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INSIDER NOVEMBER 2017

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Under-25s push for national living wage equality

Workers under the age of 25 are missing out on more than £6,000 a year because they are not entitled to the national living wage (NLW).

Charity group Young Women's Trust polled 4,010 people aged between 18 and 30, finding the average young worker is paid £3.45 an hour less for doing the same work as older people.

Over the course of the year, younger workers are receiving £6,279 less than their older colleagues.

Apprentices under the age of 25 fall short of the current NLW rate of £7.50 an hour, leaving them £7,280 a year worse off than workers over 25.

83% currently support the idea of raising the minimum wage for apprentices and 79% suggest equal pay by extending the NLW to under-25s.

Dr Carole Easton OBE, chief executive for Young Women's Trust, said:

"Much more needs to be done to improve young people's prospects [...] significantly increasing the apprentice minimum wage and changing the law to ensure under-25s are entitled to the same NLW as everyone else."

Checks and compliance

It is a legal requirement for all employers to pay their staff the NLW or national minimum wage (NMW).

Failure to do so will result in a fine from HMRC and the employer being named by the government.

NMW and NLW rates

Age	From 1 April 2017
Over 25	£7.50
21 to 24	£7.05
18 to 20	£5.60
16 to 17	£4.05
Apprentices*	£3.50

*Rate applies for under-19s or first-year apprentices.

Talk to us about your payroll requirements.

Late payments continue to hit SMEs

Two-thirds (66%) of small businesses are feeling the effects of clients who fail to pay their bills on time, research shows.

Banking group Close Brothers polled 900 small business owners and found the problem was particularly serious for 87% of SMEs in Northern Ireland, 73% in London and 72% in the South West.

Late payments have the potential to damage a business' reputation and harm its credit ratings, which can affect a firm's chance of securing future funding.

Government figures claim SMEs are collectively owed more than £26 billion in overdue payments.

74% of SMEs surveyed don't feel suitable legislation exists to counteract overdue payments from debtors, with one in four firms forced to seek legal advice in search of a resolution.

Enterprises worst affected by late payments include:

- transport (78%)
- manufacturing (74%)
- printing (73%).

Neil Davies, chief executive at Close Brothers, said:

"Late payments are a very real issue for SME business owners and in some cases directors are having to defer their own salaries, increase their overdraft or pay their own suppliers late to ensure they remain liquid, causing the vicious circle to continue."

Prompt Payment Code

The government's Prompt Payment Code (PPC) intends to support under pressure businesses dealing with overdue payments.

32 of the biggest suppliers to the government have voluntarily committed to pay 95% of invoices within 60 days and are working towards adopting 30 days as the norm.

The PPC sets the standards for best practice for both businesses and suppliers dealing with late payments and invoices, ensuring everyone is paid on time and offered clear guidance on procedures.

We can advise on managing cashflow.

Cautious businesses delaying investment

Businesses are in no rush to make investments amid the ongoing uncertainty of Brexit, according to the Institute of Chartered Accountants in England and Wales (ICAEW).

More than one in four businesses are delaying investment decisions as the government continues negotiations with the EU.

As a result of their collective cautiousness, 61% of those firms surveyed reported a cash surplus in 2016/17 with 64% anticipating similar results from 2017/18.

37% have no plans to invest their cash reserves in the next 12 months, with 49% of those wanting to remain flexible, 32% braced for further uncertainty and 30% citing no investment opportunities.

However, the ICAEW has called on businesses to be more proactive and loosen the purse strings in an attempt to promote growth.

Michael Izza, chief executive of the ICAEW, said:

"Businesses should be investing now for the future and not for austerity.

"They need to look for opportunities in overseas markets, make efficiency savings and invest in innovation, talent, new products and services to create a longer-term return – and this involves spending some of the mountain of cash they are sitting on."

Investment options

If you're looking for ways to invest a cash surplus, one option could be to reinvest in your business.

In an increasingly digital environment, updating your IT infrastructure would ensure your systems remain up to date.

However, more traditional options such as developing staff and investing in the latest technology could pay off in the long term.

Contact us to discuss planning your business.

Apprenticeship levy leaves firms baffled

Almost a quarter (23%) of businesses paying the apprenticeship levy has no understanding of how it works – six months after its introduction.

56% of more than 1,400 firms surveyed by the British Chambers of Commerce (BCC) did not expect to recover their payment, despite receiving an annual allowance to offset against the bill.

As of 6 April 2017, employers with an annual wage bill of more than £3 million must pay the levy towards apprenticeship funding. This levy is charged at 0.5% of the annual wage bill.

Each employer receives an annual allowance of £15,000 to offset against their levy payment, with the aim of increasing the number of apprenticeships.

However, 66% of businesses polled either did not take any action to access the funds or knew nothing about the apprenticeship levy.

Jane Gratton, head of business environment and skills at the BCC, said:

"Firms need greater flexibility on how they can use their levy payment and a system that is fully operational as quickly as possible, is simple and efficient, and enables them to access good quality training."

Paying the levy

If you have to pay the apprenticeship levy, you need to report the amount due to HMRC.

Reporting is completed monthly using the Employment Payment Summary, which includes the annual allowance allocated to the PAYE scheme and amount of levy owed to date.

You also need to hold records of information used to calculate your levy payment for at least three years after the tax year it relates to.

We can talk you through the apprenticeship levy.