

## + more news

Welcome to our autumn newsletter. We hope you find it interesting and helpful. For more information on any of the matters covered, please get in touch.

### Hyde United FC improves accounting performance with Team Xero

RfM has recently been awarded Gold Partner status by Xero. To us, this is a reward for helping many of our clients to revolutionise the way they manage their bookkeeping and business administration. For our client Hyde United FC, a move to Xero cloud accounting software has put the performance of their finance department into a different league.

Graham Pearson, Cloud Solutions Manager at RfM, has worked closely with the finance team at Hyde United FC over the last 18 months, to facilitate the move to a cloud-based accounting system and drive improvements in their finance processes.

"When we first began working with the finance team at the Club, they were using Sage for their bookkeeping. Unless you're an expert, Sage can prove to be difficult and complex to use; the team were not getting the most from the software and certain tasks would take them much longer to complete than they needed to," explains Graham. "For us to provide the right level of support and get their finance function running smoothly and efficiently, we determined that Xero would be a much better solution."

Xero accounting software is "cloud based" which means users can log in from anywhere they have access to the internet to use the application and see up-to-date information. An additional benefit is that your accountant can also log in remotely to get an accurate picture of the business finances and, most importantly, pinpoint and solve any problems you might be having. In fact, user and accountant can both be logged in remotely at the same time, looking at the same, up-to-date financial information. This makes it possible for client and accountant to have "real-time, over-the-phone meetings" as and when they need to.

#### Clever features

Over a 12-month period, Graham supported the finance team to move their financial data and processes over to Xero. He also provided



training and ongoing advice to ensure that they were making the most of Xero's many time-saving functions.

"Although the desktop system they were using was outdated, it was the system that everyone knew and was comfortable with. So, the most important thing was to get to a position where everyone felt comfortable using Xero and had enough knowledge to really benefit from its many clever features," says Graham. "The Club has a vision to become paperless and the move to the cloud is also a big step towards this goal."

Here are just some of the ways Xero has made a difference to the finance team at the Club:

**Invoicing and statements** - The team can easily generate invoices directly from the software which can then be emailed directly to the customer.

**Bank feeds** - Once the bank feeds feature is set up, transactions in and out of the bank account(s) can be posted automatically to the relevant income and expense accounts.

**Expense receipts** - A clever Xero feature is that digital images of receipts can be stored within the software, enabling fast retrieval should they be required – and no need to keep paper copies.

#### Continuous improvement

The efficiencies that have been achieved by using Xero have made a real difference to the accuracy of the financial records and the process of preparing the Club's accounts.

"As their accountant, I can log in to see the Club's records at any time and get an accurate, real-time picture of the financial position. It really has streamlined the process of preparing the quarterly VAT Returns and management accounts," adds Graham. "The team are fully up and running and very happy using Xero but the improvements won't just stop here... We get together every quarter to complete the VAT returns and also take the opportunity to look for other ways in which we can improve the finance processes. It's a real partnership and we have come a long way together, but we'll keep striving to make things even better."

Pete Ainger, General Manager of Hyde United also agrees that the move over to Xero has had a positive impact on the day-to-day task of managing the Club's finances: "Xero is much easier to use than the system we were running before. Tasks which were complicated and frustrating before can now be completed far more efficiently, so the team are much happier. Graham provided the right level of training to help the finance team get to know the software and is always on hand if we need to do something in Xero that we haven't tackled before. It also makes it easier for our accountants at RfM to do their job so it's definitely been a win-win for us!"

**To find out more about Xero cloud accounting software, please speak to your usual advisor or contact one of our offices.**

## 6 things you can do to improve your chances of getting a mortgage

Trying to get a mortgage can be a daunting task but it's not as difficult as you might think and there are a few things you can do to improve your chances of being accepted.

### 1. Register to vote

Lenders use electoral roll data to run identity checks and make sure you are who you say you are. Even if you meet all the lender's criteria, if you're not on the electoral roll you'll find it very difficult to get a mortgage.

### 2. Check your credit report

The information in your credit report tells lenders how financially responsible you are. Check whether the information in your file is accurate and take steps to have any errors corrected.

### 3. Use credit responsibly

When it comes to your credit cards, lenders prefer you to be using less than 50% of your available credit limit but, to confuse matters, you could also be penalised for having too much unused credit at your disposal. The best approach is to use credit, but use it wisely.

### 4. Pay your bills on time

Did you know that missing just one bill payment will count against you for at least 12 months? Even worse, it will then be visible on your credit report for the next six years, which could make it extremely difficult for you to get a mortgage. Why not set up direct debits to make sure you always pay your bills on time?

