

## + more news

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

# Future-ready

## HW Technology makes a strategic business move



What happens when your business grows fast and your workspace is quite literally bursting at the seams. The only option for IT managed services provider, HW Technology, was a move to larger premises – and soon. We learn how, with support from RfM, HW Technology overcame the challenges of finding, funding and fitting out their new premises in 2019.

### Company background

HW Technology specialises in providing strategic managed IT services and support to businesses who do not have their own, in-house IT function. Their mission is to take away the hassle of technology and IT so that clients can focus on running and growing their business. The team takes pride in getting to know their clients, enabling them to put in place IT strategies and systems that best support their clients' business aims.

### Growing pains

In 2018, following a period of rapid growth, the directors of HW Technology realised that their current premises would soon be too small for the business.



Mark Tunstall, Director of HW Technology

An increase in employee numbers meant that they were literally too big for the square footage of the building. If growth continued at the same pace – and the business plans indicated that it would – the only option would be to move to larger premises. This prospect brought a number of challenges.

**CHALLENGE 1:** Finding a space the right size – for now, and to accommodate anticipated future growth. In six years the staff numbers had grown from 6 people to 30 and counting. . .

**CHALLENGE 1:** Finding a building in the right location. The staff were happy with the current location in Chorley.

**CHALLENGE 3:** Being in the right position to buy, at the right time.

**CHALLENGE 4:** Deciding on the most appropriate and tax-efficient way to fund the purchase, fit-out and move to a new building.

"In November 2018, we found a property that was the right size in the right location," explains HW Technology Director, Mark Tunstall. "We'd lost out on a property earlier in the year so we knew we'd have to act fast. . . Our offer was accepted before it even went on the market.

It was in overcoming Challenge 4, funding, that RfM would add the most value. Mark knew that using pension funds to help buy the property was an option. He also knew that the rules around such an approach were complex. The property they were purchasing was also being sold by a pension scheme – so the deal was by no means straightforward.

### Support team

Lee Tomlinson, Client Manager at RfM was able to introduce the directors to an IFA with specialist knowledge in this area. He also

provided an introduction to a trusted contact at the bank. Working together, the accountant, the IFA and the banker effectively became a support team to Mark, providing expert advice and helping to move the process along.

"Our aim at RfM is always to help a client find the most effective solution to their business problems – and take away as much of the pain and hard work as possible," says Lee. "In this case, the solution was to bring together the right group of advisors who worked behind the scenes to share information, monitor progress and keep things moving.

"As a result, the process of securing funding from the pension fund and a new mortgage ran much more smoothly than it could have, and I like to think that we took at least some of the pressure from Mark's shoulders too!"

### A great partnership

The purchase of the building was completed in May 2019 and the team moved in on 15 July. The new building has been purpose-fit to meet the needs of this growing business for at least the next six years.

On HW Technology's plans for the future, Mark says, "The company now has 31 staff and four vacancies, so the growth continues. We hope to realise our plans to have 50-55 staff and £5 million turnover in six years, and our relationship with RfM will help us to achieve this.

"Throughout this process, I felt Lee and RfM were always on our side and doing what they could to ensure the transaction was completed in the best possible way for the business. Lee takes time to listen and understand where you are going. We share common values and work in a similar way so it has proved to be a great partnership."

# Committed to adding more value

Kathryn Gardner is Client Relationship Manager at RfM Preston and a key member of our Audit team. We asked Kathryn to give us an insight into the role and responsibilities of an auditor, and why some businesses choose to have an audit – even if they're not obliged to.

“Although Audit is a specialist area” explains Kathryn, “Auditors actually need to be good generalists. We have to be qualified across all areas of accounting so that we can fully understand how the numbers have been arrived at.

“There is a misconception that audit is about pointing out where things are wrong – picking up on issues and passing judgement. But, whilst the auditor has a duty to highlight any accounting errors, we are also here to provide insights and add value to the business.

“We look at the finance function as a whole, analysing systems and processes to identify areas where there could be a better way of doing things. Any recommendation we make will ultimately lead to the finance function running more efficiently and improve accuracy.

“We also have a responsibility to identify any areas of risk. For example, where a client is perhaps risking a breach in compliance or not taking due care to protect the business or its customers against fraud.”

