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Is The Workplace Pensions Monster Hunting Contractors?

When the Workplace Pensions monster first appeared on our TV screens, many people thought it was a bit of a joke. But the more people saw it, the more they began to see that the DWP were serious about their furry representation of the new scheme. I'm not going to go into the 'whys and wherefores' explanation here, but suffice to say that Workie (that is its name) is interested in contractors – unless you have opted out.

The basic facts are that if you are a contractor running your own Personal Services Company



(PSC), that only employs a Director (or Directors) you still need to actively opt out of the Workplace Pensions scheme – or be accountable to it. This is easily done, all you need to do is register with the pensions regulator. **You can do that here:** www.bit.ly/2gaGhMU

You can avoid the monster but don't avoid the issue!

Unless you are working purely for fun and already have several million tucked away for your retirement, it would still be wise to invest in your 'post-work' future – monster or no monster. That doesn't mean to say that it has to be a pension in the traditional sense: there are lots of smart options when it comes to planning ahead financially.

Before looking at some of them, however, I would also point out that any 'director' of your PSC business is legally responsible for the finances within it. So, they should be included in any decisions you take about what to do with investment funds – and have access to the accounts.

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Planning for the future – as a contractor.

If you are fortunate enough to be able to restrict the money you take out of your PSC, so that you can keep below tax thresholds, you will be building up excess funds in the business. It may be an obvious place to start: but leaving money in a low-interest savings account might be safe – but is it wise? To make the most of your capital and ensure a better quality of retirement future you need to make your money work for you. Then, when your profits are creating their own income, you can put that into your pension.

Using your company to accrue funds is smarter than withdrawing it as dividends because you only have to pay the 20% corporation tax and avoid the 40% personal tax (for higher rate payers). This also enables you to put more into your pension pot, directly, as there are limits to what an individual can pay into their scheme. That way you also reduce the amount of tax due by the business itself.

Like I always say, get some expert assistance about the best ways to actually invest your money. Smart advice from people you can trust should always pay for itself many times over. Your accountant is a good place to start, and in all truth, they should be offering you the advice proactively – not waiting for you to ask!

Here are a few ideas to consider:

- Investment schemes, ISAs, etc
- Property portfolios
- Guidance from financial advisors
- Wealth management planning
- Crowdfunding investment (such as our partner scheme: **Propiteer**)

Get in touch if you'd like to discuss your own situation. If I can't help I'm sure to know someone that can.



Featured Add-on

Designed To Make Your Life Easier

This issue's featured add-on is the simple and brilliant Scannable app, made by Evernote. Whatever paper you have lying around in your business or personal life can easily be snapped up by this fabulous app and turned into a neat, tidy and usable electronic file. From receipts and invoices, through to business cards and hand-written jottings on a Post-it note, pretty much anything on paper will soon become electronic.

It automatically sizes and scales the documents you scan with your phone or iPad. Multiple page documents can be managed easily and the files can be sent or shared by text, email, WhatsApp or most other communication methods. It can even capture the information from a business card and turn it into a contact in an instant.

Scannable makes life less cluttered and stops valuable information or inspired scribbles from being lost, forgotten or washed in the back pocket of your jeans.

Best of all it is FREE, so go and download the app and give it a go – you'll love it, I'm certain.



SCANNABLE

FreeAgent Mobile - now with bills and estimates

FreeAgent Mobile helps you to nail those day-to-day admin tasks when you're on the move, and they've made it even easier with the introduction of support for bills and estimates.

More bills, less problems

Unsurprisingly, you'll find 'Bills' in the **Money Out section** of the app where you can now view, create and manage the incurred costs you haven't paid yet.

If you're unsure about when to use bills (don't worry, people often are) then check out FreeAgent's article on bills, expenses & bank payments, here: www.bit.ly/2wR5zKs or simply give our team a call.

Easy estimates

If you find yourself with a potential customer and need to whip up an estimate quick smart to win a job or project, then you'll appreciate this one.

A new 'Estimates' section has been added to the **Money In** section, where you can create, send and track estimates, right through to approval.

If you aren't yet using FreeAgent Mobile then you can download it from the App Store or Google Play.



