

# MCBRIDES BUSINESS ARENA

*News and views to give you the edge in business*

## Following The Bear and the Enterprise Investment path



Guests at our quarterly FaB breakfast event on 25 January 2017 learnt that it's now possible to follow the Bavarian Bear again thanks to two Kent-based entrepreneurs whose start-up business has brought the Hofmeister brand back as a premium Helles lager.

David Farrington and Richard Longhurst, who both have years of experience in the drinks industry, along with Spencer Chambers and John Byrne, spotted a gap in the market in the UK for a Bavarian Helles lager, and shared their story and experience of sourcing equity investment.

David Farrington said: "We saw a great opportunity for a Bavarian Helles lager married to an iconic brand with its roots in the Bavarian forest." And with the help of a very credible team, including Andrew Marsden, Zoe Howorth and private equity investors, they registered The Hofmeister Brewing Company Ltd on 21st December 2015 - the shortest day, but the longest drinking night of the year – and launched Hofmeister Helles ten months later.

*L to R – Terry Baldwin, Richard Longhurst, David Farrington and Nigel Kimber*

Richard Longhurst said: "To begin with we had looked to crowd-fund the project but after an initial Seed Enterprise Investment Scheme (SEIS) funding raise, bringing on board some excellent investors, we decided to go down the private equity route for our second raise and at the same time tap into our investors' networks, advice and expertise."

Terry Baldwin, McBrides' tax partner, elaborated on why the Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS) have proved advantageous to start-ups, growing companies and investors alike: "EIS and SEIS both have fabulous tax incentives to woo investors, for example income tax reductions, Capital Gains Tax (CGT) deferral relief and exemption from CGT on sale. The company seeking investment can apply to HMRC for advance assurance of its qualifying EIS/SEIS status, which helps attract investors." 🙌

**FaB**  
Finance and Business  
for Breakfast

### Team Talk

We're well into 2017 now and already tax has been a major focus for us.

In January alone our personal tax team prepared, completed and filed 350 personal tax returns, or 47% of those that we dealt with for the whole year. A fantastic effort on their part!

Our FaB meeting on 25 January focused on two superb tax favoured investment schemes, EIS and SEIS, illustrated with a great story around the revival of a brand icon.

And, we're about to relaunch the McBrides App, a brilliant, informative and useful tool which will, we believe, help you manage your finances and understand better how tax works.

Finally, 2017 will bring not one, but two Budgets – much too much excitement for accountants such as ourselves!!

We hope you enjoy these tax 'highlights'.



Nick Paterno,  
Managing Partner  
[linkedin.com/in/nickpaterno](https://www.linkedin.com/in/nickpaterno)

*Nick*

### INSIDE ISSUE 24

- 1-2 Following The Bear and the Enterprise Investment path
- 2 Rental income splits
- 🌟 opportunity to be part of a new business panel
- 3 Financial accounts for small companies
- McBrides' expertise in your pocket 24/7!
- Inheritance tax receipts rocket
- 4 One Chancellor, two Budgets
- McBrides raises £750 for Demelza
- Sweet success

## Following The Bear and the Enterprise Investment path

Continued from previous page

Richard Longhurst explained how this advance assurance from HMRC helped them to secure investment: *"We took advice from the team at McBrides in order to avoid losing the potential for the EIS and SEIS relief. If you're not working with EIS or SEIS then effectively you're working to find funding with one hand tied behind your back. With the assurance in place from HMRC we could just go and talk to people about funding and we found that they were encouraged by the phenomenal tax breaks."*



EIS and SEIS have both helped breathe life back into the Hofmeister bear. David Farrington advised the McBrides

FAB audience to learn more about EIS and SEIS funding adding: *"It's not all about cash; it's also about having the right shareholders on board."*

FaB guests were also given the opportunity to taste the Hofmeister Helles which is made in the heart of Bavaria using natural mineral water and locally grown barley and hops. The lager is slow-brewed colder and longer than most other beers today.

Hofmeister Helles is on sale across the UK through regional wholesalers and online via Amazon and Shopify.

For more information on EIS and SEIS contact your normal McBrides contact and for more information on Hofmeister visit [www.hofmeister.co.uk](http://www.hofmeister.co.uk).



The increases in the income tax personal allowance in recent years has come at the cost of reductions in the band of income being taxed at basic rate but, in the current year, an individual may have £43,000 of income before the higher rate tax applies. Married couples and civil partners have opportunities to double the basic rate band and they are helped by the tax rules which treat asset transfers between couples as tax neutral. There are, however, traps for the unwary.

