



NEW CLIENT PACK

FOR LIMITED COMPANIES

PRESENTED BY:

FIRST CALL ACCOUNTING LIMITED

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WELCOME

We are delighted to have you on board and understand you will have some questions and uncertainties now you have decided to become a client. Whether you have just decided to take the leap into business or have been successfully running your business for many years, this pack will hopefully provide you with some valuable insight into the way we work and what you should expect from us.

Contents:

About FCA & what to expect

Business Records

Business Banking

Accounting Package

Business Taxes

Our Standard Processes:

Annual Accounts & Corporation Tax

VAT

Payroll

CIS

Other Services

ABOUT FCA & WHAT TO EXPECT

First Call Accounting Ltd was founded in 2007 by Keith Spencer and has grown steadily since then to the team of 10 staff members we are today. We are based in Billericay and have clients both locally, nationally, and overseas. We are a Chartered Accountancy business, meaning we are bound by a strict code of regulations and you can be assured that the work we provide is accurate and complete.

You will be allocated a **dedicated account manager** who will be your first point of contact for any questions or concerns you have. Your account manager will be detailed in your letter of engagement and will contact you shortly after your initial sign-up.

We are dedicated to **staff training**, with all our staff either actively training to better their knowledge and skills or being fully qualified. This means that the advice we give you is up to date and accurate.

We strive to be a modern firm, **embracing technology** and trying our best not to be the typical gloomy accountants you have nightmares about! We have successfully transitioned to be a **paperless office**, meaning not only it is more secure, but it also allows us to keep more information accessible quickly, allowing us to **serve you better**.

Cloud software is a key part of this and allows us to access your data in real time and talk you through issues you may be having without needing transfer of files or backups as we would have done in the past.

We were announced as the UK runner up in Quickbooks' **Firm of the Future** 2017 competition, which showcases firms who embrace online technologies to grow their practices and meet the needs of their **small business clients**. This is a huge achievement for us and demonstrates our commitment to modern technology and working practice.

We have a **free app** available on the Apple & Android App Store which includes handy calculators, mileage and expenses trackers and more. This is useful not only for your business but also for example if you are buying a property it can help you calculate the amount of stamp duty payable,

May 2018 brought with it the introduction of the **General Data Protection Regulations (GDPR)** which introduced the biggest change in data protection laws for 20 years. You can be confident that your data is **secure and compliant** because of the systems and processes we use.

BUSINESS RECORDS

You are legally required to keep **proper business records**, and to ensure you are doing this as accurately and efficiently as possible, we have put together the below list of what you should keep:

Item:	Further Explanation
Business Bank & Credit Card Statements	If you do not receive paper bank statements, you should ensure you save PDF copies from your online banking at least monthly.
Sales Invoices / Credit Notes	<p>Invoices sent to your customers for work done – these should be sequentially numbered and should include key data as below:</p> <ul style="list-style-type: none">• Date / Tax Point• Company Number• Company Name & Registered Address• Customer Name & Address• VAT Number (If applicable)• Total Amount (and VAT split if applicable) <p>We can provide you with a template invoice if necessary</p>
Purchase Invoices / Credit Notes	Invoices & receipts for things you have bought in relation to the business. This will include goods bought for resale as well as business overheads such as telephone expenses, travel expenses and equipment purchased. Without invoices you are unable to reclaim VAT on these purchases.
Receipts for Expenses	You may have purchased business items out of personal funds. You should keep records of invoices as above for these for the business to reimburse the cost to you.
Paying in Slips	You will be issued with a receipt when cash or cheques are paid into the bank. These should be kept with the bank statements or attached to the sales invoices to which they relate.
Cheque Book Stubs	You should try not to pay by cheque wherever possible, but if it is the only option you must ensure you keep the cheque stub written up with payee details as record of to whom the payment was made.
Petty Cash receipts/invoices	If you operate a petty cash tin, the receipts for items purchased must be kept and stored as proof of what has been purchased. In addition, records of cash put into the tin must be kept.
Loan Statements & Agreements	These will look similar to bank statements and are often issued once per year.
Lease & Hire Purchase Agreements	On inception of a lease/Hire Purchase you will be issued with a loan agreement which sets out the payment terms and asset value. Without that agreement it will not be possible to calculate the interest on which you can claim tax relief.