### 5. Have your paperwork ready

Lenders will want to see proof of your income before they can offer you a mortgage. They will ask to see several documents as evidence, such as three months' bank statements, three months pay slips and proof of bonuses, or three years accounts or tax returns, if you are self-employed. Having the information ready in advance will save time and reduce the number of people who review your application.

### 7. Add a little to your deposit

The loan-to-value (LTV) rate is the percentage of the value of the property that you put down as a deposit e.g. for a £20,000 deposit on a property worth £100,000, the loan-to-value is 80%. As a general rule, the larger the deposit you have, the better the mortgage deals available to you – and the greater your chance of being accepted. If you fall just within a higher LTV bracket (e.g. 80%) adding as little as £100 to your deposit could move you into the next bracket and make you more attractive to lenders.

To arrange a free mortgage consultation call Sharon Rigden on 01772 431233 or visit [www.rfmmortgageservices.co.uk](http://www.rfmmortgageservices.co.uk)

## RfM Business Consulting Big business thinking for growing SMEs

There's probably no better way to demonstrate your knowledge of business growth strategy than by expanding your own business enterprise. Which is exactly what the head of RfM Business Consulting, Tony Backhouse, has been doing over the past two years.

RfM Business Consulting was launched in summer 2016 to give clients access to an expert with over 30 years' experience of delivering innovative growth programmes and managing change.

Initially, clients could benefit from a package of services focused on business growth. A clear, strategic thinker, Tony advised and supported business owners to identify and map out a viable plan for growth, providing ongoing expertise to help them achieve their goals. As Tony began to work with more clients, he started to identify opportunities for the growth of his own business. Whilst his focus would remain on business growth, he realised that he could strengthen his offer by providing further specialist support in other areas.

### A new phase of growth

Fast forward to summer 2018 and businesses can now benefit from expert strategic advice on everything from accessing grant funding and R&D Tax Credits to managing change and banking relationships.

"The growth and success to date of RfM Business Consulting is a good example of us practising what we preach," says Tony. "Indeed, if we weren't growing, clients would have every right to doubt that we really do understand what it takes to plan for and achieve business expansion. The projects we have worked on over the last two years have helped us to identify our strengths and where we can add most value for clients. Having real case studies also helps us to demonstrate to new clients – who may be sceptical about involving a consultant – the difference we can make and the results we can achieve."

### A growing concern

Growing a business can often feel like negotiating a minefield and sometimes it's difficult for the people within the business to have a clear-sighted vision of where it needs to go and the best way to get there. Tony works with all sorts and sizes of businesses, from individuals to firms with 30-plus staff, tailoring his approach to fit each client.

"When it comes to growth, a key area that businesses find difficult is ensuring they have their priorities in order," Tony says. "We manage the process so they can concentrate on running their business. We provide an external, objective view of the business and its growth plans, and we can help to gain access to matched funding routes."

Furness Cars & Commercials specialise in car and commercial vehicle servicing and also provide 24-hour vehicle recovery. Director Gary Grieve, a long-standing client of RfM Ulverston, approached his



Tony Backhouse

Accountant for advice in relation to the expansion and management of the business. Gary was introduced to Tony who has now been working closely with Gary and the management team for the past 12 months.

"Over the past year, Tony has provided invaluable support and advice to help us plan and prepare for this phase of significant change for the business," says Gary. "He is very well connected and has put us in touch with all the right people to help make the project happen, such as land agents, planning consultants and funding bodies. Tony adjusts his way of working to fit the size and nature of the business; I've found him to be really proactive and very hands on. Nothing seems to phase him! It's been a positive experience and we hope to carry on working with Tony through to the completion of the project."

### Accessible to SMEs

It is common for larger businesses to 'buy in' the skills of a consultant when they identify a need but do not have the resources in-house. RfM Business Consulting allows smaller companies to harness the calibre of strategic thinking usually accessible only to larger organisations, at a price they can afford.

"There are lots of smaller businesses out there who don't make use of third-party advisors. But the clients we've been working with have seen the value in the results that have been achieved by working with us," says Tony.

To find out more or to discuss a project, contact Tony Backhouse on 07969 900864 or email [tbackhouse@rfm-more.co.uk](mailto:tbackhouse@rfm-more.co.uk)

[www.rfmbusinessconsulting.co.uk](http://www.rfmbusinessconsulting.co.uk)

## FOCUS ON: Writing a Will

# Mistakes to avoid when writing your Will

Writing a Will is your opportunity to let your loved ones know what you would like to happen to your worldly goods when you die. However, there are a number of common mistakes that could lead to your wishes not being carried out correctly.