One area that HMRC seem to be paying close attention to at the moment is how rental income is divided between spouses. The law on this point has not changed for many years.

### Rules for spouses

The general rule is where rents are received from an asset held in the names of individuals who are married to each other and living together, the income is shared equally. This rule often works very well for many married couples. Even if one spouse has contributed 90% of the capital to purchase the property, the other

is deemed to receive half of the income.

However what if the couple want to allocate a greater share of the income to the spouse with little or no other income? It is possible to vary this default position provided that:

- the couple make a joint declaration, *and*
- they are 'beneficially entitled' to unequal shares in the property.

The joint declaration is made on a form - Form 17 - and requests evidence to support the declaration that beneficial interests in the property are unequal, for example a declaration of trust or deed.

### Difficulties

Here's where many couples get into difficulties. If the property is located in England, Wales or Northern Ireland, it is often owned by married couples as 'joint tenants'. If so, the split is 50/50. The split remains 50/50 even if a declaration or deed is submitted. A necessary preliminary step is to change the ownership of the property from a 'joint tenancy' into ownership as 'tenants in

common'. In Scotland, 'common owners' is similar in principle to tenants in common.

The rules summarised above do not apply to properties which fall within the definition of furnished holiday lettings and properties held by a partnership where the spouses are partners. In both these cases trading profits may be allocated in any way the partners choose. However, HMRC consider that it is unusual for a couple to be in partnership as the existence of a partnership depends on a degree of organisation similar to that required in an ordinary commercial business.

## South East Business CONFIDENCE PANEL

McBrides are launching a new initiative called the 'South East Business Confidence Panel' this month.

The aim of the panel is to track business confidence quarterly and provide anonymous feedback to national influencers and other panel members. If you own or manage a business, or hold a directorship, then the panel could be of interest to you. It costs nothing to join, and offers a number of benefits.

For details go to [www.mcbridesllp.com/south-east-business-confidence-panel](http://www.mcbridesllp.com/south-east-business-confidence-panel) or email [shirley.caddock@mcbridesllp.com](mailto:shirley.caddock@mcbridesllp.com).

# Financial accounts for small companies - all change

In recent years many companies have been preparing and filing 'small company accounts' under the Financial Reporting

## Does your company qualify as a 'micro-entity'?

The company must meet two out of three size limits, for two consecutive years - turnover of £632,000, total assets of £316,000 and 10 or fewer employees (averaged throughout the year).

Certain financial services firms, such as credit institutions and insurers, and charities are excluded from qualifying and there are special rules if the company is part of a group.

Standard for Small Entities (FRSSE). However for financial years beginning on or after 1 January 2016, FRSSE has been withdrawn and small companies, which qualify as 'micro-entities', have a new choice:

- to use the same accounting standard FRS 102 - as larger UK companies but using a reduced disclosure regime (Section 1A) within the standard, or
- to apply an alternative standard - FRS 105.

FRS 102 introduces some significant accounting challenges including more widespread use of 'fair value' accounting. So there is a temptation to use FRS 105 but this may not be the best choice for your company. We will be discussing the options and the implications with all affected clients in the coming months. But do get in touch if you would like to discuss this sooner.

## McBrides' expertise in your pocket 24/7!

We are proud to unveil the new and improved incarnation of our App. This FREE to download App is practically the equivalent of having an accountancy practice in your pocket! You will have access to almost 30 finance and accounting tools including links to HMRC, Companies House, Budget summaries and the McBrides' Client Portal.

### What's new?

Through the McBrides App you can now directly log into the most popular cloud based accounting software – Xero, QuickBooks and Sage - which enables you to instantly access, monitor and manage your financials anywhere, anytime.

When it comes to managing expenses on the move, half the battle is keeping an accurate tab on your mileage. Our Mileage Tracker can automatically track

your business miles and record and log every trip at the touch of a button. The information can then be viewed, edited and exported with ease.

The App also has a Push Notification feature, meaning you can receive important alerts and news from us. To enjoy the full benefits of the App it is important to register your details and accept notifications. We promise not to bombard you.

As well as the above, there is a wealth of other calculators, financial and tax information, tools and features. Of course, the team at McBrides is always on hand to provide professional, personal advice and guidance.

We like to think that you'll still want to talk to us now and again!

### What next?

Don't just take our word for it; download our App (by visiting your App Store and searching for "McBrides") and then let us know what you think. The App is available on both iOS and Android.

If you have the previous version of our App, please remember to delete it before downloading our new and improved App.