BUSINESS BANKING

The business is required to have its own bank account and income and expenses of the business should flow through here. The bank details may be shown on your sales invoices to allow customers to pay you easily and efficiently. Business expenses should be paid through the business account and personal expenses should not.

If you are unsure whether an expense is related to the business, you can give your account manager a call or drop them an email and they will be happy to help you decide. As a guide, see below a table of typical example business and personal expenses which should help you understand how to classify.

Any personal expenses paid for by the business will be disallowed for tax purposes at the year end and form part of your personal income for the year, being taxed in the same way as if it was withdrawn from the business in cash. This leads to unnecessary processing of transactions and could lead to inaccuracies in the business records.

Business bank accounts normally incur bank charges, but often high street banks offer introductory discounts, **free banking** periods and free banking if the account has a minimum balance available. Speak to us for recommendations on the current offers available as we may be able to recommend a suitable bank for your needs.

Business	Personal
Train travel to business meeting	Train travel to single place of work
Fuel & Insurance for company vehicles	Fuel & Insurance on family / personal car (you can claim mileage instead)
Clothing – Protective safety clothing e.g. hard hat, steel toe cap boots, hi-vis vests, printed workwear / uniform	Clothing – trainers, t-shirts, jeans, socks etc. for work – these are not classified as business expenses even if you buy them solely to wear for work
Meeting customers in a coffee shop to discuss their business	Trip to McDonalds with family whilst shopping
Entertaining clients to build business relationships (not tax deductible, but a business expense)	Taking sister out for dinner to celebrate her birthday
Tea, coffee, cleaning expenses for office	Supermarket shopping / weekly food shop
Employee eye tests	Dentist, Prescriptions, designer glasses, gym membership
Office stationery – pens, pencils, paper, printer ink	Family birthday cards, coloring books
Business premises improvements & furniture	Home improvement & furniture costs

ACCOUNTING PACKAGE

In addition to keeping the records as set out above, these records are required to be written up into a suitable format for **preparing the accounts**. This is called bookkeeping and you may have chosen to do this yourself or asked us to do it on your behalf.

To carry out the **bookkeeping** you will need a suitable accounting software. There are many available, ranging from simple, free packages to elaborate packages aimed at larger business who may need to handle multi currencies and multi users. We will help you choose a suitable package.

Our preferred package is **Quickbooks Online** but we also have a fair number of clients on **Xero**. These are cost effective, cloud-based packages with the ability to scale up or down dependent on your needs. They are simple to use, and we can offer to you training and setup if necessary. We are Quickbooks **Accredited ProAdvisor's** and all staff are trained in the use of the software, enabling them to answer your questions as and when they arise.

The implementation of **Making Tax Digital** from April 2019 means all businesses will be required to keep digital records, so it is imperative that the package you select is able to handle this for you.

We recommend you use a cloud accounting package as it is accessible from anywhere you are and allows us to access your data in real time in the event of any questions or issues you have.

WHY SHOULD YOU USE CLOUD SOFTWARE?

- Copies of invoices can be attached to specific transactions on the software eliminating the need to keep paper copies of all invoices improving **ACCESSIBILITY** and allowing you to view them instantaneously.
- Your data is far more **SECURE**, with bank level encryption being used. This will be more secure than it is on your own pc or server unless you can afford multi-layer firewall protection, offsite backups and the latest anti-virus software.
- Designed for and aimed at businesses, they are **SIMPLE** to use and easy to learn, removing the accounting jargon wherever possible.
- Rolling monthly subscriptions give a **COST-EFFECTIVE** solution with no additional support costs, and ensure you are always using the latest version of the software.
- You have a much more **FLEXIBLE** system which can be accessed from a PC, tablet or your mobile allowing you to raise and send invoices to customers on the go, emailing directly from the app and even see when they have viewed it. No more denying that they've received it!
- We can view your data in **REAL TIME**, helping you resolve issues as they arise and allowing you to continue running the business without being held back by old systems.

BUSINESS TAXES

They are not as scary as they seem, and with us here to support you through the registration and compliance processes you should have nothing to worry about.

CORPORATION TAX

This is the tax the company pays on its profits. The current rate is 19% and it is due to be paid to HMRC within 9 months & 1 day after the company year end. We will advise the amount payable to you when the year-end accounts are prepared. If you use a cloud-based accounts package you can have an approximation of your tax visible on the software dashboard.

