McBRIDES BUSINESS ARENA

News and views to give you the edge in business

Cybercrime – be prepared

Criminals are becoming increasingly sophisticated in how they approach businesses and convince staff to transfer money to them. Most attempts are made through identity theft – appropriating the identity of another without consent – and it can take on various forms such as an invoice, email or mail purporting to be from the owner, the finance leader, a customer or supplier.

A poll of 500 SMEs by Barclaycard last summer showed that 44% were worried about being hit by cybercrime or a data breach, and 34% were concerned about their ability to manage multiple threats, demands and priorities as their businesses grew.

Identity theft is growing and can be done remotely, so what steps can you take to minimise the threat to your business?

An identity thief can pose as a senior executive – to make an international bank transfer; an IT technician – to take control of your computer; a client – to change a delivery address; a tax official – to obtain undue payments; or a supplier – to change bank details.

They will often present fake but realistic looking documents and these can include correspondence using the letterhead of a real company, 'official' administrative forms or company registration documents.

Frauds will often follow a pattern. There will be an approach on the phone or via email from someone pretending to be the finance or managing director, often with an urgent and confidential request to the finance team (or an individual with access to the firm's bank account) to transfer funds. This will usually be made towards the end of the week, at lunchtime or during the quieter months of the year. Once the funds are released, they are usually transferred abroad becoming untraceable, leaving the victim significantly out of pocket. The first a business knows about this is when the real FD, MD or customer confirms that they did not authorise the transaction.

Training staff can help to reduce risks to your business and creating policies will also help to ensure that very few people can authorise payments and/or access your bank account.

To safeguard your business from cybercrime:

- Always exercise vigilance with an unusual request.
- Remain objective about the nature of the request and ask for more details.
- Encourage staff to express doubts to you, their line manager or colleague.
- Don't give in to pressure and deadlines.
- Check with the right people to ensure the payment request is real and authorised.
- Don't open suspicious emails.

Team Talk

Welcome to this issue of Business Arena and to 2018 too. I hope the New Year is a healthy, happy and prosperous one for you all.

I personally don't make New Year resolutions. However, if I were to make a business one this year it would be to ignore the 'white noise' of the media and commentators generally and just focus on getting the job done for our clients and growing our business through positive thinking and the usual hard graft. Certainly, that's what I'll be doing.

I hope you enjoy this issue of Business Arena, and in particular our new regular Client Spotlight feature. If you'd like to appear in it in future, or if you have any comments on other matters covered in this issue, then please do get in touch.

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Childcare voucher schemes to end in April 2018

Childcare voucher schemes will close to new entrants from April this year. All eligible new parents will instead need to use the government's new tax-free childcare (TFC) scheme. The voucher scheme, which is administered through payroll, will continue to run for parents who are already on it.

TFC will work in the same way as a savings account with eligible parents paying money into an account from their net pay, so it's taken after tax and National Insurance have been deducted. For every 80p they pay in, the government adds 20p. Parents will need to pay in £8,000 to reach the maximum government contribution of £2,000 per child per year.

Currently, employers can offer staff a childcare voucher salary sacrifice scheme of up to £243 a month, which allows employees to save up to £933 a year in tax and NI. The scheme saves employers up to £402 a year in Employer's National Insurance (NI) contributions for each employee on the scheme. (These figures are based on basic rate taxpayers' allowances under the scheme.)

Employees can switch from childcare vouchers to TFC at any time, even after April 2018. However, once registered for TFC they can't switch back to childcare vouchers later.

To learn more about the changes and answer employee questions, please visit: https://www.childcarechoices.gov.uk/.

Employer pension contributions increasing in April

Changes to pensions continue and from 6 April 2018, employers will be required to increase the amount of their contributions into their employees' automatic enrolment pension scheme. Employees' own contributions will also increase.

Under the Pensions Act 2008, every employer in the UK with at least one employee must put certain staff into a pension scheme and contribute towards it. All employers that were in business prior to 30 September 2017 had a staged approach to auto-enrolment. However, since 1 October 2017, all new businesses have had to introduce a pension scheme immediately within the minimum 2% contribution level (usually split 1% employer and 1% employee).

The contribution levels continue to rise until the employer is paying a minimum of 3% towards the pension and the total contribution reaches at least 8% – with the employee making up the rest.

If the employer chooses to pay the total contribution, then the employee will not need to pay any contributions, unless the scheme rules require a contribution.

Both the employer and employee can choose to contribute greater amounts to the pension.

If the employer contributes more than their required minimum amount – but less than the total amount – then the employee only needs to make up the shortfall between the total minimum and the employer contribution.

The table below demonstrates the phasing of contribution increases, with the employer paying only their minimum, and the staff contribution shown in brackets (the difference between the total minimum and the employer minimum).

Further details about auto-enrolment can be found at: http://www.thepensionsregulator.gov.uk/en/employers.

Date effective	Employer minimum contribution	Total minimum contribution
Currently until 5/4/2018	1%	2% (including 1% staff contribution)
6/4/2018 – 5/4/2019	2%	5% (including 3% staff contribution)
6/4/2019	3%	8% (including 5% staff contribution)

Client Spotlight – The Hofmeister Brewing Company

First up in our new Client Spotlight feature is The Hofmeister Brewing Company, which is behind the successful resurrection of the popular 1980s Hofmeister lager brand.

In the last 12 months, the team has relaunched the brand back into the UK market after a 13-year hiatus, importantly with a very different and much improved beer. This time Hofmeister IS brewed in Bavaria, in a small fourth generation brewery. It is a Helles lager brewed according to the 502-year-old German Purity Law, the Reinheitsgebot. Their high-quality lager was crowned the Best Lager 2017/18 in the prestigious IWSC Beer Awards in October 2017 becoming the first and only lager to be awarded 5 stars. Judges said it was a "superior example, setting the standard" in the category.