Find out more about FreeAgent on our website: www.meadescontractors.co.uk/freeagent/

Meades Contractors Word Search

Q H S G R V D C D Z W L Z Z D
V U F I F T Y H I V L F W O B
C I A J E B B U M U G Y L S E
L S R R R S P N E H M L Q L E
N X Z L T Y C D F R A S N L A
H E Z R C E S R B R Q B P I J
U L T H F O R E X K R H G B H
S K L E Y K I D M Y E S X U E
I P O M N R O N C J T Y O V T
F V Y U X K L W S J N N C H Z
K D X W C U R R E N C Y E P J
J P P F E P G U E D D H X W S
C N I Z C D A P W N Z S N O T
Y V E N O O W C Z X U Y S X K
E L E K C I N K V P Y E N O M

PENNY
ONE
HUNDRED
NICKEL
FIVE
BILLS
DIME
TEN
CURRENCY
QUARTER
TWENTY
DOLLAR
COINS
FIFTY
MONEY

Q&A: with Andy Skelton

Q: What do you do and what do you like most about contract work?

A: I've been a project manager for the last ten years in the financial services and insurance sector. Contract work gives me the flexibility to do different things and a choice in the type of work I do. I also have the flexibility to take work that's nearer my home and family when I want to.

Q: What led to you choosing Meades Contractors?

A: When you start contracting you're stepping into the unknown – setting up your business, doing the VAT returns. Initially, I went with a big well-known accounting firm because I didn't know what else to do. I ended up doing most of the work myself and then I realised that I didn't have to. Meades were recommended by a friend and colleague. Working with Meades, I really don't have to worry about anything. They literally do it for me. The draw for me was being free to do my own work.

Q: What do you like about working with them?

A: They keep me honest and on time. With their cloud accounting software, I have absolute clarity at any time. I can log in and see a real time view of my financial situation on a page – how much money is available to me, when I need to pay VAT and corporation tax. I'm really on top of my finances – the cloud accounting tool allows me to have total clarity about my situation. I referred five friends to Meades and that's what I tell them – you can just log in and see everything.

Q: How do you find the service?

A: It costs a little more but you get so much more. I never have to chase or worry about missing a deadline. I feel they're with me on this. I have a single point of contact who is very responsive. I update the system on a weekly basis and then he updates it on a monthly basis and sends me a snapshot of the dashboard and lets me know if there's anything I need to look out for.



When I started, I had quite a lot of questions – and they were very quick in helping me with those. But now I don't need to call any more – and it's because everything runs so smoothly.

Q: What are the main benefits for you of working with Meades Contractors?

A: For me, [it's about being] able to get on with everything. I just trust them implicitly. I spend hardly any time – maybe 30 minutes a month – doing the invoices and looking through things. I know it's all in hand – I don't stress about it. It just allows me to do my job and not have to worry about it. I have absolute confidence that I'm on the straight and narrow. Working with them is brilliant. I couldn't ask for anything more.

Q: What about the added value?

A: One of the team is a specialist around IR35 so I've taken advice from them and it doesn't cost me any extra.

They regularly put things out on LinkedIn so they're visible and out there. They're contractor specialists. I've been trying to think if there's anything I can say about what they could do differently but I really can't think of anything!

INTRODUCING ... Prosper²

Your Prosper² Membership

Prosper² delivers unique business benefits designed to grow business, generate loyalty and drive efficiencies. You are rewarded with a wealth of specialist business services and membership perks, all through a monthly subscription fee. Through the Prosper² Rewards Programme, you can reward and incentivise your own customers and partners.

As a Prosper² Member, you will benefit from the Prosper² Rewards Card. This prepaid MasterCard (no credit check required) allows you to accumulate points, works just like any other reward card such as Avios or Nectar, but with a key and revolutionary difference.



The Prosper² Rewards Programme

The Prosper² business-to-business rewards programme is a benefit tailored to all members, and is delivered via a points-based system, similar to popular and lucrative consumer loyalty card programmes.

Instead of simply providing a system that accumulates points for redemption in the form of vouchers, discounts and other subsidiary products, the Prosper² Rewards Card is a valuable, flexible and rewarding spending tool for many customers.

How Prosper² will benefit your business



Rewarding the people who make things happen

Many companies are already using Prosper² Rewards to successfully retain their clients on an ongoing basis. In some cases, clients are even being persuaded to spend more than they were previously, as a result of their participation.

With a range of options for all kinds of rewards incentives – including a pre-paid MasterCard and swappable Prosper² Points – there's certain to be a way your business can benefit from joining the programme.

Win

People buy from people, not from companies. In today's buyer-empowered world, businesses increasingly consult their network of peers for recommendations and guidance during their purchasing process. A company's loyal customers will be a key reason for it to make the shortlist in that network of recommendations.