VAT

This stands for Value Added Tax and is the tax added onto goods and services you supply and purchase. VAT is designed as a tax on consumers and the current rate is 20%.

The **VAT registration threshold is currently £85,000** and you are responsible for monitoring business turnover to ensure you register when necessary. You can register voluntarily even if your turnover is below that level and some businesses do, as it can give an impression that you are a larger business as well as enabling you to reclaim VAT on purchases, saving you money and increasing profit margins.

Once registered, the company will normally be required to file and pay **VAT returns quarterly**. This is broadly a calculation of sales VAT less purchase VAT with the difference being paid to HMRC.

There are several VAT calculation schemes available which we will be happy to advise you on when necessary.

PAYE & NATIONAL INSURANCE

This is the tax applied to employees and employers and is a percentage of the salaries paid and benefits in kind given to employees. Directors will almost always be **employees** of their Limited Company and therefore this tax will almost always apply to your business.

We will run the payroll calculation for you and advise on the amount to be paid to HMRC. This is payable monthly or quarterly dependent on the amount of the liability.

CIS

This is a tax on businesses carrying out construction activities. Contractors are required to deduct tax, usually at 20% from subcontractors and pay this to HMRC monthly with the PAYE liability as described above. If you are a subcontractor, you may have 20% tax deducted from the labour element of your invoice and this is recoverable at the end of the tax year.

OUR STANDARD PROCESSES

All businesses are different, as are all accountancy practices. Our standard processes are therefore set out below, so you have an idea of what to expect from us and when:

ANNUAL ACCOUNTS & CORPORATION TAX

Your company is required to submit **accounts** to Companies House **within 9 months** of the year end. For example, if your company year-end is 31st March the deadline to submit these accounts will be 31st December. This is except for the company's first year when the deadline is 1 year and 9 months from the date of incorporation.

To prepare the accounts for you we will require your books and records and access to your accounting package.

We ask that this information is made available to us no later than 3 months after your company year end. This will allow us time to prepare the accounts and give you plenty of time to budget for and save for the tax payment if you haven't already put the funds aside. We want to provide you with the accounts as early as possible but can only do that if you have provided us with the information required to do so.

We will inevitably have questions for you and will raise these with you during the preparation process or if they are small confirmations perhaps when sending the accounts to you for your approval.

Specific questions we are likely to have when preparing the accounts are as follows:

- Value of Stocks at the year end, where applicable
- Details of any Bad Debts written off in the year
- Details of Disposals of Assets

Once the accounts have been prepared we will explain them to you as simply as possible and you will have the opportunity to ask any questions you have. You will then approve the accounts and we will file them with Companies House on your behalf.

You will be provided with the bank details and reference to use when making the corporation tax payment to HMRC and it is important you use these.

The introduction of making tax digital (MTD) in the UK means significant changes in business reporting and further reinforces the need for timely and accurate record keeping. Businesses will need to submit quarterly accounting returns to HMRC and then a final annual submission. The sooner you are keeping regular records, the less of an impact MTD will have on you when introduced from April 2019.



VAT

VAT returns are in most cases due to be filed and paid **quarterly** and you have 1 month, 7 days after the period end to do this. For example, if your VAT quarter runs from 01st January to 31st March then the deadline for filing and payment will be 07th May.

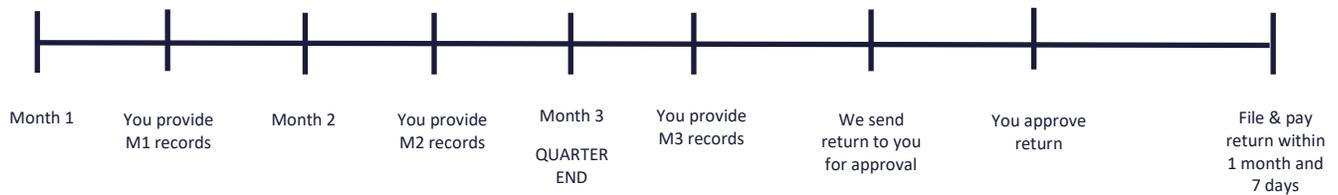
This is a relatively tight timeframe and therefore providing the complete information quickly is important.

