to a defined contribution arrangement, then there is no ongoing obligation on the employer to continue contributions at this level.

From 6 April 2016 UK incorporated companies and LLPs must maintain a register of 'persons with significant control'.

The 'persons with significant control' (PSC) register is a new statutory register which UK incorporated companies and LLPs must maintain to identify the individuals who are their ultimate beneficial owners and controllers, or record the fact that there is no PSC. The register must be filed with Companies House from 30 June 2016, even for dormant companies, and most of the information in it will be available to the public. Failure to comply is a criminal offence. Previously, companies only needed to record the registered owners of their shares.

Who is a PSC?

A PSC is an individual who meets one (or more) of these conditions:

1. Directly or indirectly holds more than 25% of shares in the company.
2. Directly or indirectly holds more than 25% of the voting rights in the company.
3. Directly or indirectly holds the right to appoint or remove a majority of the board of directors of the company.
4. Has the right to exercise, or actually exercises, significant influence or control over the company.

Company transparency

Who's really in charge?

5. Where a trust or firm would satisfy one of the first four conditions were it an individual. Or any individual holding the right to exercise, or actually exercising, significant influence or control over the activities of that trust or firm.

The last two conditions only apply in limited circumstances.

Information required

The details required to be included in the PSC register are:

- Name, date of birth and nationality
- Country, state or part of the UK where the PSC usually lives
- Usual residential address (held on the register but not publicly available)
- Service address
- Date of becoming a PSC in relation to the entity (for existing companies or 6 April 2016 when the legislation came into force if already a PSC at that date)
- Which of the above conditions for being a PSC are met. For conditions 1, 2 and 5, this should include the level of the PSC's shares and voting rights within the following bands:
  - over 25% and up to 50%
  - over 50% and less than 75%
  - 75% or above.

Before a PSC can be entered in the register the directors must confirm all the details with the person with significant control.

Other types of companies

There are specific rules for all types of companies, including LLPs, group companies, joint interests and joint arrangements, listed companies and companies without share capital. Please visit the Shipleys website for details.

Keeping the register up-to-date

The information on the company's PSC register must be kept up-to-date and included in the annual Companies House 'confirmation statement', which will shortly be replacing the annual return. Under the EU Fourth Anti-Money laundering Directive, which has to be implemented by all member states by 27 June 2017, changes to a company's PSC register will have to be notified to Companies House immediately. In view of the 23rd June vote to leave the EU it isn't known how this will apply.

Enforcement

A company is required to take reasonable steps to contact its PSCs and confirm the information in the register. There are penalties for the company and its directors for failing to address the requirement, and it is also an offence for a PSC not to provide the information required. These penalties can include up to two years' imprisonment and a fine.

Confused about the minimum wage?

A quick guide to the different 'minimum wage' terms in use in the UK (only two of which are statutory)

The National Living Wage (NLW) was announced in last year's summer Budget as a new minimum rate of pay and has been phased in from 1 April this year. It starts at £7.20 and applies only to workers who are aged 25 or over. It will be raised every year to a rate of £9 an hour by 2020.

The existing National Minimum Wage (NMW) will remain in place – the NLW is not replacing the entire NMW system. Instead, it introduces an extra band of age-related pay that employers must pay by law. The rate represents a 50p increase on the NMW rate that workers aged 25 and over would otherwise be receiving (£6.70). About six million people are expected to benefit from the introduction of the NLW.

In in addition to the NLW and NMW, there is what's called the 'living wage'. It's important for employers to understand that these are entirely different things.

The living wage is a charitable campaign and not legally enforceable. The living wage was created to encourage employers to pay enough to cover the basic cost of living. There are two rates:

- £9.40 per hour in London
- £8.25 for the rest of the country

So, the NLW and NMW are legal requirements, while the living wage is not.

To meet your obligations as an employer under the NLW, you must check your rates of pay for anyone 25 or over and ensure they are receiving at least £7.20 an hour. If not, you must increase their wages. You must also be aware of workers' birthdays so that you increase their pay when they reach 25 and continue to pay a minimum of £6.70 to anyone who is aged 21 to 24.

Payrolling of benefits – the end of form P11D?

Employers who struggle with forms P11D (on which benefits and expense payments provided to employees are reported to HMRC) may be interested in the new statutory voluntary payrolling procedure. After registering with HMRC, employers add the value of the expense or benefit to the employee's taxable income, taxing them through the PAYE system, so they don't need to be reported on the P11D. It can work well for benefits of clear value, such as medical insurance or gym membership, but loans, accommodation and vouchers/credit cards can't be included.

