



Perception Accounting
Accountants with Vision



NEWSLETTER

CHRISTMAS 2024 - Issue 17

THE AUTUMN BUDGET

Key points for Small
business owners



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A Growing Trend



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THE AUTUMN BUDGET

KEY POINTS FOR SMALL BUSINESS OWNERS

The UK's Autumn Budget 2024 introduces several measures that will significantly impact and challenge small businesses:

Employer National Insurance Contributions (NICs):

The budget increases employer NICs from 13.8% to 15% and lowers the threshold for contributions to £5,000. This change means businesses will incur higher costs per employee, potentially affecting hiring and wage decisions.

The budget did include an increase to the Employers Allowance, from £5,000 to £10,500, and this will help very small companies, but anyone with a staff team of more than 4 is going to see increased costs.

National Minimum Wage – From April 2025 employee costs will rise as follows:

Under 18's up to £7.55 – a rise of 18%

Age 18-20 up to £10.00 per hour – a rise of 16.3%

Age 21 plus up to £12.21 per hour – a rise of 6.7%

This will hit small businesses the most as typically they will be the ones utilising the minimum wage rates.

Business Rates Relief:

The budget introduces a permanent 40% relief on business rates for retail, hospitality, and leisure sectors, capped at £110,000 per business. Additionally, the small business tax multiplier will be frozen for the next year, offering some financial relief to eligible businesses.

Business Asset Disposal Relief (Entrepreneurs Relief)

From 5th April 2025, the tax rate for business owners selling their businesses will increase from 10% to 14%. Then from 6th April 2026, it will increase again to 18%.





WHAT CAN SMALL BUSINESS OWNERS DO TO OVERCOME BUDGET CHALLENGES

Consider the following to help overcome the challenges faced by the Autumn Budget:

Workforce Efficiency:

- **Invest in Automation and Training:** Streamlining processes through technology and enhancing employee skills can help increase productivity without expanding headcount, which can offset the increased **NIC** and minimum wage costs.
- **Flexible Staffing Solutions:** Adopting part-time or temporary contracts may provide more flexibility and reduce ongoing payroll expenses.

Enhance Financial Planning and Cash Flow Management:

- **Review and Adjust Budgets:** Carefully examine budgets to prioritise essential spending and identify areas to reduce costs.
- **Build a Cash Reserve:** Developing a buffer can help manage periods of increased tax or wage obligations. This includes managing capital and operational expenditures efficiently.

Leverage Tax Reliefs and Grants:

- **Explore Government Grants and Subsidies:** Government-backed schemes, especially for innovation, digital transformation, and green initiatives, can provide funds to offset operational costs.
- **Utilise available Tax Reliefs:** With the reduction in business rates relief, businesses should check if they qualify for any other tax credits or sector-specific reliefs.

Reevaluate Asset Management for Capital Gains Tax Planning:

- **Strategic Asset Holding:** For businesses considering selling assets, it may be beneficial to consult financial advisors on timing and potential restructuring to reduce tax liabilities.
- **Consider Long-Term Planning for Business Succession:** With inheritance tax reforms, family-owned businesses should consider succession planning to leverage available exemptions and reduce future tax burdens.

Focus on Customer Retention and Revenue

Diversification:

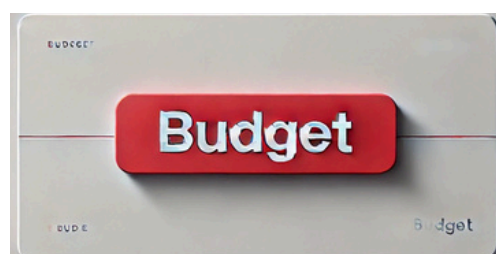
- **Enhance Customer Experience:** A strong focus on customer retention can help ensure steady revenue streams during periods of increased operational costs.
- **Diversify Revenue Streams:** Expanding service offerings, targeting new markets, or developing complementary products can improve resilience to economic changes.

Sustainable Practices to Lower Operational Costs:

- **Invest in Energy Efficiency:** Implementing sustainable practices, like upgrading to energy-efficient equipment, can reduce utility costs, aiding long-term savings.
- **Localise Supply Chains:** Reducing dependency on global suppliers can limit exposure to fluctuating fuel and transport costs.

