

We hope you enjoy reading this newsletter and find it useful. Please contact us if you would like to discuss any matters further.

June 2023

Good cash flow management is essential for business success!

With the present economic uncertainty, managing your business's cash and understanding the flow are now vital tools in maintaining resilience and being able to adopt flexible strategies for success. Cash flows reflect all the cash that is flowing in and out of a business. Owners can look at the direction of the cash flows for insights about the health of specific products or services and overall market patterns.



Some types of business are more likely to run into cash flow problems, while other types appear to be more resilient. If you are a business owner, you might be wondering which category your business falls into. No matter how inventive or simple your business model is, you can still have problems with cash flow. Here are our thoughts on managing the flow of cash in your business:

The first stage of understanding and predicting how funds flow is to perform a health check on your accounts. Look at your latest profit and loss statement and check that your income is sufficient to cover your expenses. If your profit is falling behind your expenses and cash flow is slowing down, you might need to take action. Prepare a funds flow statement so you know where the money goes.

Next create a yearly budget; look where cash could become tight and identify months where

you can save to cover off the quieter times. Look at those quieter months and think about flexible work scheduling, new products or services or other activities to tide you over. Finally make sure you collect your money from those who owe you quickly. Reward customer loyalty by offering early bird discounts. Set credit limits and payment terms to ensure customers follow the rules. If you take on new customers, make credit checks. Penalise late payers and request up front deposits or payment.

We specialise in helping businesses plan forward and adopt flexible strategies so please talk to us about preparing a cash flow statement and an annual budget to help you reach your goals.

Remaining resilient with high inflation

The British Retail Consortium (BRC), the trade association for UK retail businesses, research shows that shop price annual inflation accelerated to 9.0% at the start of May, up slightly from 8.8% in April. This is above the 3-month average rate of 8.9%. This brings shop price growth to a new high, although it is now beginning to fall.

Source: [Food inflation eased in May \(brc.org.uk\)](https://www.brc.org.uk)

The Office for National Statistics (ONS) April report shows that food and non-alcoholic beverage prices saw a monthly increase of 1.4% compared with a rise of 1.5% in the equivalent time period last year and an annual rise of 19.1% in April 2023 compared with an annual rise of 19.2% in March 2023. ONS modelling suggests that the annual rate for this category in April 2023 is the second highest seen for over 45 years, when the rate in August 1977 was estimated to be 21.9%.

Source: [Consumer price inflation, UK - Office for National Statistics](https://www.ons.gov.uk)

Will this pattern continue?

Conditions are likely to remain challenging for many businesses and individuals alike. So now is a good time to focus on resilience.

Resilience is the process of adapting well in the face of adversity, trauma, tragedy, threats, or significant sources of stress — such as business, workplace, and financial stressors. It means "bouncing back" from difficult experiences.

So, what actions can you take now to remain resilient?

Here are a few suggestions to help you think about your business:

- Review your Budgets and set realistic and achievable targets for the rest of 2023.
- Be careful with 'can't pay' customers and get rid of 'won't pay' customers.
- Review your debtors list and chase up overdue invoices (if appropriate).
- Offer existing debtors extended payment terms and/or discounts (if applicable).
- Make sure your terms of business contain explicit payment terms.
- Assign responsibility to one individual for invoicing and collections.
- Put extra effort into making sure your relationships with your better customers are solid.
- Review your list of products and services and eliminate those that are unprofitable or not core products/services.

The important thing to remember in uncertain economic times is that the vast majority of people will not lose their jobs, the majority of businesses won't fail, and eventually, we'll recover. (NatWest Bank, Key economic predictions for 2023).

Talk to us about your business, we have many clients who have changed the way they do things and some really innovative stories to share with you!

Self-Assessment threshold change

From tax year 2023 to 2024 onwards, the Self-Assessment threshold for taxpayers taxed through PAYE only will change from £100,000 to £150,000.

Affected individuals do not need to do anything now as the Self-Assessment threshold for 2022 to 2023 tax returns remains at £100,000. They will receive a Self-Assessment exit letter if they submit a 2022 to 2023 return showing income between £100,000 and £150,000 taxed through PAYE and they do not meet any of the other criteria for submitting a Self-Assessment return.

For the 2023 to 2024 tax year onward taxpayers will still need to submit a tax return if their income taxed through PAYE is below £150,000 but they meet one of the other criteria for submitting a Self-Assessment return, such as:

- receipt of any untaxed income,
- partner in a business partnership,
- liability to the High Income Child Benefit Charge, or
- self-employed individual and with gross income of over £1,000.

See: [Issue 108 of Agent Update - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Latest HMRC tax webinars

Listed below are several live HMRC webinars that will give the self-employed an understanding of key taxes that affect them and also help employers with payroll. The webinars are free and last around an hour.