Main residence CGT exemption

In most cases, if you make a gain on the disposal of your main residence it's exempt from capital gains tax (CGT) (any loss is not allowable as a deduction from other gains). People who own more than one home may either accept which is the main residence as a matter of fact or elect which one is to be treated as such. This coined the term 'flipping' – choosing the home with the larger gain or the one that will be the first to be sold, but also taking maximum advantage of the special rule relating to the final period of ownership. This rule treats the last 18 months of the period of ownership of a property (36 months in certain circumstances) that has been the main residence at some point, as occupied as the main residence in this final period even if it coincides with ownership of another property in relation to which the exemption had been claimed. It effectively allows an individual to have two main residences qualifying for the exemption for this period.

As a result of extending CGT to non-residents' gains on UK residential property, changes to the main residence exemption have been made. For a property to be treated as a main residence in a tax year, the claimant must occupy it (or other residences in the same territory) for at least 90 days in that tax year (or proportionately fewer if it is owned for only a part tax year).

Note that a rented flat can be a main residence. Someone who owns a weekend country cottage but has more connection with a rented London flat should elect for the cottage to be treated as their main residence, as they can't make a capital gain on the flat as they don't own it. Without the election a gain on selling the cottage would be taxable.

SDLT on residential property

Changes proposed in the Finance Bill

The rate of stamp duty land tax on residential property is 3% higher on many purchases of residential property in England, Wales and Northern Ireland completed on or after 1 April 2016, unless contracts were exchanged before 26 November 2015. In Scotland the equivalent tax is also affected.

The higher rates apply to the purchase of a major interest (a freehold, except one which is a reversion to a lease with more than 21 years to run, or a lease which was originally granted for more than 7 years) in residential property by an individual, if at the end of the day of purchase, all four of the following conditions are met.

A – The chargeable consideration is £40,000 or more

B – The dwelling is not subject to a lease which has more than 21 years to run on the date of purchase (for example a freehold reversionary to a long lease)

C – The purchaser owns an interest in another dwelling which has a market value of £40,000 or more and which is not subject to a lease which has more than 21 years to run at the date of purchase of the new dwelling,

D – The dwelling being purchased is not replacing the purchaser's only or main residence.

Residential property owned (or bought) by a minor child is treated as owned (or bought) by the child's parent.

If the buyer is a trust with an interest in possession the person entitled to the income is treated as owning any property.

Interests (not exceeding 50%) in residential properties that were inherited within the previous three years are disregarded.

The higher rate applies to *all* purchases of residential property by companies, and by trusts where there is no one with an interest in possession.

Liquidation and de-enveloping

New rules on liquidation distributions are aimed at preventing business owners from avoiding tax by building up a cash balance in their company, rather than taking a salary or dividends, and then liquidating the company to take the cash out and paying capital gains tax at just 10% (due to entrepreneurs' relief) and then starting over with a new company.

Individuals who receive liquidation distributions from close companies after 5 April 2016 may now find themselves subject to income tax rather than CGT. The Finance Bill refers to cases where liquidation is tax-motivated and the individual, directly or indirectly, carries on the same trade or activity as the company did within the ensuing two years.

This could apply where a non-domiciliary decides to liquidate the offshore company that owns his UK home as the shares will, from 6 April 2017, become exposed to UK inheritance tax, if only to avoid the annual tax on enveloped dwellings (ATED).

Non-resident CGT returns

Effective from 6 April 2015, there is to be no need to complete a non-resident CGT return for no gain/no loss disposals (which the current legislation absurdly includes). Until the change is law a non-resident husband transferring a half interest in their UK residence to his wife, for example, has to be reported. Many such disposals will have gone unreported.

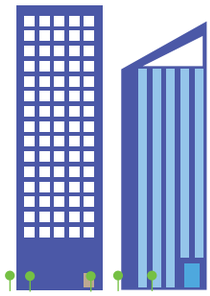
Non-monetary income

From 16 March 2016 property income and income from self-employment is to include that received in non-monetary form. Although supposed to put the existing position beyond doubt, it seems likely to expose many situations otherwise overlooked.

An example would be where a tenant carries out repair or redecoration work that is the landlord's responsibility.