Maximise

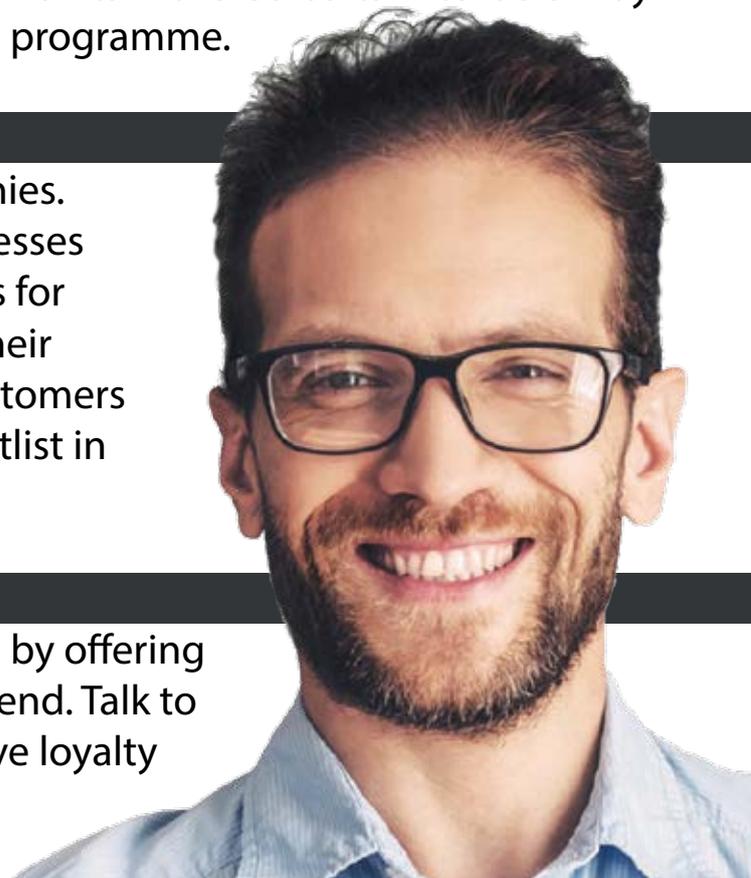
Prosper² maximises your B2B relationships by offering a unique way to reward and incentivise spend. Talk to us to learn more about building an effective loyalty programme.

Retain

Developing an existing customer is more valuable than acquiring a new one, by a factor of up to 10. B2B marketers are now under increasing pressure to deepen relationships in order to retain their valuable existing customer base.

Find out more today

contact Nicola Buckby on **07511 922454**
or email **nicolabuckby@network47.co.uk**
www.prosper2marketing.co.uk



Contractors Who Think Like A Business Become A Better Business

It seems that everyone is too busy nowadays and are never able to find the time to do things better. This is certainly the case with many contractors that I speak with about their business. So, when presented with the possibility of a better way, the most common response from the busy contractor is, "I haven't got time to look at that now".

The sad thing is that good systems and processes will often save significant amounts of time, increase the efficiency of a contractor's business, and open the door to new opportunities. With the right guidance, the investment in time is repaid many times over – and usually quite quickly.

Even more exciting, however, is that the rapidly developing technologies and the mass of software applications on the market today mean that a contractor can run their PSC business like a real business.