[Webinars for the self-employed](#)
[Residential property income for individuals - an introduction](#)

Thu 15 Jun at 1:45pm

Thu 22 Jun at 9:45am

[Residential property income for individuals - expenses, and deductions](#)

Wed 14 Jun at 9:45am

Thu 22 Jun at 1:45pm

[Car expenses for the self-employed](#)

Wed 21 Jun at 9:45am

Wed 21 Jun at 1:45pm

[Business expenses for the self-employed](#)

Wed 21 Jun at 11:45am

Thu 22 Jun at 11:45am

[How to apply the VAT reverse charge for construction services](#)

Tue 27 Jun at 1:45pm

[Capital Allowances for the self-employed](#)

Wed 28 Jun at 1:45pm

Thu 29 Jun at 11:45am

[Record keeping for the self-employed](#)

Thu 29 Jun at 1:45pm

[Employer webinars](#)

[Expenses and benefits for your employees - company cars, vans, and fuel](#)

Thu 15 Jun at 11:45am

[Expenses and benefits for your employees - if your employees have more than one workplace](#)

Fri 16 Jun at 11:45am

[Expenses and benefits for your employees - travel](#)

Fri 23 Jun at 9:45am

[Expenses and benefits for your employees – phones, internet, and homeworking](#)

Tue 27 Jun at 11:45am

Advisory fuel rate for company cars

The table below sets out the HMRC advisory fuel rates from 1 June 2023. These are the suggested reimbursement rates for employees' private mileage using their company car.

Where the employer does not pay for any fuel for the company car these are the amounts that can be reimbursed in respect of business journeys without the amount being taxable on the employee.

Engine Size	Petrol	Diesel	LPG
1400cc or less	13p		10p
1600cc or less		12p (13p)	
1401cc to 2000cc	15p		12p (11p)
1601 to 2000cc		14p (15p)	
Over 2000cc	23p	18p (20p)	18p (17p)

Where there has been a change, the previous rate is shown in brackets.

You can also continue to use the previous rates for up to 1 month from the date the new rates apply. Note that for hybrid cars you must use the petrol or diesel rate. For fully electric vehicles the rate is 9p (8p) per mile.

[Please contact us if you need any further clarification.](#)

How much holiday leave are employees entitled to?

Paid annual leave is a legal right that an employer must provide. Holiday pay is worked out according to the kind of hours someone works and how they're paid for the hours.

This includes:

- full-time workers,
- part-time workers,
- agency workers,
- workers working irregular shifts, and
- casual workers including those on zero-hours contracts.

Workers are entitled to a week's pay for each week of statutory leave that they take.

You can calculate holiday entitlement for a full year and part of a leave year (if the job started or finished part way through the year) using this calculator: [Calculate holiday entitlement - GOV.UK \(www.gov.uk\)](#)

For further information on holiday entitlement see: [Holiday entitlement: Holiday pay - GOV.UK \(www.gov.uk\)](#)

Network of fake companies shut down following Bounce Back Loan fraud

The Insolvency Service has successfully secured the winding-up of 11 companies for their part in a scheme which orchestrated systematic fraud against UK taxpayers during the covid-19 pandemic.

Between them, the companies claimed £500,000 through the Bounce Back Loan scheme. The companies claimed to be registered at various offices in Berkshire, Lancashire, London, and Shropshire, however the Insolvency Service investigation could not identify trading premises for any of the businesses, nor establish that they had ever traded.

Nine of the companies were found to have claimed the maximum available £50,000 through the Bounce Back Loan scheme, with one company even claiming two loans. Investigators found a host of links between the various companies, including the use of common addresses, with funds being moved between them before ultimately being transferred to entities registered in Hong Kong. The companies were identified by investigators due to their links to five other companies that had previously been wound up by the Insolvency Service in 2021 and 2022. These had themselves been responsible for fraudulently claiming £250,000 between them in Bounce Back Loans and £350,000 in Small Business Grants.

The Official Receiver was appointed liquidator of the 11 companies closed down by the court at the hearing on 22 May 2023. The Official Receiver is working to trace the funds and those responsible, with a view to recovering the money.

See: [Network of fake companies shut down following Bounce Back Loan fraud - GOV.UK \(www.gov.uk\)](#)

Seafood sector jobs to be added to the Shortage Occupation List

From the summer, share fishermen, trawler skippers, and experienced deckhands on large fishing vessels will gain from lower fees and salary requirements. This is to ensure that the fishing sector can continue to access the people it needs at a reduced cost.

Inclusion on the Short Occupation List (SOL) means jobs qualify at a 20% lower salary threshold (£20,960 instead of £26,200). Applicants also pay lower fees (£479 for a 3-year visa instead of £625). The broader English language requirements of the Skilled Worker route also apply to the SOL.