## Why might a business choose to have an audit?

“The audit team at RfM carry out audits for businesses that are legally required to have them and also organisations that choose to have them.

“There are several reasons why a business would choose to have an audit even though they are not legally required to do so. They may need an audit for the bank, for example, or if the owners of the business are not on-site or involved in the day-to-day operations.”



## Who is involved in the process?

“In essence, the role of the auditor is to check that the accounts give a ‘true and fair’ view of the business’ financial position. As part of our process, we work with all members of staff involved in the financial management of the business and preparation of accounts.”

## What makes us different?

“The RfM Audit team are committed to adding value for our clients through the auditing process, as well as providing the right level of guidance to support the finance team going forward.

“I like to think of our approach as ‘nurturing’; providing the advice and guidance that the finance team needs to improve systems and ensure accounting standards are met.”

**To find out more or arrange an audit of your business or organisation, please speak to your usual RfM advisor.**

## Xero tips and advice Xero/Stripe bank feed

Our cloud accounting team have been getting very excited about the new Stripe Bank Feed feature which has now been integrated into Xero. So why is it such good news for Xero users?

Our Xero team have been waiting for the Stripe Bank Feed since Xero announced it's partnership with the payment facility in summer 2019. It is now live and living up to expectations.

### Efficient, accurate, visible

There are three key functions of the feature, which is definitely going to save Xero/Stripe users a lot of time and hassle.

With the Xero Stripe Bank Feed you can now:

- See the most up-to-date Stripe statement balance within your Xero dashboard. Previously, this had to be created manually, line by line.
- Create bank rules so that transactions can be automatically reconciled, improving speed and accuracy.
- Match Stripe payments and fees with the corresponding bank statement line.

As you can imagine, automating this process will not only save users time and effort, it will provide far more visibility. Before this feature was made available, Xero users had to log in to Stripe separately and manually go through the Stripe account to reconcile payments and fees. Now all the data you need is visible from within Xero.

So far, the team have found the Xero Stripe Bank Feed very intuitive and really easy to navigate. We're sure other users will find it a huge improvement on how it worked before.

**If you use Stripe for payments, we can guide you through setting up this new feature. Speak to your usual advisor or email [xero@rfm-more.co.uk](mailto:xero@rfm-more.co.uk)**

## + more news on our website

We couldn't fit all our news into this newsletter; please visit our website for these stories [+ more](#)



**Asia Briefing: news from our international partners**

[Read online now](#)



**Things to check before you sign a mortgage agreement**

[Read online now](#)

## FREE Legal and Mortgages Advice Workplace Clinics

On-site advice clinics for your staff at no cost to you.

**Email [srigden@rfmlegal.co.uk](mailto:srigden@rfmlegal.co.uk) to find out more or book a clinic.**

# The power to decide

## The importance of making a Lasting Power of Attorney

There may come a time in the future when you are unable to make important decisions for yourself. This could happen if you were to suffer a loss of mental capacity, had an accident or were abroad for an extended period. The only way to have a say in who would make financial or welfare decisions on your behalf is by making a Lasting Power of Attorney.

### A loss of mental capacity

There are an estimated 850,000 people in the UK living with dementia – a figure that is expected to double over the next 20 years. 1 in 6 people over the age of 80 currently have dementia and around 225,000 people will develop the condition this year alone. When you consider these statistics, it is certainly possible that you or a loved one could be affected by the condition in the future.

If you suffered a loss of mental capacity, it is reasonable to assume that a spouse, partner or close relative could step in to take responsibility for your financial or other affairs. Sadly, this is not the case – even if the person holds joint assets with you, such as property or savings.

If you want a specific person to be able to act on your behalf you must legally nominate them by making a Lasting Power of Attorney (LPA). You must do this **WHILST YOU STILL HAVE MENTAL CAPACITY**.

### Making a Lasting Power of Attorney

There are two types of LPA. One applies to decisions about your financial affairs whilst the second relates to health and welfare decisions. You can make one or both types of LPA.

A health and welfare LPA gives your attorney the power to make decisions about things like your daily routine (e.g. washing, dressing, eating), medical care, moving into a care home and life-sustaining treatment.

A property and financial affairs LPA gives your attorney the power to make decisions about money and property, such as managing a bank or building society account, paying bills, collecting benefits or a pension and selling your home.