Explore Collaborative Solutions:

- **Shared Services:** Collaborating with other small businesses to share resources, such as warehousing or marketing services, can reduce expenses.
- **Advocacy and Collective Bargaining:** Engaging with business associations can strengthen a business's voice and provide insights on regulatory changes or advocacy for more favorable policies.



TAX RETURN INFO

*Please send in your
Tax Return information now!*



Sending it in sooner rather than later helps you as well as us, especially if you have a payment to make, as it gives you longer to find the funds or arrange time to pay with HMRC.

Please note that we will be charging higher fees for tax returns that have to be prepared in January (if the information wasn't with us by the end of December 2024). This is to cover the additional staff costs we have to incur due to the volume of work having to be carried out in January.



Please help us to help you.
Send in your tax information
before the Christmas break



SUSTAINABILITY REPORTING AND GREEN ACCOUNTING



A GROWING TREND

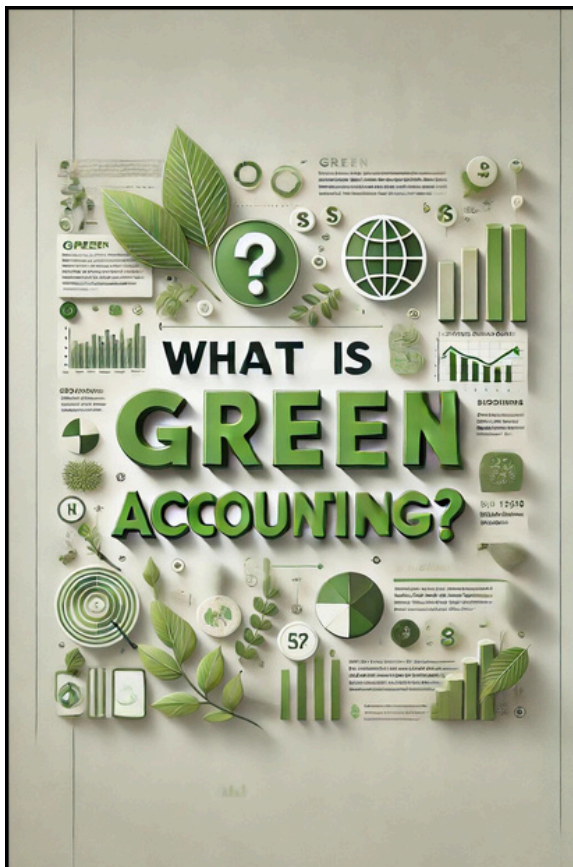
As the global conversation around climate change, social responsibility, and sustainable development intensifies, businesses across the world are rethinking how they operate. The United Kingdom, in particular, has emerged as a leader in the push toward a more sustainable corporate landscape. One of the most significant ways in which UK companies are responding to this call is through Sustainability Reporting and Green Accounting—two practices that are quickly becoming cornerstones of modern business strategy.

WHAT IS SUSTAINABILITY REPORTING?



Sustainability reporting involves disclosing non-financial information related to a company's environmental, social, and governance (ESG) performance. It provides stakeholders—investors, customers, employees, and regulators—with a more comprehensive view of how the company is managing its impact on the world. This practice goes beyond traditional financial reporting by including data on topics such as:

- Environmental: Carbon emissions, energy efficiency, waste reduction, and resource usage.
- Social: Employee well-being, diversity and inclusion, community outreach, and supply chain ethics.
- Governance: Corporate ethics, transparency, and accountability.



WHAT IS GREEN ACCOUNTING

Green accounting, also known as environmental accounting, is an extension of traditional financial accounting that integrates environmental costs into business decision-making. This approach goes beyond simply tracking revenue and expenses;

it accounts for the environmental impact of business activities, often assigning a monetary value to natural resources and environmental degradation. Key aspects of green accounting include:

- Carbon footprint tracking: Measuring a company's greenhouse gas emissions and incorporating them into financial reporting.
- Resource consumption: Quantifying the use of natural resources such as water, timber, and minerals, and linking them to business performance.
- Environmental costs: Accounting for the financial implications of pollution, waste disposal, and compliance with environmental regulations.

In the UK, green accounting is becoming increasingly important as businesses face growing pressure from the government, investors, and consumers to reduce their environmental impact.

