

The Balanced Sheet

Financial news, training and support from
West Yorkshire Community Accounting Service



West Yorkshire Community Accounting Service

Issue 30 • Spring 2011

Advice Line
0113 270 6269

www.wycas.org.uk



About WYCAS

WYCAS enables voluntary sector organisations to be more effective in their financial management through the provision of accounting services, training and advice.

Bradford and Leeds Community Accounting Service operating as WYCAS.

Charity number: 1076962

Company registered in England and Wales number: 3721361

What can WYCAS do for you?

Whether you are a voluntary or community sector organisation, or a social enterprise, WYCAS can take the stress out of managing your finances.

We provide an all round finance training and accounting service for your organisation.

Our services are delivered by a team of highly skilled finance professionals with an excellent track record and vast experience in the voluntary, community and social enterprise sectors.

Our Services – many of our services are free or have very modest charges

Tailored one-to-one support at your premises

- Budgets
- Cashflow forecasting
- Costing and pricing
- Full cost recovery
- Reporting to funders
- Financial procedures
- Bookkeeping
- Quickbooks
- Financial reports
- Training tailored to your requirements (e.g. for your management committee)

Accounting Services

- Preparation of annual accounts

- Independent examination of annual accounts
- Bookkeeping service
- Help with preparing financial records for audit

Training Courses

- Full cost recovery
- Basic bookkeeping
- Budgeting and cashflow forecasting
- Financial procedures
- Management accounts
- Role of the Treasurer
- Quickbooks - beginners and intermediate
- Introduction to financial practice and procedures (accredited)

Setting up accounting systems at your premises

- Quickbooks accounts package
- Excel Spreadsheets
- Manual books

Advice & Information

- Telephone/Email advice line
Call **0113 270 6291**
Email info@wycas.org.uk
- Newsletter
- E-bulletin
- Good practice guides
- Website - www.wycas.org.uk

Changes to Corporation tax return filing at HMRC

Who has to file a tax return at HMRC?

The short answer is: any organisation that receives a 'notice' to file from HMRC (form CT603). For all practical purposes this is likely to mean: Companies, limited by shares or by guarantee including Community Interest Companies (CICs); Industrial and Provident Societies (IPS); Friendly Societies and Community Amateur Sports Clubs (CASCs).

This includes charitable companies even though their profits are likely to be exempt from corporation tax, however they may only receive a notice to file every few years. If your company is not a charity but is not actually 'trading' you should contact HMRC as they may be able to treat the company as 'dormant' for tax purposes and therefore you will not need to file.

What is the deadline for filing a return?

The statutory filing date is 12 months from the end of the organisation's corporation tax accounting period. However if there is any tax to pay, this must be paid 9 months and 1 day from the end of the organisation's corporation tax accounting period.

What does a tax return consist of?

- 1) Your annual accounts
- 2) Your tax computation (if applicable)
- 3) Form CT600 (this includes key figures from the accounts and any tax payable)
- 4) Any supplementary forms – charities must complete form CT600E – to claim exemption from corporation tax.

What if we have never had a notice from HMRC but we have come into the charge to corporation tax?

You must notify HMRC within 3 months of becoming active, (i.e. starting to trade) by completing form CT41G (new company details). You will then receive a 'payment reference number' which is needed in order for a tax return to be accepted. In practice HMRC will send new companies an information pack within 7 weeks of being told that it exists by Companies House. UK tax is self assessment so if you believe you have tax to pay, you must inform HMRC.

What are the changes to the HMRC filing system?

From 1 April 2011 HMRC will no longer accept paper tax returns for accounting periods ending on or after 31 March 2010.

If you are required to make a return you will need to

use HMRC's free electronic filing software. To do this you need to register with HMRC for online filing and they will give you a user ID and password, bear in mind this may take a few days, so don't leave it until the last minute.

Also, any Company, IPS or Friendly Society accounts and tax computations need to be in a particular electronic format called iXBRL – don't panic just yet though, read on...

The HMRC Template

HMRC have developed their own accounts and tax computation template into which the figures from a company's accounts can be entered, (so no need for iXBRL for some at least). However, it appears that companies limited by guarantee will not be able to complete the template due to the nature of the particular boxes in the balance sheet section of the template. We have pointed this out to HMRC.

Also, you can't use the template if you have any 'non-trading' income, e.g. donations and most grants unless they constitute a trading activity.

What about charities?

Companies that are charities are not exempt from filing in iXBRL however they will get 'special treatment'. Due to the nature of charity accounts, the existing template is not suitable and until such time as HMRC provide one, charities have the option to attach their accounts in pdf or iXBRL format.

In Summary

What all of this means is that charities are okay if they have accounts in pdf format, share companies are okay if the accounts are simple and all income is from trading but it looks like companies limited by guarantee that aren't charities and have a mixture of trading and non-trading income will have no choice but to file in iXBRL. This will probably capture quite a few CICs. Remember, those that are not actually trading may be treated as dormant for tax purposes so will not be affected.

What are WYCAS doing about it?

We will be producing a step by step guide on HMRC filing, specifically designed to enable groups to fill in the right boxes. We are also looking at various iXBRL solutions ourselves in order that those groups who have to file in this format can do so as easily as possible.