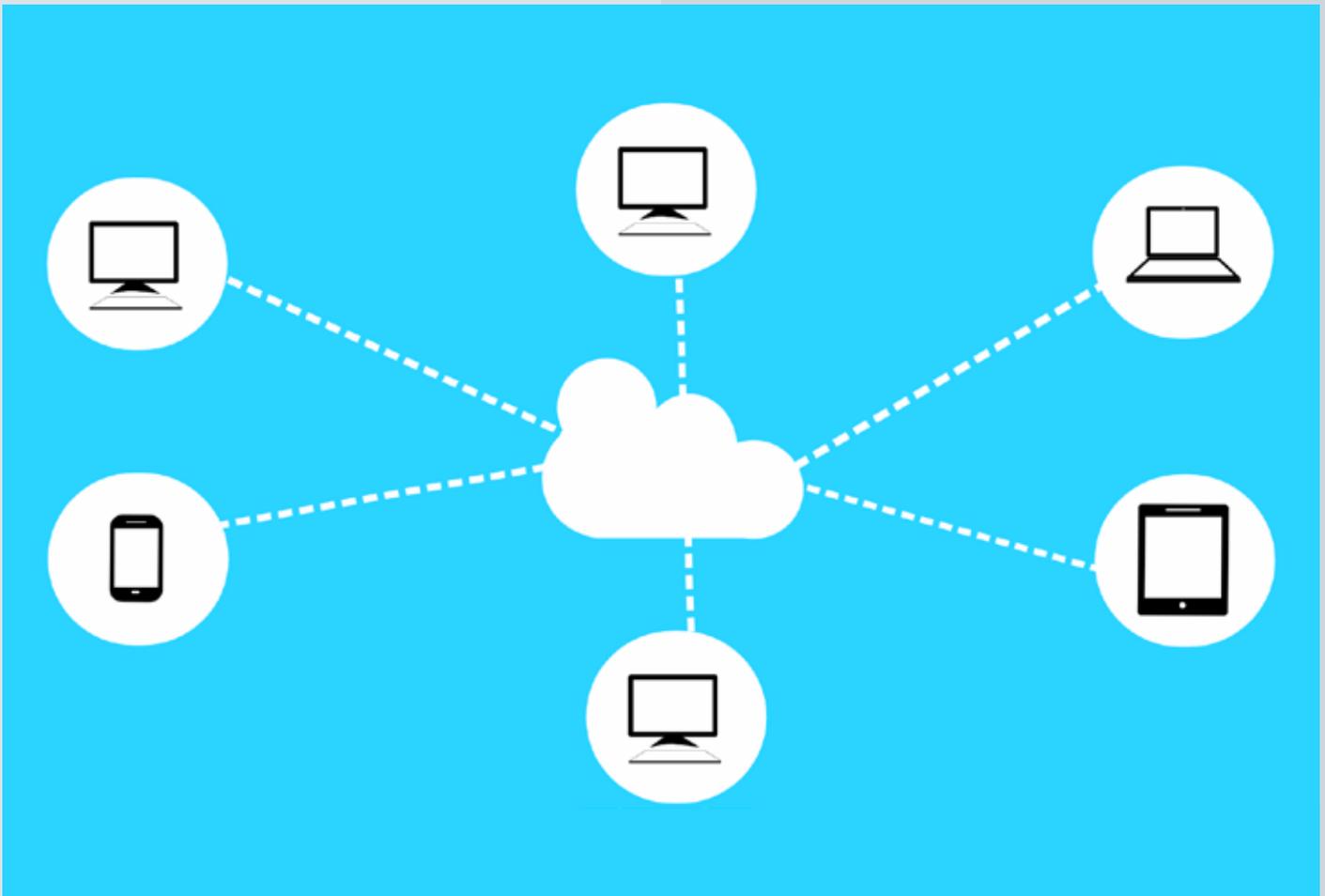
Software and systems aren't just for big companies

Here is a summary of some of the things that you can do to support your business as a contractor:

FreeAgent: This brilliant accounting system is aimed precisely at contractor's requirements. Learn how to use it and you can check you P&L (profit and loss account) to spot errors and make sure postings go to the right place. You can identify trends in your data and see where you might get tax relief. It helps you understand the difference between salary and dividend to identify tax efficiencies, control your corporation and personal tax bills, and keep track of your VAT liability in real time. With your finger on the pulse of your business you can keep more of your money and make it work for you.

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Cloud storage and backups: It is your responsibility to keep your data secure and backed up – and unfortunately things do go wrong sometimes. It is no longer a difficult or time-consuming process to keep reliable, secure records. With the various cloud storage systems available (take advice first) everything can be backed up instantly and autonomously.

Virtual PA services: What happens when you are working and an important call comes in – perhaps from your next contract? With a whole range of services on offer, virtual PAs (personal assistants) can help with your administration, answer calls, manage your diary, support your marketing and organise your entire life. They usually work part-time, on an hourly fee basis, and the cost is so much lower than you would think.

Time management apps: There are an abundance of time-saving and time management apps on the market, from Mile IQ which instantly tracks your travel records, through to Wunderlist for making sure that the most important things get done each day. Get in touch with the team and we'll tell you about all our favourite apps...

Social Media: Today's business marketplace is online in the chat rooms and sharing portals of sites like LinkedIn and Facebook. You just never know where your next perfect contract might be advertised or offered to you. By getting involved on these platforms you massively increase your chances of winning work and learning the things you need to know to be successful. Why not check out our own: Contractors, Consultants and Freelancers UK Group on LinkedIn.

Outsourcing admin work: Sometimes there is just too much to do. Whether you need support for your own work or help to get client work finished there are lots of outsourced support organisations online. Why not check out Upwork (previously Elance) or Fiverr as good places to start.