THE HYBRID WORK MODEL: NAVIGATING THE NEW NORMAL OF BUSINESS OPERATIONS



As the world emerged from a global pandemic, one of the most enduring shifts in the workplace is the rise of the hybrid work model—a blend of remote and in-office work that has redefined the modern business landscape. This new normal offers both opportunities and challenges for businesses, employees, and the broader economy, with companies across industries reevaluating how they approach operations, culture, and productivity.

THE APPEAL OF HYBRID WORK

For many employees, the hybrid model represents a long-overdue evolution in how work can be structured. Gone are the days of the rigid 9-to-5 office schedule; in its place is a more flexible arrangement that allows for a better balance between professional and personal lives. Employees value the option to work from home, cutting down on commuting time and costs, while also gaining greater control over their daily schedules.

For employers, this model offers distinct advantages as well. Companies can reduce overhead costs by downsizing physical office spaces and transitioning to more dynamic, tech-driven environments. Moreover, access to a global talent pool becomes easier when location is no longer a constraint. Businesses that embrace hybrid work are finding themselves able to attract and retain top talent from anywhere in the world, breaking down geographical barriers that once limited hiring strategies.

THE CHALLENGES OF HYBRID WORK

Despite its benefits, the hybrid model is not without its challenges. One of the biggest hurdles businesses face is maintaining company culture and fostering collaboration when employees are not physically in the same space. Remote work can create a sense of isolation, making it difficult to build camaraderie and ensure that all team members feel connected to the broader organisation.



EQUITY AND FAIRNESS

Productivity, another key concern, remains a mixed bag. While some employees thrive in a remote setting with fewer distractions, others struggle with motivation and time management. Business leaders must strike a delicate balance, ensuring that teams stay productive without resorting to micromanagement.

Equity and fairness are also emerging issues in the hybrid model. In-office employees may have more direct access to leadership and decision-making processes, potentially sidelining remote workers when it comes to promotions or new opportunities. Companies need to be mindful of these dynamics and develop strategies to ensure all employees, regardless of where they work, are given equal opportunities to contribute and advance.



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CYBERSECURITY RISKS IN BUSINESS: HOW TO PROTECT YOURS



In today's digital world, businesses of all sizes are increasingly vulnerable to cybersecurity threats. From sensitive customer data to intellectual property and financial assets, your company's most valuable resources are now at risk from cyberattacks. Whether you're a large corporation or a small business, it's crucial to understand the cybersecurity risks you face and take proactive steps to protect your business from these threats.

KEY CYBERSECURITY THREATS FACING BUSINESSES TODAY

The evolving threat landscape poses numerous challenges for businesses. Some of the most common and dangerous cybersecurity risks include:

- **Phishing Attacks:** Phishing is one of the most frequent and effective methods cybercriminals use to gain unauthorised access to sensitive information. Fraudulent emails or messages trick employees into clicking on malicious links or providing login credentials, putting the entire organisation at risk.
- **Ransomware:** Ransomware attacks, where hackers encrypt a company's data and demand payment for its release, have been on the rise. These attacks can disrupt operations for days or even weeks, with costly consequences for businesses unable to access their data.
- **Data Breaches:** Companies store vast amounts of sensitive information, from customer details to financial records. A data breach occurs when unauthorised individuals gain access to this data, leading to significant financial and reputational damage.
- **Insider Threats:** Cybersecurity risks aren't always external. Employees, whether acting maliciously or inadvertently, can expose a company to cyber risks by mishandling sensitive data or failing to follow security protocols.
- **Distributed Denial of Service (DDoS) Attacks:** These attacks overload a company's servers or systems, causing downtime or system failures. For businesses reliant on their digital platforms, such disruptions can lead to significant revenue loss.

