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**cbsl.**  
accountants

# the number

**Welcome to the latest Summer edition of our Newsletter.**



In this edition of our quarterly newsletter, we have some accounting terms explained, and an article on common scams to look out for, and our usual updates. As many of us head off on holiday I also have some thoughts on taking time to reflect: be that on election results, our businesses, but most importantly our families.

We have a save the date for you – 19th September from 6:00pm our annual drinks at Ernest & Co. in Shrewsbury. We will be hoping for some late summer evening sun to enjoy the Terrace but have the option of inside if the rain prevails.

## Inside this edition

1. Adrian's introduction
2. Save the date
3. Accounting terms
4. Common scams to look out for
5. A time to reflect
6. Updates & reminders

Thanks for reading and as always if there is anything you would like us to include, please let us know.

**Adrian Barker** Managing Director

## Save the date!

We'd be delighted if you'd join us for our **Late Summer Drinks** event to celebrate 20 years of CBSL Accountants.

An evening of drinks, canapes and socialising at Ernest & Co. in the centre of Shrewsbury.

Thursday 19th September 2024  
6pm to 9pm

RSVP by 6th September 2024  
01743 249 992 or [enquiries@cbslgroup.com](mailto:enquiries@cbslgroup.com)

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to view the  
CBSL website



## Accounting terms explained

To a large extent the days of the overly starched 'Victorian' accountant, calling clients into his (and yes, sadly, it was usually his, rather than her) office, are gone. I had years of seeing clients of my father and grandfather coming into their office to go through their accounts from the previous year... yes that's right, I am a third-generation accountant, but thankfully, hopefully very different.

Clients would passively inhale, from my father's pipe, as he questioned the allowability for tax purposes of trifling expenses incurred 18 months earlier. The print outs from adding machines (think calculator with a till receipt style printer attached) would be added up manually – presumably just in case the machine was having an off day. They did the same after dinner just to make sure the bill was added correctly too – I cannot recall there ever being a mistake.

Advice, such as it was, was a precision calculation of how much tax needed to be paid, and certainly no proactive business recommendations.

Perhaps it was an era when knowledge was less readily available? It is certainly much easier these days to search for information on the internet or for terms if you don't know what they mean. Certain professionals do though still like to bandy jargon and technical words around, when talking to clients, perhaps with the intent of demonstrating mystique, their wisdom, or the 'value' of their billable hour.

I often think that a large part of my job is to translate for clients: converting what they hear and read into the understandable, as well as then explain why it does, or does not, matter. And with that in mind, I thought that in this edition I would pick a few terms and explain them. I've picked 5, but if there is any that you would like explaining, please send me an email.

### SDLT

'We call it *SDLT* now *Adrian*, not *Stamp Duty*', said the overbearing solicitor. But Dave knew what Stamp Duty was, so I called it that. It's the tax that the buyer pays when he buys certain things: usually property, but other things too such as shares in a company. I won't go into the various rates here – it's become an absolute minefield, but if you are buying something we will let you know what it will be and how to structure it to help minimise the cost. We did that last week and saved the client £104k.

### Gross Profit Percentage

Its possible to get in a complete pickle here with margins and mark-ups: the former is the profit divided by sales and the latter profit divided by costs of sales. I've seen high street retailers, and their suppliers negotiate a percentage only to later discover that one was using mark-up and the other margin. They are both gross percentages but different numbers.

	Margin	Mark-up
Sales	£100.00	£100.00
Cost of sales	£ 80.00	£ 80.00
<hr/>		
Gross profit	£ 20.00	£ 20.00
<hr/>		
Percentage	20%	25%

Need a 'real-life' example? Watch Clarkson's Farm, Season 1, Episode 7: Charlie Ireland questioned Lisa about her pricing. Working on 40% profit she was selling her Strawberries at £3.50 per punnet, based on a wholesale cost of £2.80. Instead of the mark-up she was hoping for she was actually getting 25%... or put another way the price should have been £3.92... or £3.95 to give a sensible price point and so get a minimum of 40%.

### BADR

Some people love a 'TLA': this time we have gone one better and have a four-letter abbreviation (an 'FLA')! What does it stand for? Entrepreneurs Relief... how does that work? Well, it actually stands for Business Asset Disposal Relief, but most business owners with an eye on a sale will call it Entrepreneurs Relief. Think just 10% on the first £1m of gain when you sell your business, and it starts to be a more interesting term.

### Net Current Assets

Add your stock, debtors and bank balances together take off the creditors that you are due to pay in the next 12 months and hope for a positive number. A negative number means you have Net Current Liabilities and that is not so nice... it means that you have more money going out of the business in the next 12 months than coming in. One reason why it is interesting number is that if you have a customer that owes you money, you would like them to have Net Current Assets rather than Liabilities.

### Deferred Tax

If you buy equipment, you often get full tax relief for it when you buy it, but in your company accounts you will usually write off the costs of it over several years. The maths department (accountants) will then make an adjustment for that, and they call it deferred tax. Should I be interested? As a general rule if the business continues to trade then no, but sometimes if you decide to call it a day, stop trading and liquidate the company, then that is when the upfront tax benefits that you have received over the years do what we call 'crystallise'. Think of it as having a hotel on Park Lane and Mayfair, and that Community Chest card tells you that you have just been assessed for street repairs.