Non-residents' profits from trading in or developing UK land

Non-residents' profits from trading in and developing UK land are to be subject to corporation tax (in the case of companies) or income tax (individuals and trusts) regardless of whether they have a permanent establishment in the UK. This applies to disposals on and after the date of the report stage of the Finance (No.2) Bill, and also to certain other disposals between 15 March 2016 and the report stage. Anti-avoidance rules may extend the charge to certain disposals of property deriving its value from land. The Government will consider introducing a withholding tax if it proves necessary.



Investors' relief

Gains up to a lifetime limit of

10% CGT

£10m realised by individuals on disposal of unquoted ordinary shares in a trading company (or the holding company of a trading group) subscribed for after 16 March 2016 are to be subject to capital gains at 10% if held for at least three years. This current proposal is that this applies as long as neither the investor nor any person connected with the investor is an employee or director of the company (or any company connected with that company) during that period.

VAT corner %

Possible VAT claims for consultants and engineers using the Flat Rate Scheme

The original intention behind the VAT Flat Rate Scheme (FRS) was to make it easier and simpler for small businesses to deal with their VAT affairs and for a long time it achieved that aim.

Inevitably, however, HMRC has started to chip away at some of the advantages and one area that has been a bone of contention is the FRS percentages applicable to consultants and engineers.

The view taken by HMRC was that all consultants were 'management consultants' and should use the 14% rate (second highest) while all engineers were in the same category as architects, civil and structural engineers and should use the highest FRS rate of 14.5%.

Thankfully this view was successfully challenged in a tribunal and HMRC appears to have conceded the point by amending the VAT Notice.

Affected FRS users should, therefore, review their position and if a lower percentage is appropriate (e.g. the 12% applicable to business services that are not listed elsewhere) should consider making a refund claim (subject to the normal four-year cap).

14%
Flat rate of VAT for 'consultants'

New HMRC bank accounts for VAT payments

HMRC is in the process of switching all of its accounts from Citibank to Barclays but the move is not well publicised. We have had several examples where clients have effected a transfer in good time to pay their quarterly VAT liability only to have the payment rejected because the account has been closed.

HMRC had undertaken to contact affected businesses in advance but very few have received anything on the subject and those that did thought it was bogus! (See Money Matters on the back page)

So before making any payments to HMRC go online and make sure that the bank details have not changed (*www.gov.uk/topic/dealing-with-hmrc/paying-hmrc*).

Holding companies and management charges

VAT registration and recovery of VAT incurred on expenditure has always been tricky for holding companies and things have become even more difficult following a recent case, Norseman Gold.

The key points to emerge from this case were:

1. Holding companies must be actively involved in the management of their subsidiaries in order to justify VAT registration.
2. To enable input VAT recovery there must be clear agreements between the parties detailing the services to be provided, the charges to be levied and the dates by which payment must be made, and the subsidiary must actually pay for the services it receives.

HMRC officers are already using this case to deny VAT recovery in any situation where there are intra-group supplies of services where there are no agreements or the services have not been paid for.

If your business could be affected, you should take immediate action to protect your VAT position.

Quality is irreplaceable

Shipshape talks to Carl Abeydeera of commercial furniture manufacturer Kusch & Co about the firm's commitment to high quality design that doesn't compromise the environment.

kusch | co

Kusch & Co is a third generation family-owned German furniture manufacturer founded in 1939 by Ernst Kusch. Now run by his granddaughter Ricarda Kusch, the company operates in 36 countries around the world in three key market sectors – commercial interiors, transportation and healthcare. From its two factories in Hallenburg, Germany, the company designs and makes tables and seating for everything from restaurants, offices and auditoriums, to airports, ferries, hotels, hospitals and nursing homes.

High quality design and functionality

The UK subsidiary, which has been run by Carl Abeydeera for the past ten years, primarily focuses on the commercial interiors and transport markets.

The company's motto, coined by Ernst, continues to be 'quality is irreplaceable'. Carl explains that this principle applies to all areas of the business – products, management and the environment.

"We are renowned for our design and quality, and work with a number of well-known international designers, including the Porsche Design Studio."

Although the company has customers from all over the country, Carl says 80% of its UK business comes from within the M25.

"We are very successful in the finance, law and digital marketing sectors. Some of our biggest customers are in accountancy – our furniture is in all of the 'Big Four's' offices. We are in several of the big law firms and banks such as JP Morgan and Barclays. Facebook is also a major client."