BEST PRACTICES FOR CYBERSECURITY IN BUSINESS

While the threats are real, there are actionable steps businesses can take to protect themselves. Here are key cybersecurity best practices every company should adopt:

- **Employee Training:** Human error is one of the leading causes of cybersecurity incidents. Regular training programs help employees recognise phishing attempts, avoid malicious links, and understand the importance of strong passwords and safe browsing practices.
- **Implement Strong Password Policies:** Weak or reused passwords are a common point of entry for hackers. Encourage the use of complex passwords, and enforce regular password changes across the organisation.
- **Multi-Factor Authentication (MFA):** Adding an extra layer of protection by requiring users to provide two or more forms of verification makes it harder for attackers to gain access to systems, even if login credentials are compromised.
- **Regular Software Updates:** Outdated software and systems can leave businesses vulnerable to known security flaws. Ensure all systems are regularly updated and patched to close any potential security gaps.
- **Data Encryption:** Encrypting sensitive data ensures that even if it is intercepted, it cannot be read or used by unauthorised individuals. Encryption is particularly important for financial data and communications.
- **Backup and Disaster Recovery Plans:** Regularly back up all critical business data and have a disaster recovery plan in place. This ensures that, in the event of a ransomware attack or data loss, your company can quickly restore operations.



What is the Pension Triple Lock?

The pension triple lock is a mechanism used by the UK government to determine how much the state pension increases each year.

It was introduced in 2010 to ensure that pensions keep up with inflation and other factors affecting the cost of living.

The triple lock guarantees that the state pension will increase each year by the highest of the following three measures:

- Inflation (as measured by the Consumer Price Index - CPI)
- Average earnings growth (the increase in average wages)
- 2.5% (a fixed minimum increase)

This means that, each year, the state pension will rise by at least 2.5%, or by more if inflation or wage growth is higher. The goal of the triple lock is to protect pensioners' income from losing value in real terms over time.

There has been ongoing debate about the sustainability of the triple lock, as it can be costly for the government, especially in periods of high wage growth or inflation.

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YULE LOG

For the cake:

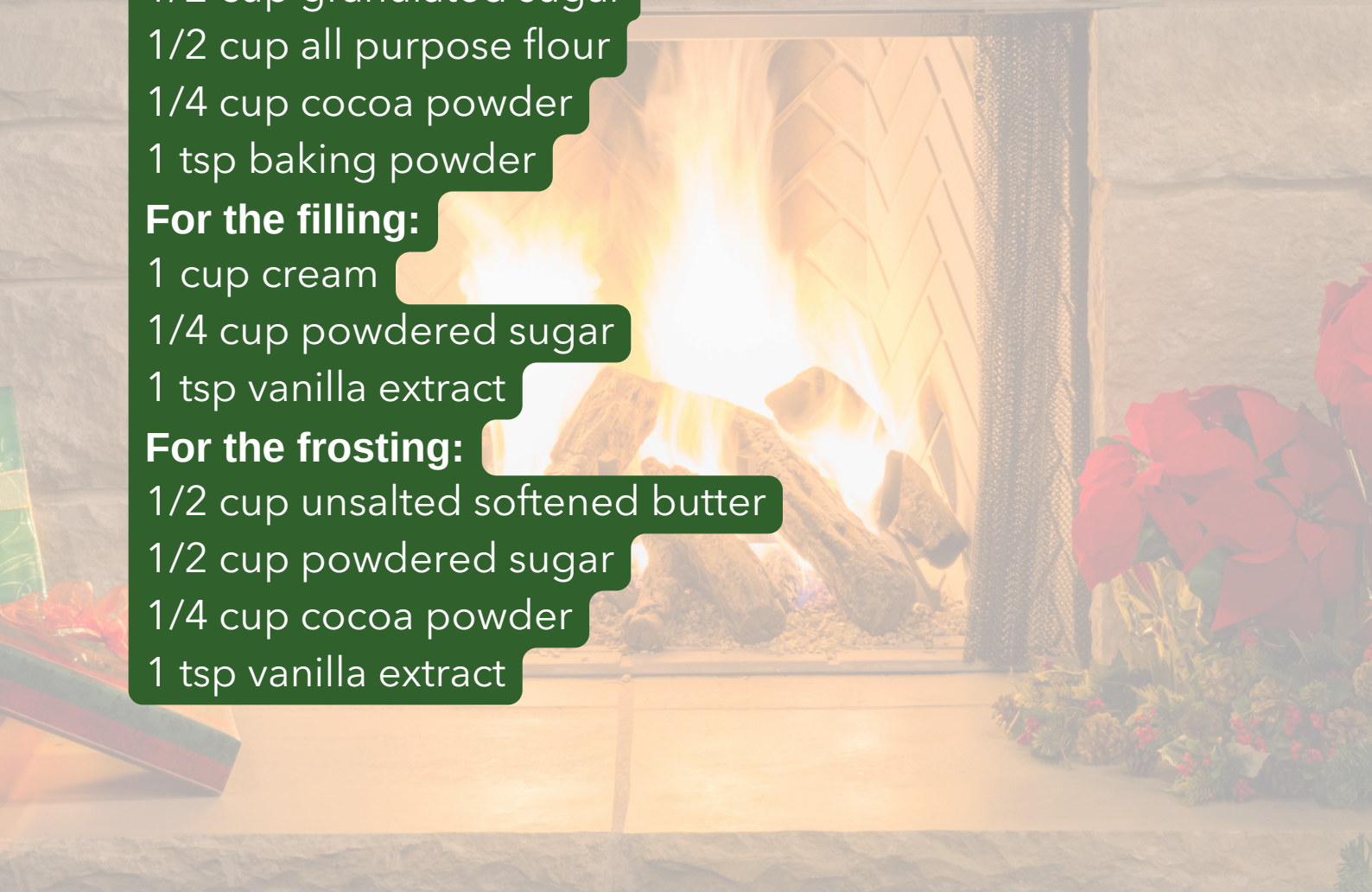
4 eggs
1/2 cup granulated sugar
1/2 cup all purpose flour
1/4 cup cocoa powder
1 tsp baking powder