# Some examples of current HMRC & Companies House scams to be aware of

## Text messages & emails

HMRC does send text messages to some customers. In the text message they may include a link to GOV.UK information or to HMRC webchat. HMRC will never ask for personal or financial information when they send text messages. HMRC will never send notifications by email about tax rebates or refunds.

Do not open any links or reply to a text message claiming to be from HMRC that offers you a tax refund in exchange for personal or financial details.

Fraudsters may spoof a genuine email address or change the 'display name' to make it appear genuine. If you are unsure, forward it to HMRC and then delete it.

To help fight phishing scams, you should send any suspicious text messages to **60599** (network charges apply) or email **phishing@hmrc.gov.uk** then delete them.

## Suspicious phone calls

HMRC is aware of an automated phone call scam which will tell you HMRC is filing a lawsuit against you, and to press 1 to speak to a caseworker to make a payment. This is a scam and you should end the call immediately.

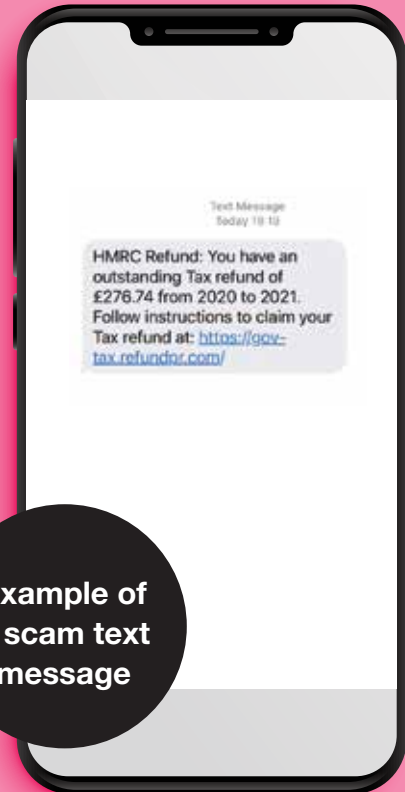
Other scam calls may refer to National Insurance number fraud or offer a tax refund and ask you to provide your bank or credit card information. If you cannot verify the identity of a caller, do not speak to them.

## Asking for Directors' details

Companies have been telephoned by people claiming to be from Companies House, who request details of their company's directors. After being advised there's a discrepancy with the information held on the register, the caller requests information such as full dates of birth for directors.

Companies House will never contact you by telephone to find out who your officers are, or ask for secure information.

**The information on this page was created by HMRC & Companies House.**



Example of a scam text message



Example of a scam phishing email

## A time to reflect

**I always think that the summer holidays are a time to reflect. The feeling of heat as the door opens and the smell of the jet engine, as it sits after landing at the destination that you have been looking forward to for the last 6 months or more.**

This year I will still have that to look forward to, but my reflection this morning as I write this will be more on someone else who in 48 hours will be having that experience. Not me.

I started our firm 20 years ago, with no office, no staff and no clients, when the person getting on the plane tomorrow morning was just 1 month old. Tomorrow, the now 20 year-old flies to Melbourne to do what his father was never brave enough to even consider let alone do: a year studying politics in Australia at Swinburne University.

Ollie has just completed his second year at my Alma Mater, Leicester University, performing far better than I ever did. 'Alma Mater' rather overstates my contribution to academia. I was offered a position to join a national firm of chartered accountants, on the condition that I achieved a pass in my degree. I took my foot off the gas, a position that in fairness it hadn't been firmly on even before the offer and proceeded towards my 'Gentleman's Degree' grade of a 'Desmond' 2ii. Ollie though is a borderline 'Geoff' (first). But more importantly is living the life that I always hoped for him, with a spirit of adventure and a desire to excel in his studies whilst having new experiences, building friendships, and being an amazing elder brother to Saffron.

I realise as I get older, I have enjoyed living vicariously through the experiences of my and Emma's children, although that can sometimes be less fun than we would like! I thought that I would feel sadness this morning that Ollie is leaving for a year, but pride and excitement are foremost.

There is a tinge of regret at some of the choices that I have made, but perhaps I should on reflection channel my inner Edith Piaf and think, Non, Je ne Regrette Rien. After all some of those choices have led to an Ollie who is getting on that plane, and then I have a drive back to Shropshire, to collect a Saffron from school.

Whatever your reflections are as you take your summer breaks, I hope you have time to enjoy and relax with you and yours.

## Updates

From 4th March 2024, there are greater powers in place for Companies House to query information, with stronger checks on company names, new rules for registered office addresses, and new lawful purpose statements.

Under the act, all companies need to provide a registered email address. Companies House will use this email address to communicate with the company – it will not be available to the public. This will be requested when you file the next confirmation statement.

All companies also need to confirm that the intended future activities of the company will be lawful. This will be confirmed every year on the confirmation statement. From 1st May 2024, Companies House have increased their fees across many of their services and submitting the annual Confirmation Statement online has increased from £13 to £34.

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