Despite the rising number of 'do-it-yourself' will-writing services, the laws around Wills are complex. With proper advice, you can avoid the most common pitfalls. After all, no-one wants to accidentally disinherit a loved one, or make their Will invalid. Whether you already have a Will or it's on your list of things to do, be sure not to do any of the following:

## Misplacing the original Will

When you die, your executors will need to have your original Will in order to legally administer your estate.

Make sure those closest to you know where the original document is kept. Without it, the executors could have problems obtaining a grant of probate to manage your affairs.

## Not naming an executor

The role of the executor is to deal with the administration of an estate in accordance with a Will.

Many people forget to name the executors of their Will. However, in such cases, the probate court will appoint an executor and this could be someone who might not have been your first choice. It's worth noting that you can choose to have more than one executor, and these can be relatives, friends or even a solicitor.

## Not having TWO valid witnesses

This is the most common mistake people make and one that will completely invalidate your Will. For a Will to be valid, it must be witnessed by TWO people who:

- Are present at the time of signing.
- Are not named as beneficiaries in your Will, or married to someone who is a beneficiary.
- Are a UK citizen aged 18 years or over.

## Making changes to your Will

Any changes you make to your Will after it has been signed and witnessed won't count.

To make changes that will be legally recognised, you need to make an official alteration called a codicil. A codicil lets you make amendments to your existing Will without the need to completely rewrite the original document.

You can use a codicil to specify small changes to any of the details in your original Will, for example to add a new gift or change your executor. The codicil should be witnessed and signed and you should make sure the original Will and the codicil documents are always kept together.

A codicil does not replace the original Will so if there are major changes, it may be worth making a completely new Will.

## Assuming your partner will get half

If you are not married to your partner, regardless of how long you have been together, they are not automatically entitled to anything from your estate – unless it is specifically stated in your Will. If you want to make sure your partner will get what they are entitled to, write a Will.

## Assuming you'll be the first to go

Your Will sets out what should happen when you die, but your partner may pass away first. Consider all the possible outcomes and set out what you would like to see happen in each.

## Not making a new Will after getting married or having a child

If you get married, your existing Will automatically becomes invalid.

Under the intestacy rules, if you die, your spouse will be entitled to half (or even all) of your estate, which could potentially disadvantage your children. To ensure your estate will be divided in the way you think best, it's important you write a new Will every time you marry.

When you have a child, it's essential to also specify a guardian for your child in your Will should the worst happen.

You can read about more common will-writing errors in our news section at [www.rfm-more.co.uk](http://www.rfm-more.co.uk)

Our Barrister Intermediary can assist you with writing a Will which is both legally binding and a true reflection of your wishes. **Call Sharon Rigden on 01772 431233 or email [srigden@rfmlegal.co.uk](mailto:srigden@rfmlegal.co.uk)**



## Cloud accounting just got smarter

Over the past year, we have introduced many of our clients to Xero accounting software, helping them to reduce the time they spend on everyday finance tasks and improve accuracy. We now provide support with a number of Xero add-on apps that can make your business bookkeeping and financial administration even simpler. Here are two of our favourites...

### Receipt Bank - Put paid to time-consuming expenses

*Pick up receipt. Check receipt details. Input expense in correct place. Check VAT category. Assign VAT to correct place. File receipt. Repeat.*

Inputting business expenses can be a chore. At best, it is time-consuming and repetitive. At worst, if you have several employees who are all submitting evidence of expenses to one central finance function, it is difficult to manage and can lead to errors.

Receipt Bank allows the user to upload a digital image of a receipt (taken on a mobile phone for example) and uses Optical Character Recognition (OCR) technology to read the receipt before placing the data in the correct place in the accounting software. A record of the expense is made and the VAT logged.

We have been particularly impressed by how accurate it is and the VAT treatment functionality.

### Simplify payments with Stripe

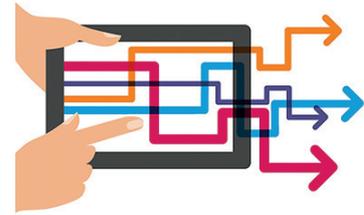
Managing cashflow is vital to any small business, so anything you can do to encourage customers to pay promptly is a good thing.

When you generate an invoice with Xero, the Stripe add-on allows you to offer customers the facility to pay your invoices online. Any payments made online are recorded against the correct invoice in Xero. Stripe charges a small fee for each payment and this will be allocated automatically to transaction charges, simplifying the sales receipts reconciliation process.