For more information go to: <http://bit.ly/filereturn>

Hello Chris, Goodbye Jill

A new manager for WYCAS

As many of you know I am retiring on 9th March, having enjoyed many years working in the Voluntary and Community Sector both in West Yorkshire and further south. I first started working in the VCS in Yorkshire back in 1992 and I would like to thank all my colleagues in the sector whom I have worked with over that time for their support and guidance along the way and especially the staff and trustees of WYCAS; I wish you all the very best as you face the choppy waters ahead.

I am delighted to be handing over to Chris Tatham who comes to WYCAS from the Audit Commission and is starting at the beginning of March.

Jill Jones, Manager

Annual Accounts & Independent Examination

The £90,000 threshold for charitable companies needing a 'Reporting Accountant's report is long gone.

As a result WYCAS can now prepare and examine annual accounts up to a threshold of £250,000.

Remember to book in in good time!

Newsbites

Transitional relief for Gift Aid ending

When the rate of income tax was reduced nearly three years ago, charities won a concession that Gift Aid claims would be topped up to the old rate. The additional amount is calculated by HMRC and added to claims and it applies to donations received up to 5 April 2011; you have two years to submit claims. However please note this transitional relief comes to an end on 5 April 2011.

Companies House Electronic Filing

Once you complete any documents online for Companies House you become an 'electronic filing client' and all subsequent filing of any document must be electronic – paper forms will be returned. However, this does not yet work for filing accounts for companies limited by

guarantee. These companies still need to send in paper accounts.

Employer's National Insurance Contributions

The employer's National Insurance (NI) contribution increases from 12.8% to 13.8% from April 2011. However the primary threshold, above which Employer's NI is charged, goes up from £110 per week to £139 per week. Make sure you allow for this when you are preparing your budget for 2011/12.

Workplace pension reform

From October 2012 there will be new legal duties on employers designed to help more people working in the UK save for their retirement. As an employer, you will have to enrol your workers into a workplace pension scheme that meets or

exceeds certain legal standards. These standards set out a number of things, including the minimum amount of money you as an employer have to contribute towards your workers' pensions.

The introduction date for this reform (called a staging date) will be in October 2012 and will continue through to 2016. The staging date for your organisation will be broadly based on the number of people you have in your PAYE scheme. Employers with the largest number of workers will have the earliest staging dates. The smallest employers will have later staging dates from 2014. You will be contacted 6 to 12 months before your staging date.

To find out more about workplace pension reforms and when the new duties will affect you go to:

www.thepensionsregulator.gov.uk

Training

WYCAS organises a training programme in partnership with the five West Yorkshire CVSs. Please contact the relevant training organiser for details of prices and to book a place.

March

8	10am – 3pm	One-to-One Drop in session Helen Galvin 01422 208875	Brighouse
11	10am - 4pm	QuickBooks – Intermediate Diane Fox 01274 722772	Shipley
15	10am - 4pm	Basic Budgeting & Cash flow Forecasting Diane Fox 01274 722772	Bradford
15	10am - 3pm	One-to-One Drop in session Helen Galvin 01422 208875	Hebden Bridge
18	10am – 4pm	Spreadsheets for Beginners Tina Ashby 0113 297 7944	Leeds
29	10am - 4pm	Basic Bookkeeping Tina Ashby 0113 297 7944	Leeds

April

1	10am – 4pm	QuickBooks - Beginners Diane Fox 01274 722772	Bradford
5	10am – 3pm	Financial Management Helen Galvin 01422 208875	Hebden Bridge
15	10am - 4pm	Budgets in Excel Diane Fox 01274 722772	Shipley

May

5	10am – 4pm	End of Year Accounts Sarah-Jane Kitchen 01422 348777	Brighouse
6	10am – 4pm	QuickBooks - Intermediate Tina Ashby 0113 297 7944	Leeds
18	10am - 1pm	Management Accounts Diane Fox 01274 722772	Shipley

June

7	10am - 4pm	Unit Costing Diane Fox 01274 722772	Shipley
9	10am - 4pm	Basic Bookkeeping Tina Ashby 0113 297 7944	Leeds
10	10am - 4pm	QuickBooks - Intermediate Diane Fox 01274 722772	Shipley
24	10am - 4pm	QuickBooks for Beginners Tina Ashby 0113 297 7944	Leeds

July

5	10am - 4pm	Building a Budget Tina Ashby 0113 297 7944	Leeds
---	------------	--	-------

For training updates visit www.wycas.org.uk

Contact WYCAS

Advice line: 0113 270 6269

Enquiries: 0113 270 6291

Address: Stringer House,
34 Lupton Street, Hunslet,
Leeds, LS10 2QW

Email: info@wycas.org.uk

Web: www.wycas.org.uk

Local Community Accountants

Bradford: Dave Collins

Tel: 01422 835192

dave.collins@wycas.org.uk

PO Box 820, Sowerby Bridge
HX1 9FU

Calderdale: Helen Galvin

Tel: 01422 208875

helen.galvin@wycas.org.uk

PO Box 722, Halifax HX1
9AB

Kirklees: Alison Wolfenden

Tel: 01484 716590

alison.wolfenden@wycas.org.uk

PO Box 69, Brighouse HD6
3WH

Leeds: Claire Welling

Tel: 0113 270 6291

claire.welling@wycas.org.uk

34 Lupton Street, Leeds LS10
2QW

Wakefield: Julie Haley

Tel: 01484 543251

julie.haley@wycas.org.uk

PO Box 1416, Huddersfield
HD1 9AJ

Supported by