We ask that VAT records are provided monthly where possible to enable the processing of this information to be staggered. This also enables us to give you an estimate of the VAT liability monthly if required for budgeting.

Once the VAT return has been calculated you will be emailed the amount payable or receivable and asked to approve the return prior to submission with HMRC.

You will be provided with the bank details and reference to use when making the VAT payment to HMRC and it is important you use these.

You can pay HMRC by direct debit and if you choose to do so you will generally have a further 3 days to pay.



PAYROLL

Pay periods differ from one business to the next, but **we recommend paying staff monthly**. This reduces processing and means you have 12 payment runs per year as opposed to 52 if staff are paid weekly.

We can track employee holiday allowances and advise on sick pay & other statutory pay such as maternity pay if you notify us as the situation arises.

There are applications available to help you track employee time and allow employees to clock in and out. We can recommend Apps or software if employee time tracking is an important part of your business. We can obtain employee hours directly from the App or software which will save you time and reduce the chance of inaccuracies.

Details of employee pay should be provided to us no later than one week before the payment date.

You will be sent a payroll report detailing the pay and deductions per employee which you will be asked to approve before the details are submitted to HMRC. You will then be sent the employee payslips for distribution to staff as well as the details of amounts payable to HMRC in respect of PAYE and National Insurance.

Payslips can be published securely online directly to employees at your request.

You will be provided with the bank details and reference to use when making the PAYE payment to HMRC and it is important you use these. The payment deadline is 22nd of the following month, for online payments. For example, if your pay date is 31st January the PAYE & National insurance payment deadline is 22nd February.



CIS

NOTE: This is only relevant to you if you operate in the construction industry.

This is split into CIS deducted and CIS suffered.

CIS Deducted is the CIS you have deducted from payments made to subcontractors. This is included on a **monthly CIS return** and you are required to verify subcontractors prior to making payment to them. Verification can be done online through the HMRC website, as long as you have the subcontractor's details.

Tax months run from 6th – 5th and the deadline for submission to HMRC is 2 weeks after the month end, so 19th of the month. For example, for the tax month ended 5th January the submission deadline is 19th January.

Details of payments to subcontractors should be provided to us no later than 10th of the month. We will calculate the return and submit it for you, then let you know the amount payable to HMRC.

You will be provided with the bank details and reference to use when making the CIS payment to HMRC and it is important you use these. If you have employees and subcontractors you will be advised of the combined PAYE, National Insurance & CIS payment due and can make a single payment.

You are legally required to provide subcontractors with a statement of payment and deductions, so they know how much you have paid them and what CIS you have deducted from them and paid to HMRC on their behalf. We can provide these to you for distribution to subcontractors if you wish.

CIS Suffered is the CIS your customers have deducted from you. You will be provided with a statement of payment and deductions from your customer and you should provide us with copies of these to enable us to submit to HMRC a record of the amount suffered.

Amounts suffered can be offset against amounts deducted for PAYE, National Insurance & CIS and we will provide you with the net figure payable to HMRC. You may find that the company is in an overall credit position, in which case no payment will be due to HMRC and the credit at the tax year end (05th April) can be reclaimed from HMRC or applied to be offset against any Corporation Tax Liability.



ACCOUNTING SOFTWARE

Most of the information set out in the above sections will be able to be obtained from your accounting software providing it is kept up to date. This is a benefit of using cloud software as we can access it instantly without the need for manual transfer of data.

We support many accounting packages, including Quickbooks Online, Xero, Clearbooks and Sage. Each of these have individual benefits, speak to us and we can help select the right one for you dependent on what is important in your business.



OTHER SERVICES

We offer many services to clients which may be of interest to you.

Below is not a comprehensive list so if there is something you are looking for which is not listed please get in touch and ask us. If we do not offer that service, we may have a connection to someone who does and will make a recommendation to you.

Company Formation	Registered office service	Company Secretarial Service
HMRC registrations	Provision of Software	Software Training
Assistance in the selection and training of staff	Employment Contract Templates	Management Accounts
Forecasting	Dividend Advice	SA302s & Tax year overviews
Mortgage certificates	Budgeting	Succession planning
Accounting reports to support Visa Claims	Fee Protection Insurance	Tax Planning Advice
Grant Claims	Strategic & Business Planning	HMRC Issue Resolution
Retirement planning	Inheritance tax planning	