Whilst we haven't had chance to try out every Xero add-on yet, we can provide additional support with apps designed to help with everything from job costing and stock control to payments, reporting and more. **To find out more, speak to your usual advisor or visit [www.rfm-more.co.uk](http://www.rfm-more.co.uk)**

# Will Making Tax Digital apply to your business?

From 1 April 2019, certain businesses will be required to comply with the government's new Making Tax Digital (MTD) regime. MTD represents a significant change to the way taxpayers keep their accounting records and submit information to HMRC. Will you be affected? And what should you do to be compliant?



## VAT-registered businesses first

Initially, Making Tax Digital will apply to businesses that are registered for VAT only. This means that, for tax return periods starting on or after 1 April 2019, businesses with a turnover above the VAT threshold (currently £85,000) will be required to keep digital records. They must use MTD compatible software, or a combination of software and spreadsheets, which can connect to HMRC via an Application Programming Interface. The appropriate software will also allow you to submit VAT returns directly from the digital records.

Manual inputting VAT returns will no longer be acceptable. The government accepts that this will be a huge change for many businesses who do not currently keep digital records and, as such, there will be a 'soft landing' period of 12 months. During this period, HMRC will not impose penalties in cases where digital links do not exist between software programs used for submission.

With one exception, businesses will no longer be able to submit returns through HMRC's online portal. Businesses who have voluntarily registered for VAT will still be able to use the online portal unless they elect to enter the MTD regime.

MTD will not be mandatory for income tax or corporation tax until April 2020 at the earliest. In light of the uncertainty surrounding the impact of Brexit, plans for initiatives such as real-time tax coding and Simple Assessment have been delayed. However, this will mostly affect non-business taxpayers.

## What do you need to do?

HMRC pilot schemes for VAT and income tax are currently underway for small businesses and landlords. Whilst there is not necessarily any advantage to taking part in these, it is definitely time to consider the next steps towards MTD for you and your business.

If your business still uses a manual system for keeping records, we advise you begin the transition to digital record keeping. Your RfM advisor will be able to recommend a suitable package and we can also help you with initial set-up, training and ongoing support if required. Businesses that are already digital will need to check when their software provider will meet the requirements of Making Tax Digital. You may need to upgrade software or install a bespoke solution to ensure data can be sent seamlessly to HMRC.

If you are unsure whether MTD affects you, you can find more detailed information on our fact sheet.

We recently contacted RfM clients to inform them about the forthcoming changes and will be in touch again soon to discuss the steps you should take to be compliant. If you have any questions in the meantime please do not hesitate to get in touch.

# Paying tax on income from abroad

HMRC are bringing in tough new penalties for UK taxpayers who fail to tell them about income from abroad on which UK tax may be due.



## Encouraging disclosure on income from abroad

In 2016, HMRC launched a new initiative with the purpose of bringing taxpayers who had not declared all their income or gains from outside the UK up to date. As part of this, the 'Worldwide Disclosure Facility' was established.

The initiative is particularly important at this time due to three key developments:

**New international information-sharing powers** mean that HMRC are imminently able to access financial information from over 100 different countries.

**'Requirement to Correct' (RTC) legislation** requires anyone with undeclared offshore tax liabilities to correct the position by 30 September 2018. The liability applies to non-compliance that took place before 6 April 2017, relating to income tax, inheritance tax and capital gains tax. The implication for taxpayers is that HMRC can go back to the tax year 2013/14, or 2011/12 if the failure to disclose

is 'careless'. If the avoidance tax is found to be 'deliberate', HMRC may go back even further.

**A much tougher penalty regime** for failure to correct applies from 1 October 2018. The minimum penalty is 100% of the tax owed.

## Who do the changes affect?

Individuals, partnerships, trustees or non-resident landlord companies with income or gains from abroad will all be covered by these rules.

UK residents must pay UK tax on their worldwide income and gains, and a variety of common situations can potentially lead to tax being payable in the UK. These include:

- Letting out a property abroad, such as a holiday home
- Receiving income from a share in a family business overseas
- Receiving income from an 'offshore' bank account. This includes banks in the Channel Islands, Isle of Man and Republic of Ireland.



## Chartered Accountants

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RfM Ulverston	01229 582149
RfM Barrow	01229 820003
RfM Fylde	01253 790527

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**THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME OR PROPERTY. YOUR HOME OR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.**  
The Financial Conduct Authority does not regulate some aspects of commercial mortgages and buy-to-let mortgages.

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