Kusch & Co has installed seating in around 200 airports worldwide over the past ten years. "Charles de Gaulle in Paris has 22,000 pieces of Kusch furniture – it's the biggest Kusch showroom on the planet."

A helping hand from Shipleys

"The UK side of the business has been working with Shipleys for a long time. Ben Bidnell has been an adviser for several years, consistently giving us really helpful and constructive professional advice relating to UK accounts, corporation tax, VAT advice – UK and international – and payroll outsourcing.

"During the recession, the market tightened and, like every other business, we faced numerous challenges. So we looked to Shipleys to help us reduce costs, yet still maintain the level of expertise we need to continue our business. They helped us to batten down the hatches and we managed to avoid too much restructuring. With the help and advice of Shipleys, we very successfully outsourced the finance side to James Rosling of Chalkdell Management Accountants, who works for us one or two days a month, and a bookkeeper who comes in once a week."

Adapting to a changing world

The company's plan for the future, both UK and globally, is to continue to innovate new products in its three core markets.

"The design and quality of products really does set us apart, and the emphasis is to keep improving on these areas. Furthermore, our environmental credentials are second to none. The whole world has become very conscious about green issues, but Kusch & Co has been diligent about sustainability for decades. We are always looking at new ways to embrace environmentally-friendly processes."

Carl explains that the UK is seeing a definite move in the corporate workspace towards agile working – moving away from the traditional 100% occupancy of one person to one desk.

"It's now more like 80% occupancy – with less desk positions and more alternative working areas – such as café-style and alcove seating areas," says Carl. "The captains of industry want to increase the productivity of their staff and want to attract younger staff members. It's about providing a stimulating environment, encouraging people to have work conversations and bat ideas around. If we create more of a hybrid domestic-office feel, they will be inclined to stay at work longer."

http://en.kusch.com/

Shipleys news

Shipleys merges with Smith Pearman


Keith Hardy

Shipleys and the Surrey-based accountants Smith Pearman Ltd joined forces on 1 May 2016. Formerly based in Ripley, Smith Pearman staff relocated to the nearby Shipleys office in Woolsack Way, Godalming.


Tim Hardy

Smith Pearman father and son directors Keith and Tim Hardy join Shipleys as consultant and principal, respectively.

Simon Robinson, managing principal of Shipleys, believes the merger is a "good fit and excellent news" for both firms' staff and clients.

"I'm delighted that Smith Pearman has joined us," says Simon. "They share our approach of building close, personal, long-term relationships, as the basis for practical advice and solutions which are value for money."

Tim Hardy says: "We can now provide our clients with a greater range of specialist advice in-house, covering areas such as mergers and acquisitions, corporate finance, VAT and international tax. Furthermore, our London-based clients can take advantage of Shipleys' London office."

Shipleys wins two awards

Shipleys has been named one of the top 25 accountancy firms for 2016 by eprivateclient, a leading website for private client practitioners.

The eprivateclient rankings are based on a survey of nearly 100 private client accountancy firms, looking at areas such as the number of partners and fee earners, total number of staff and total fee income.

Shipleys has also been awarded the Business Tax Adviser of the Year award at the 2016 Corporate International Magazine Global Awards. It is a global publication for business owners and decision-makers in finance and advisory communities. The awards celebrate those that have been successful over the past 12 months and have shown excellence in expertise and service.

Where are they now?

Shipleys Alumni

Supermarket sweep
Eranda Wickramasinghe qualified as a chartered accountant with Shipleys in 2007. After spells at International Power and Tate & Lyle, he now works for Tesco as a finance business analyst. Eranda is based in Welwyn Garden City and last year got married to Ruth, a vet.

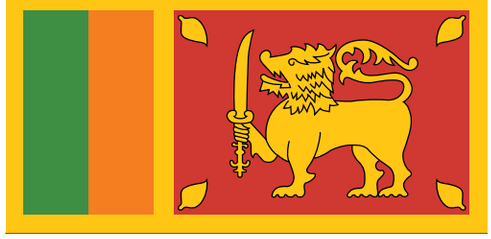
Going client-side
Richard Slater qualified with Shipleys as a chartered certified accountant while based at our Godalming office. He left in May 2014 and is now commercial accountant for Mears Group PLC, a London Stock Exchange-listed housing maintenance, housing management and care at home provider. Richard says: "Having done the 2014 external audit to being involved in the production of the 2015 annual report, it has been an insightful and unique experience to be on both sides of the fence."