As with everything else, my standard advice is to check with an expert before doing anything. So please get in touch if you'd like to talk through any of the suggestions I've made in this article.

What HMRC's Making Tax Digital Announcement Means For Contractors

Good news from HMRC! Yes, I know, but it had to happen sooner or later. If you scroll back through my previous blog posts you won't have to look too far before you find a HMRC rant from me. And if you go back a bit further, you'd find another, and another, and so on. For the most part I am frustrated by their motivations and methods.

But, on this occasion (thanks in part to pressure from businesses, accountants, the Treasury Select Committee, and software companies like FreeAgent), they have finally seen sense. The compulsory switch over to digital tax records, for all businesses, has been delayed. In essence, the Making Tax Digital (MTD) scheme is a great idea and one which will benefit the economy, SME businesses and contractors alike. It was just that getting everything done and dusted by April 2018 would have been a little too ambitious.

So, the announcement, on 13th July that the new deadline date for contractors and businesses below the VAT threshold to comply with the

scheme will be delayed until 2020, was excellent news for everyone.

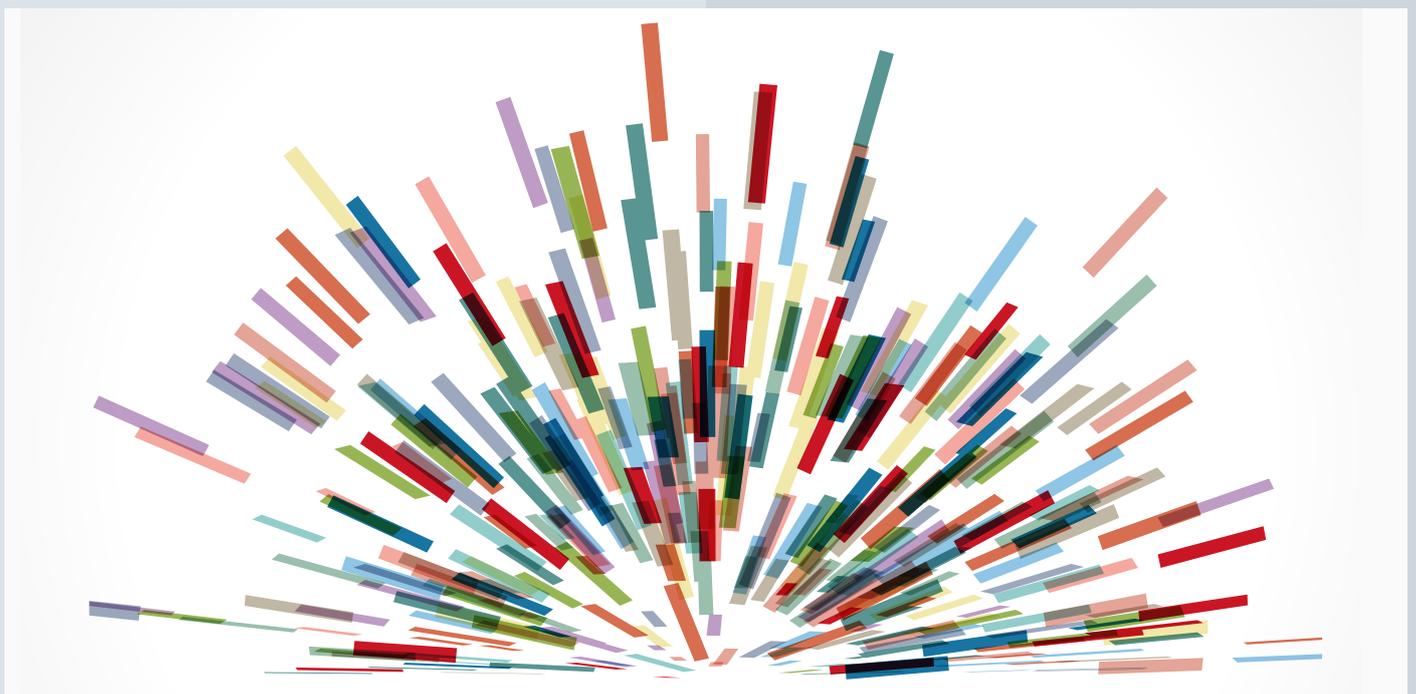
What does this mean for contractors operating a PSC?

Over the VAT tax threshold? If your company generates a turnover above the VAT threshold (currently £85,000) you will need to keep digital records, for your VAT only, from 2019.