To be included on the Shortage Occupation List, a role must not only be skilled and in shortage, it must also be sensible to include it on the list in the context of alternative solutions to tackling the shortage, other than through immigration. It is not the purpose of the immigration system to provide a source of workers at pay and conditions which are not attractive to resident workers.

The changes are set to be implemented ahead of the summer fishing season.

See: [Seafood sector jobs to be added to the Shortage Occupation List - GOV.UK \(www.gov.uk\)](#)

National Minimum Wage 2023 rate reminder for employers: Summer Staff

All workers are legally entitled to be paid the National Minimum Wage (NMW). This includes temporary seasonal staff, who often work short-term contracts in bars, hotels, shops, and warehouses over the summer.

The National Minimum Wage hourly rates from 1 April 2023 are:

- £10.42 – age 23 or over (National Living Wage),
- £10.18 – age 21 to 22,
- £7.49 – age 18 to 20,
- £5.28 – age under 18, and
- £5.28 – apprentice.

If you need help on paying temporary staff please contact us, alternatively you can

contact ACAS via their helpline if you need employment law or workplace advice. ACAS is an independent public body that receives funding from the government. They provide free and impartial advice to employers, employees, and their representatives on:

- employment rights,
- best practice and policies, and
- resolving workplace conflict.

See: [Contact us | Acas](#)

HMRC issues scam warning to tax credits claimants

Tax credit claimants should be on their guard against fraudsters, as HM Revenue and Customs (HMRC) warns of the latest tactics being employed by scammers.

HMRC has issued a new alert, providing details of a number of new scams reported that aim to trick people into handing over money or personal information. Criminals use deadlines – like the tax credits renewal deadline on 31 July – to target their victims and the department is warning around 1.5 million tax credits customers to be alert to scams that mimic government communications to make them appear genuine.

Typical scam examples include:

- emails or texts claiming an individual's details aren't up to date and that they risk losing out on payments that are due to them;
- emails or texts claiming that a direct debit payment hasn't 'gone through';
- phone calls threatening arrest if people don't immediately pay fake tax owed;
- claims that the victim's national insurance number has been used in fraud; and
- emails or texts offering spurious tax rebates or bogus grants or support.

See: [HMRC issues scam warning to tax credits customers - GOV.UK \(www.gov.uk\)](#)

Cyber-attacks – protect your business!

Last week we learnt that more than 100,000 people have been warned their personal data is in the hands of cyber-criminals as a result of a continuing mass hack.

The BBC, British Airways, Aer Lingus and Boots are among the companies whose staff have been affected by the Movelt data breach and even more organisations are expected to issue staff warnings, as the extent of the breach is discovered.

If you have not implemented cyber security in your business then now may be a good time to consider the UK government "Cyber Essentials" to help protect you against a whole range of the most common cyber-attacks. Cyber-attacks come in many shapes and sizes, but the vast majority are very basic in nature, carried out by relatively unskilled individuals. They're the digital equivalent of a thief trying your front door to see if it's unlocked. The advice is designed to prevent these attacks.

See: [About Cyber Essentials - NCSC.GOV.UK](#)

Warning issued by the Insolvency Service on scams

The Insolvency Service has issued a warning to investors and its customers regarding a recent increase in fraudulent activity, including recovery room scams, and fraudsters impersonating genuine Insolvency Service employees, in the form of emails, phone calls and letters.

Recovery room scams usually follow an investment scam, where victims have already lost money. Victims are cold called by fraudsters who pretend to be from a different company. High pressure tactics are then used to obtain upfront charges/fees, described as, for example, tax, solicitor fees and administrative fees. This can result in losses that can be greater than the initial investment loss.

To legitimise their contact, recovery room fraudsters will send fake letters with the Insolvency Service logo, spoof the Insolvency Service's telephone numbers, provide fake

Insolvency Service telephone numbers, use a fake email address like those officially used by the Insolvency Service, impersonate a legitimate employee of the Insolvency Service, and refer investors to social media accounts of Insolvency Service employees.

The Insolvency Service will never ask for an upfront fee to get your money back that you have lost in a previous investment. If contact appears to be from the Insolvency Service, or a company purporting to be acting on behalf of the Insolvency Service, asking for an upfront fee, this is a scam.

Separately, fraudsters are impersonating legitimate employees of the Insolvency Service by contacting individuals using fake email addresses and letters.

This activity is in no way affiliated with the Insolvency Service and recipients are being advised to exercise caution and familiarise themselves with the official telephone number and domains used by the agency.

See: [Warning issued by the Insolvency Service on scams - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/warning-issued-by-the-insolvency-service-on-scams)