What's new on the Shipleys website

Tax Facts
Find all the current personal and business tax rates summarised in Shipleys' Tax Facts 2016/17. Ask your usual adviser for a hard copy or find the information here: *http://www.shipleys.com/files/TaxFacts-2016-17.pdf*
You can also download the Shipleys app free-of-charge from the App Store or Google Play. Search for 'Shipleys LLP'.

VAT key data
Shipleys has put together a summary of key facts and figures for 2016 about VAT and related systems, such as Intrastat and EC Sales Lists. Visit: *http://www.shipleys.com/files/VAT_Key_Data_2016.pdf*

AGN member focus



AbeyRatna & Co, Sri Lanka

Sri Lankan AGN member, AbeyRatna & Co, has five associates and 30 members of staff at its office in Colombo. Founded in 1984, its services include accounting and auditing, business consulting, bookkeeping, tax consultancy, new business set up and implementing enterprise resource planning (ERP) systems.

The firm specialises in external auditing for a range of sectors including construction, jewellery, clothing, housing and hospitals.

The firm is growing and has plans to add additional partners by end of the year. Founder Damian Sunil AbeyRatna is the AGN director for West Asia, and a director of AGN International Ltd, UK.

AbeyRatna & Co handles tax work in conjunction with AJS Associates – a group of retired tax officers from Sri Lanka's Inland Revenue Department. AbeyRatna also works closely with associate firms to cover company secretarial and legal issues.

www.abeyratna.com

How to avoid the latest online scams

As cyber crime gets increasingly sophisticated, we look at some ways to fight back.

We've probably all received scam emails at some point in our lives. The classic 'dodgy' email inviting us to share our bank details to facilitate a substantial money transfer relating to the estate of a recently deceased multi-millionaire in some remote country is something most people will be familiar with. But as people have wised up to these scams, the tactics of cyber criminals have evolved.

The principles of cyber security remain the same, but the scams have become increasingly sophisticated. Most phishing attacks are based on gaining the email recipient's trust and can be very convincing, compared to the more old school hoaxes concocted around tales of tragedy and woe.

Personalised approach

Cyber attacks these days are more likely to be targeted directly at you, using your name, often claiming to be from a service provider you deal with regularly. Hoax emails saying there's a problem with your account are often cleverly dressed up to look as though they come from a legitimate organisation such as your bank, online stores, payment providers, IT support or even HM Revenue & Customs. They'll often include a clickable link asking you to provide your account information and password.

If you don't have an established relationship with the purported organisation you'll probably recognise these emails for what they are and delete them immediately. But it's easy to be fooled into opening an email if it looks like it's from a service provider you use. Even when alarm bells are ringing, people will sometimes be tempted to click on a link to have a quick look. Even if you stop right there, just clicking on a link can open the gateway to costly computer viruses.

So it's important to be wary of any unsolicited contact. It's highly unlikely that genuine, reputable companies would ever contact you in this way and ask for sensitive information in a non-encrypted way.

The 'internal' email

Online frauds in the workplace often begin with an email from a fraudster pretending to be a senior figure in the company to a member of staff in the finance department.

They will be told that they need to quickly transfer money to a certain bank account for a specific reason. Businesses should be on high alert to this and remind their employees to double check everything, especially when it involves transferring large sums of money – even when it looks like the head of the company has told them to do so.

Fighting online fraud

Here are five top tips to help you avoid getting caught out.

1

If you receive an email from what appears to be your bank asking for confidential personal information, never click through the links provided and do what is requested. Instead, contact your bank directly or go through your usual online banking portal. Likewise for payment providers and other online portals.

2

Don't ever click on a link in a suspicious email message. If you want to check it, then manually type the web address into your browser. For a website address to be secure – like your bank – it should begin with "https://".

3

If you really aren't sure and want to check whether an email is genuine, use a free programme such as http://10minutemail.com. It creates a new email address that lasts for exactly ten minutes. This is a great way to beat spam.

4

Watch out for incorrect use of English. Many of these scams are put together using online translation tools, so they often don't make perfect sense when read carefully.

5

Educate yourself about cyber security and review your business or personal desktop security settings and software.

If you recognise a scam attempt or believe you're the victim of online scammers, contact: http://www.actionfraud.police.uk

If you have further questions or need help with cyber security, please speak to your usual Shipleys contact who can put you in touch with specialist providers.

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