For the filling:

1 cup cream
1/4 cup powdered sugar
1 tsp vanilla extract

For the frosting:

1/2 cup unsalted softened butter
1/2 cup powdered sugar
1/4 cup cocoa powder
1 tsp vanilla extract





Instructions:

Pre-heat oven to 350 (180c) and line a jelly roll pan with parchment paper.

In a bowl beat together the eggs and sugar until light and fluffy.

Sift the flour, cocoa powder and baking powder then gently fold into the egg mixture.

Pour the batter into the prepared pan and spread out evenly.

Bake for 12-15 minutes or until the cake springs back to the touch.

While the cake is baking prepare the filling;

Whip together the cream, powdered sugar and vanilla extract until stiff peaks form.

Once the cake is done remove it from the oven and let it cool down for a few minutes. Carefully roll the cake with the parchment paper and let it cool completely.

Unroll the cake and spread the whipped cream filling, then roll the cake back up without the parchment paper.

For the Frosting beat the butter, powdered sugar, cocoa powder and vanilla extract until smooth and creamy.

Spread the frosting over the cake using a fork to create a tree bark effect.

Refrigerate for around an hour before serving - decorate with festive decorations.

Enjoy!





REMINDER

You can give staff a £50 voucher for Christmas which is good for boosting morale but also tax deductible for the business and free for the employee

Staff Christmas parties are tax allowable as long as the cost is below £150 per person and is annual.

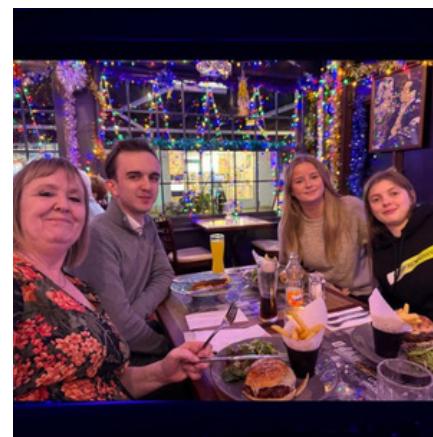




Congratulations to Tia who had a baby boy on 27th November. Wishing her a happy maternity leave.