## Inheritance tax receipts rocket

Figures from HMRC reveal a 22% increase in inheritance tax (IHT) receipts in the 2015/16 tax year. This is a significant uplift from the average 12% annual increases that have been experienced since 2010. Several factors have contributed to the latest increase, including rising property prices and the static IHT nil rate band. The nil rate band has remained at £325,000 since April 2009 and is set to remain frozen at this amount until April 2021.

### Planning essential

Clearly, the data underlines the importance of IHT planning to mitigate the impact of the tax on death. If the assets on death include residential property which has, at some point, been a residence of the deceased, a new relief may help to remove or reduce an IHT tax liability. The new relief - the 'additional main residence nil rate band' - is being introduced for deaths on or after 6 April 2017. The amount of relief is being phased in over four years; starting at £100,000 in the first year and rising to £175,000 for 2020/21. For many married couples and civil partners the relief is effectively doubled as each individual has a main nil rate band and each will potentially benefit from the additional band.



## One Chancellor, two Budgets

You may recall that Phillip Hammond in his 2016 Autumn Statement announced that future UK Budgets will be presented in November rather than March. This means that in 2017 we will have two Budget Speeches - one on 8th March and another one, on a November date yet to be announced - as the Chancellor transitions to the new schedule. With this in mind, McBrides have decided that our annual 'hot off the press' Budget Briefing will also move to follow the Chancellor's November Budget Speech.



So, what happens in March? We will be issuing our usual Budget communications – tweets, press releases and Budget Summary on 8th/9th March. We also plan to host an additional FaB (Finance and Business) breakfast event a week later, on Wednesday, 15 March 2017, led by Terry Baldwin, at the London Golf Club, near Brands Hatch, starting at 8.00am. He will be taking a more detailed

look at the tax aspects of the March Budget announcements and developments.

You might want to book the whole morning off, as immediately following the tax talk, we would like to invite you to join a small group of us for an 18 hole, 4 ball golf competition. We have 18 places to offer at a reduced rate of £45 per person.

All are welcome, but do book early, as places are limited!

To book your place, please email [shirley.caddock@mcbridesllp.com](mailto:shirley.caddock@mcbridesllp.com), specifying whether you wish to stay on for the golf as well.

## McBrides raises £750 for Demelza

In 2016 our team nominated Demelza Hospice Care for Children as their charity of the year and undertook a series of in-house events including cake sales, a Spartan challenge and Christmas Jumper Day to raise £750.



Our dedicated team devoured cakes by the dozen and four of them even jumped over fire and climbed brick walls as part of The Spartan Run - an

obstacle challenge over 5 miles at the Queen Elizabeth II Olympic Park in London.

Nicola Thome, our Company Secretarial Assistant, was key in organising the events at McBrides and handed over a cheque on Friday 27th January to Katherine Cordrey, community fundraiser at Demelza. Nicola was accompanied by Nick Paterno, Managing Partner, and Leeman Robinson, Marketing Manager.

We are really proud of our team and



their combined efforts to raise money in-house for our nominated charity for 2016. Demelza gives support and care to seriously ill babies, children and young people and their families in East Sussex, Kent and South East London. We are in awe of their dedication and their constant and unwavering support for families going through times of crisis and bereavement.

Katherine said: *"A huge thank you to McBrides for choosing us as their charity of the year and to all the staff for getting involved in the various events."*

*"The backing of local businesses like McBrides is a key element of helping to raise the funds we need to continue our vital care here at Demelza. This is a great example of how staff within a company can make a real difference by lending their support to several small but effective events over a period of time."*

Demelza Hospice Care for Children is a charity in the South East, providing vital care to some 500 families who have children with life-limiting illness. Demelza Hospices - in Sittingbourne and Eltham - provide professional, specialist, compassionate, one-to-one care and support, helping those who may not live a long life to live a full life.

The charity is reliant on fundraising, donations and gifts in wills to raise £10.5million every year.



## Sweet success

Thank you to everyone who helped clear up our **'Bake off confusion'** and entered our Christmas card competition to match our Partners with their favourite Christmas cakes. The answers were as follows;

- Nick Paterno - **Panettone**
- Andrew Warren - **Christmas Cake**
- Brian Moleshead - **Stollen**
- Mark Grady - **Mince Pies**
- Nigel Kimber - **Pavlova**
- Tanya Hamilton - **Plum Pudding**
- Terry Baldwin - **Yule Log**
- Andrew Carey - **Black Forest Gateau**

The winner of the fabulous Harrods festive hamper was **Andrea Read** of Jon Tibbs Associates Limited. Well done Andrea!