All contractor businesses: From 2020 (exact date to be confirmed) all contractors (regardless of turnover) will be required to keep digital records for all of their tax affairs (VAT and company): including filing their accounts online. It is also increasingly likely that these records will need to be filed quarterly by around the same time.

Of course, many contractors have already made the switch to online accounting and are enjoying

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the many benefits that it affords. The point is that MDT is a fantastic idea, with zero downside. While we applaud HMRC for seeing that pushing this agenda through too quickly would be a mistake, we also want to keep alive the importance and urgency for contractors to act sooner rather than later.

We encourage all contractors to use the FreeAgent online accounting system, not because they will have to choose an online solution at some time in the next three years, but because it is better for them now.

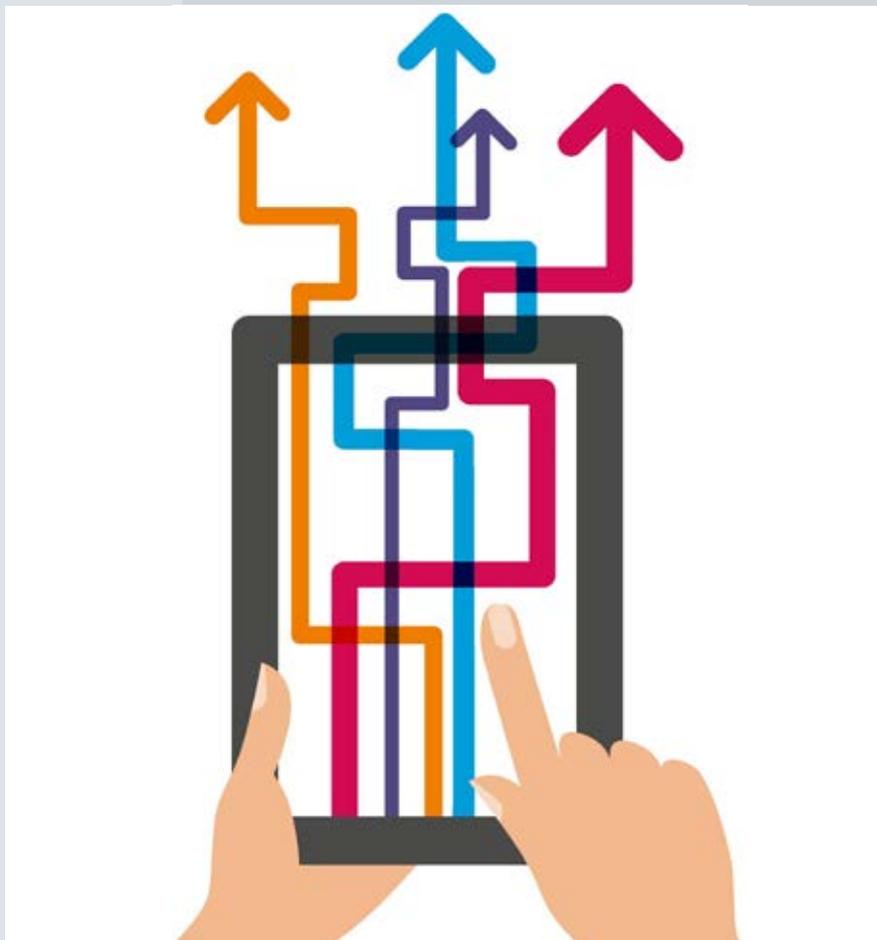
Don't wait until 2020

Digitising the tax system is critical for the UK economy, and in fact we are some way behind other G8 countries in these areas. It will increase the efficiency of tax collection, reduce the time, cost and effort involved (for all parties) and help to resolve the £8bn tax gap that poor accounting has left inside our economy.

As well as being good for 'the bigger picture' of our economy, going digital will be beneficial for every single UK business too. There are still millions of contractors and sole traders that have yet to migrate to digital accounting and the basic truth is that they are missing out.

If you are one of them, here are some of the benefits that an early switch will give you:

- **More efficient systems: reduced administration time and cost**
- **Increased accuracy: fewer mistakes and opportunities for fines or manual error**
- **Smarter business tools: accurate reporting, real-time data and tax saving information**
- **Better security: keeping all your data on password protected software**
- **Improved accountancy services: your accountant can do more to help you**
- **Early compliance: you will be ready for the 2020 Making Tax Digital deadline**



If you're considering moving to FreeAgent or another cloud accounting solution, please give me a call – we've tried most of them and I'll gladly guide you to the one best suited to your needs.

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