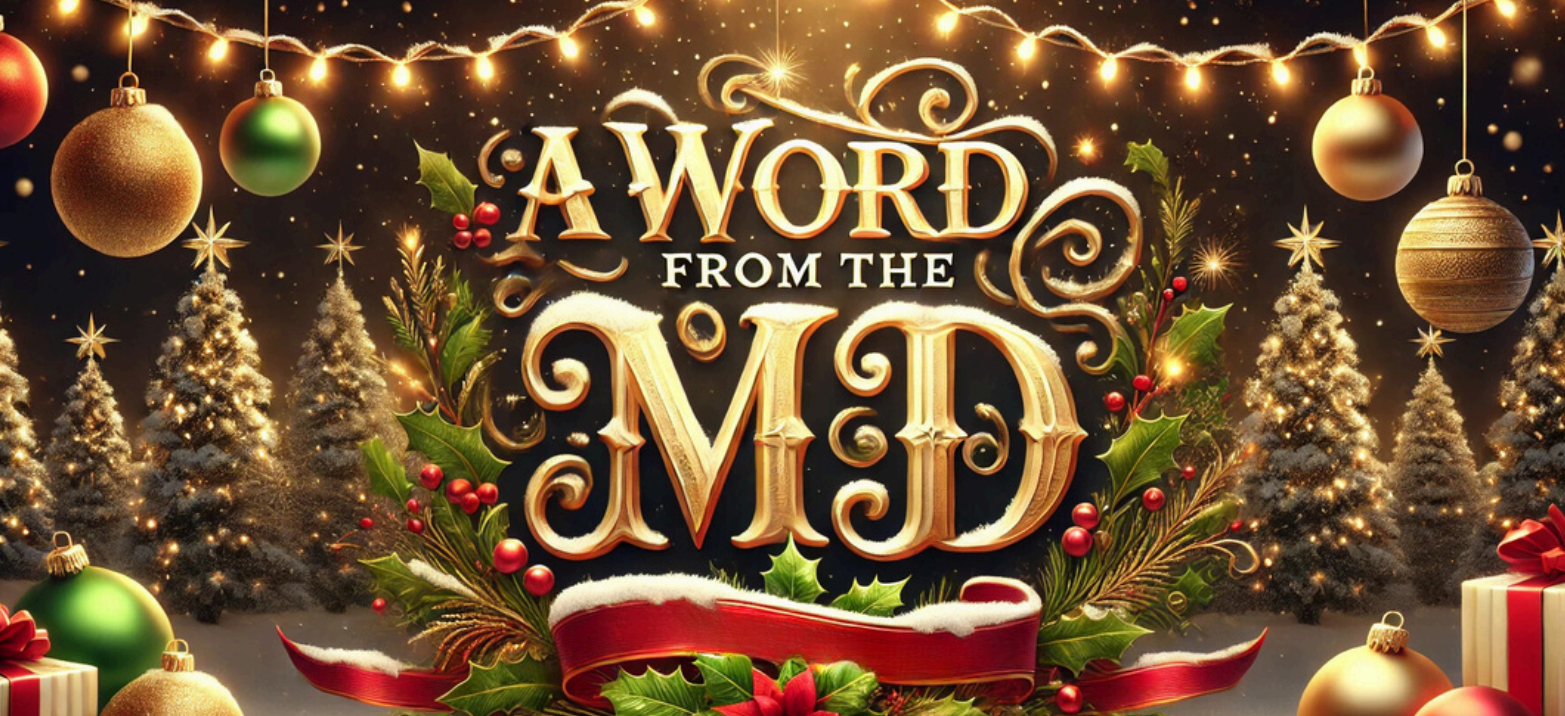


Our tax return balloons, ready and waiting to be popped as and when the returns are filed - please help us do this before Christmas!



OH NO THEY DIDN'T
OH YES THEY DID!





Dear All,

Another year has flown by, and we are at the business end of tax return season again! At the risk of sounding like a broken record, I would be really grateful if everyone can do their absolute best to get their tax return information to us before the Christmas break, if we haven't had it already. Over 200 of you have sent it in already (you can relax!), but there are still around 90 people that have yet to send it in.

The budget, unfortunately, did little to help small businesses which was disappointing but unsurprising. The minimum wage rises coupled with the employer's national insurance rise will hit small businesses hard, apart from businesses with fewer than 4 employees. To alleviate this cost prices are going to have to increase, please make sure you are checking your profit margins and making adjustments to prices where you can to offset this extra cost. If you are unsure of how to check this, let us know and we will advise further.

cont...

On to good news! The electric car tax incentives are still in place, and it is still the best tax saving from both the company and employee's point of view. With 100% capital allowances if the company buy a brand new fully electric car, and a 2% benefit in kind charge on the list price of the car to the employee. That means even if the employee is in higher rate tax the tax cost to them of having a £50,000 car for a year is £400!

I hope everyone is looking forward to having a relaxing and fun Christmas break, and myself, Georgie and the whole Perception team want to wish you all a merry Christmas and a happy, healthy and prosperous new year.

Lisa





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