### Without a Lasting Power of Attorney in place

If you lose mental capacity but have not made an LPA, it may be necessary to apply to the Court of Protection to appoint an attorney for you. The process can be lengthy and expensive and will place additional emotional strain on what is already a difficult situation.

It will be up to the Court to decide whether you are able to make decisions for yourself. They can grant an order relating to health and welfare decisions or

property and financial decisions. Alternatively, they may appoint a deputy to make such decisions.

The cost of a Deputyship Order can be as much as £2,500 and this must be renewed each year.

Without an LPA:

- Financial, property and welfare decisions will be 'on hold' until the Court of Protection appoints an attorney for you which can take as long as 4-6 months. Until then, your loved ones would not be able to access joint assets or sell joint property.
- You will have no say in who the Court appoints as your attorney.
- The person appointed by the Court to act for you may not be someone you would choose.
- You will have no say in the 'scope' of the powers of the Court-appointed attorney.
- If there is no-one to act for you, an independent mental capacity advocate may be appointed to protect your rights.

### The small things matter most

Sharon Rigden, Relationship Manager at RfM Legal Services has first-hand experience of using her powers as an attorney for an elderly relative with a chronic illness. "She was unable to leave the house for several months and found it difficult to make decisions for herself," explains Sharon. "Luckily, we have both types of LPA in place and this meant that I could do what was needed to make decisions affecting both her healthcare and her finances.

"It was seemingly small decisions where it made the most difference... like discussing a change of medication with the doctor or writing a cheque to pay a bill. It would have been difficult if I hadn't been able to step in to do those tasks."

### Lasting Powers of Attorney for Business

It is also possible to make an LPA in relation to business decisions. Having a contingency in place for times when a business owner cannot make decisions gives peace of mind that a trusted and responsible person can step in.

## Driving down company car tax 0% tax on electric vehicles from April

If you've been thinking about switching your company car to an electric vehicle, the forthcoming tax rate change might just make up your mind. From next April, drivers will pay 0% company car tax on electric vehicles.

Company car vehicles currently account for almost 6 in every 10 new car registrations and the government is keen to shift more drivers towards fully electric models. From 1 April 2020, company car drivers who choose an emissions-free electric fleet model will pay no benefit-in-kind (BIK) tax at all for the year (rising to 1% in 2021 and 2% in 2022). The changes have been described as a "milestone moment" as this is the first time company car drivers will not have to pay any tax.

### Calculating company car tax

The amount of company car tax an employee will pay is based on the vehicle's official value (or P11D value) multiplied by the appropriate BIK rate. The BIK rate is determined by the car's CO2 emissions and fuel type, and the employee's income tax rate.



### Significant savings

Those willing to go greener can look to make significant savings, especially if they already pay the higher rate of tax. As an example, the latest 2.0-litre diesel BMW 3 Series will be subject to 31% BIK from April. A lower rate (20%) tax payer would pay £2,000 a year in BIK to drive this car. Those in the higher 40% bracket would pay £4,000. So the £0 you would pay for choosing electric represents a huge amount back in your pocket.

The types of vehicles covered by the 0% rate in 2020 include pure or battery electric cars as well as plug-in hybrid models. Plug-in hybrids will need to emit less than 50g of CO2 per kilometre and be able to travel for at least 130 miles as a pure electric vehicle.

There is one slight problem... there are currently no hybrid vehicles that meet these limits. There will be tax breaks for hybrids with shorter electric-only ranges but they are not quite so generous. **For advice on BIK and company car tax, please contact your usual RfM advisor.**

# Are you ready for the changes to employment law coming in April?

Keeping up with employment law and HR best practice is a challenge for every business. We want to help you stay compliant by making you aware of changes coming into effect from 6 April 2020. Not least as a breach of these new rules could cost you a fine of up to £20,000.

## What is changing?

The following and other reforms – prompted by the far-reaching Taylor Review of Modern Working Practices – represent the largest upgrade in workers’ rights in over a generation.

### IR35 – determining the status of off-payroll workers

The controversial IR35 tax rules will apply to any business that uses freelancers and contractors. This will lead to some ‘off-payroll’ workers being classed as employees, meaning Tax and NI must be deducted from payments.