Now being stocked in over 150 outlets across the UK, it's been quite an achievement for a brand that just 12 months ago had zero customers, zero credentials and only incorporated in December 2015.

The relaunch was the culmination of some 20 years of creating alcohol gift products for major retailers and drinks producers through sister company Brand Packaging Solutions, also a McBrides client. "We had always quietly talked about one day having a business, or a brand, of our own," says Hofmeister CEO Richard Longhurst.

The entrepreneurial spirit kicked in when the team – which includes Spencer Chambers, David Farrington and John Byrne – found out in mid-2015 that there might be a chance that Heineken, Hofmeister's then registered owner, might allow them to do precisely that.

"Breathing fresh life into brands was very much our core skill during our gifting days, constantly coming up with new ideas and concepts to revive the fortunes of existing drinks brands", Richard explains. "We knew and could see the potential that Hofmeister had. In its heyday, admittedly as an unashamedly high volume, pile it high standard lager brand, Hofmeister was big business. Launched by Scottish Courage in 1977, it had grown by the late eighties to become one of the UK's Top Five beer brands.

"What's more, George the bear – the brand's famous moniker – had become a household figure in his own right during the 80s and 90s, so there was a legacy we could build upon. The chance to bring back a once much-loved brand and re-invent it for beer drinkers today was such an incredible opportunity."

However, the real challenge was producing a quality beer for today's discerning palates: "Nostalgia and an affectionate nod to the old Hofmeister bear might get the initial attention of buyers old enough to remember it, but they would quickly lose interest if there was no real substance to back it up. So, we decided to literally 'follow the bear' back to his roots and that took us to Bavaria and the heart of Germany's illustrious brewing community."

The team identified Privatbrauerei Schweiger as the right Bavarian brewer capable of producing genuine Helles lager – and it recruited Zoe Howorth to bring her marketing skills honed during her tenure as marketing director at the Coca-Cola Company. They haven't looked back since.

Richard says that the biggest success to date has been turning the idea and vision into a functioning business and building up a network of investors, advisers and business partners who can be proud of the product and brand they have helped to relaunch: "Relaunching a brand that had been hibernating for 13 years and that was worth £100m in 1983, has been an incredible challenge and one that has taken dedication and teamwork to pull off – but it has been fun and worthwhile."

With just over two years since incorporating and a little over 12 months in operation, the brand's recent awards speak for themselves. "Coupled with the publicity, the impact on trade has been phenomenal and Hofmeister Helles is being well-received by British beer drinkers of all ages", says Richard.

We'll drink to that!

Do you know your own pension options?

Did you know that you may have increased flexibility in how you could structure your pension more efficiently for inheritance tax purposes?

Thanks to changes introduced in April 2015, all beneficiaries are now entitled to the same inheritance tax reliefs so they no longer also need be a 'dependent' to obtain tax benefits from a well-organised pension plan.

Financial adviser Rachel Gooda of Pole Arnold Financial Management can discuss the options with you or review your current plan.

You can reach her by email on rachel.gooda@polearnold.co.uk or by phone on 07739 713674. Please quote McBrides.

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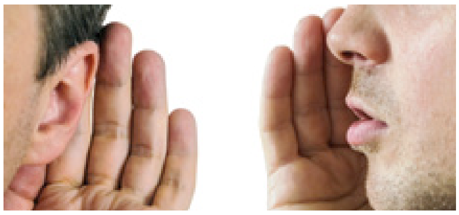
McBrides honoured at KCFA Awards

McBrides was recognised in the Kent Corporate Finance Alliance (KCFA) 2017 Awards Deal of the Year for our work on the private sale of regional coach operator Clarkes of London to National Express in December 2016.

The McBrides team, which was led by partner Nigel Kimber (pictured) and included manager Anthony Hawkins and tax partner Terry Baldwin, advised Clarkes' managing director Debbie Newman on the sale of the 58-year old business.

The deal was named runner-up in the KCFA Awards held in Faversham in November.

Opt-in to continue hearing from us!



The new General Data Protection Regulation (GDPR) comes in to effect on 25 May 2018. It protects personal information and is designed to ensure businesses protect data and use it only with approval. By now you should have plans in place to tackle how you will manage customers' and clients' information.

To ensure we remain GDPR compliant here at McBrides, we need your consent to continue sending you our newsletters and client alerts and invitations to our technical and social events. We therefore need you to complete a short form as we can't just assume that you still want to hear from us.

You'll find a consent form included with our cover letter, which we would appreciate you completing and returning to us. Thank you for your co-operation!

Say hello to our new trainees

We're delighted to introduce you to our four new trainee accountants who joined us over summer and are now a good six months into their training contracts.

Continuing our tradition of growing our own talent, from left to right are: Ellen Isteed, a Maths graduate from Portsmouth University, who joined from another accountancy firm; Robert Rutnam, an economics graduate from Aberdeen University, whose father trained with the firm; Lawrence Mann, an economics and accounting graduate from Southampton University; and Joseph Kiteley, who completed Level 2 Association of Accounting Technicians (AAT) qualification at North Kent College before the summer.

Ellen, Robert and Lawrence are studying for the Chartered Accountant (ACA) qualification and Joseph is studying for the Level 3 AAT apprenticeship.

And the winner is…

Many thanks to those of you who took part in our Christmas card cocktail quiz. We were flooded with entries, but the lucky one drawn out of the hat was Jamie Robbins, managing director of H2O Publishing. Enjoy your cocktail masterclass, Jamie!