### Increased protections for agency workers

Every agency worker will have the right to comparable pay after the 12th week of employment. Employers must also provide a Key Facts page with information about an employee’s contract, pay rates and arrangements, on their first day.

### The right to a written statement of particulars (contract)

Workers and employees must be given a written statement of terms (including additional mandatory information) on their first day. Employers should review existing employment contracts to check they meet the new requirements.

### Increased holiday pay calculation period

The holiday pay reference period is to increase from 12 weeks to 52 weeks to make calculating holiday pay fairer for staff who work variable/irregular hours.

### National Living Wage rise

Even if you don’t pay staff the National Living Wage, the recent increase will affect your business.



### Time for a compliance check-up?

If you’re not sure whether your existing HR practices will meet the new rules, or what action to take, RfM HR Services can help. Their signature HR HEALTH CHECK and HR FACT FIND services are designed to give a clear assessment of compliance with defined next steps.

### Advice from an HR expert – when you need it

RfM HR Services offers a broad range of retained HR packages and specialist consulting services. **To find out more and discuss the HR needs of your business, speak to your usual RfM advisor or email [djohnson@rfm-more.co.uk](mailto:djohnson@rfm-more.co.uk)**

## National Living Wage increase: How will your business cope?

The National Living Wage will rise by 6.2% from 1 April 2020 giving almost three million UK workers a pay rise. Whether you employ staff on the National Living Wage or not, your business is likely to be affected. We look into the potential impact of the rise and what you can do.



If you employ staff full-time on the National Living Wage, you will see an increase of around £1160 per annum (including resulting increases in National Insurance and pension contributions).

It might be tempting to ignore the headline if you don’t actually employ any staff, but all businesses will be affected in some way. Whether the impact is felt directly, through payroll, or indirectly, by increases in the costs of goods and services you use, businesses across the UK will be grappling with how to accommodate this extra cost.

We also anticipate pressure from higher-paid workers, who have seen a massive erosion of the gap that once existed between their remuneration and that of ‘minimum wage’ roles. It is only a matter of time before we see workers pushing for equivalent or higher wage increases to try and maintain the traditional wage gaps between unskilled, semi-skilled and skilled workers.

Smaller businesses and family businesses, in particular, will be subjected to increases in input inflation that have not been felt over recent years.

### Managing the impact

So, what can you do to manage cost increases linked to the rise in the National Living Wage?

- Do nothing – just suck it up and absorb the costs.
- Pass on the cost by increasing the price you charge for your goods and services.
- Increase the capacity of your employees/workers.
- Increase the capability of your employees/workers.
- Reduce costs and increase efficiencies elsewhere in the business.
- Cut the cost of employment, by reducing the number of employees/workers on the payroll bill.

### Specialist advice

We can help your business understand and creatively plan for the effects of these and other HR challenges. **Please ask your usual RfM advisor for a referral to RfM HR Services.**

**RfM**  
Accountants + more

### Our offices

RfM Preston 01772 431233  
RfM Ulverston 01229 582149  
RfM Barrow 01229 820003  
RfM Fylde 01253 790527

RfM Morecambe & Lancaster 01524 566190  
RfM South Lakes 01539 445412  
London 07708 335174  
International 01772 431233

Email [enquiries@rfm-more.co.uk](mailto:enquiries@rfm-more.co.uk)

[rfm-more.co.uk](http://rfm-more.co.uk)



Generally, RfM refers to the network of member organisations, each of which is a separate and independent legal entity. Member organisations are not members of one legal partnership and are only liable for their own acts and omissions, and not those of each other. **Disclaimer:** This newsletter is published for the information of clients. It provides only an overview of the regulations in force at the date of publication and no action should be taken without consulting the detailed legislation or seeking professional advice. Therefore no responsibility for loss occasioned by any person acting or refraining from action as a result of the material contained in this newsletter can be accepted by the authors or RfM.

RfM is not authorised under the Financial Services and Markets Act 2000 but, because we are licensed by the Institute of Chartered Accountants in England and Wales, we are able to offer a limited range of investment services to clients if they are incidental and / or complementary to, or arise out of, the other professional services we have been engaged to provide. It is our policy to refer investment business, excluding corporate finance work, to Financial Advisers, authorised and regulated by the Financial Conduct Authority. The Financial Adviser will take full responsibility for compliance with the requirements of the Financial Services and Markets Act 2000.