10 February 2025

BUSINESS NEWS – Round up

Welcome to our weekly round up of the latest business news for our clients. Please do contact Cognitor Accountancy to talk with us about how these updates may affect your business. We are here to support you!

Are you thinking about starting a new business?



Starting a business in the UK is an exciting venture, but it comes with financial, tax, and accounting responsibilities that you must navigate effectively. Understanding what you will need to do from the outset will help make sure that you don't miss anything, avoid unnecessary costs, and position your new business for success.

Here are some key areas to focus on:

1. Choosing the Right Business Structure

One of the first decisions you need to make is selecting which is the right legal structure for your business. The three main options in the UK are:

- **Sole Trader** – Simple to set up but comes with unlimited personal liability.
- **Limited Company** – Offers limited liability protection but involves more administrative work.
- **Partnership** – Suitable for businesses with multiple owners but requires a clear agreement on profit sharing and responsibilities.

Each structure has different tax and legal implications, so it pays to take enough time to make sure you make the best choice for you.

2. Registering with HMRC and paying tax

All businesses must register with HM Revenue & Customs (HMRC). Sole traders and partnerships need to register for Self Assessment, while limited companies must be registered with Companies House and will have additional tax obligations, including Corporation Tax.

Considering tax is critical to business planning and no one wants to pay too much! Key taxes include Income tax, Corporation tax, VAT, and PAYE and national insurance.

3. Setting up a business bank account

For limited companies, having a separate business bank account is a legal requirement.

Sole traders are not required to have a separate account, but we strongly advise that you keep your business and personal finances separate as it simplifies your bookkeeping and tax reporting.

4. Bookkeeping and claiming expenses

Keeping accurate financial records will be crucial for you in managing your business and staying compliant with tax rules. This means considering whether you should invest in using accounting software and how you will make sure you keep records of your income, expenses and invoices for the time period that HMRC require.

You will be able to reduce your taxable profits by claiming allowable business expenses. These may include office costs (e.g., rent, utilities, equipment); travel expenses (e.g., fuel, train fares, accommodation); staff wages and subcontractor costs; and marketing and advertising costs.

It's essential that you keep receipts and documentation to support any claims.

5. Planning for growth

Growing your business will likely take good planning and funding.

Financial forecasting and budgeting can help you keep your finger on the main financial drivers for your business so that you can grow your business effectively and sustainably.

There are many potential funding options that could help you expand your business. Bank loans, grants, and venture capital should all be assessed.

If you would like assistance with your new business venture, **why not give us a call** and ask us for a copy of our New Business Kit? We can help you make sense of all your financial, tax and accounting needs. We will be happy to help you lay a strong foundation for your business so you can focus on its growth.

Rises to national minimum wage confirmed

Legislation was laid before Parliament last week confirming that the new National Living Wage and new Minimum Wage rates will take effect from 1 April 2025.



While many businesses are feeling and have expressed concern about the increases, the sight of the legislation suggests that no reprieve is in sight.

As a reminder, the National Living Wage will increase to £12.21 from 1 April. This is a 6.7% increase and will be worth £1,400 a year to an eligible full-time worker.

The National Minimum Wage for 18-20 year olds will increase to £10.00 an hour. For an eligible full-time worker, this will work out to an extra £2,500 a year.

An impact assessment published on the same day the legislation was laid indicates that these increases will put around £1.8 billion into the pockets of workers over the next six years.

While these measures will benefit many workers, you may be concerned about the anticipated cost of this increase causing problems for your business.

If you need help costing out what the increases will cost you and advice on the potential strategies you have to manage these costs, **please get in touch and we would be happy to help you**!

See: https://www.gov.uk/government/news/april-pay-rise-set-to-boost-pockets-of-over-3-million-workers

Charity Commission warns charities about fraud prevention

The Charity Commission has issued a warning reminder to large, incorporated charities about changes to the law on preventing fraud. A new failure to prevent fraud offence will come into force on 1 September 2025 for all large organisations, including charities.

Who does this apply to?

This new offence is introduced by the Economic Crime and Corporate Transparency Act 2023 and will affect large, incorporated charities that meet two of the following three criteria:

- More than 250 employees.
- More than £36m of income.
- More than £18m in total assets.

What is the change?

Where an employee, agent, subsidiary, or other "associated person", commits fraud that intends to benefit the organisation (or its clients) and the organisation did not have reasonable fraud measures in place, the organisation may be criminally liable under the new law.



Guidance has been published on the new offence, which can be read here. This guidance has been published by the Home Office after consulting with the Scottish Government and Department of Justice in Northern Ireland.

If you would like any help with reviewing your approach to fraud prevention, **please get in touch**. We would be happy to help you!

See: https://www.gov.uk/government/news/failure-to-prevent-fraud-offence-regulatory-alert

How do you make sure data cannot be recovered from storage media?



When it comes to disposing of computer equipment, how do you make sure that any storage media – hard drives, SSDs, flash drives and so forth – can't be read by unauthorised users or have the data recovered?

These days practically every electronic item contains some form of electronic storage media. The National Cyber Security Centre (NCSC) reports that there have even been examples where several gigabytes of sensitive documents were retrieved from decommissioned photocopiers and printers.

The NCSC has reviewed and republished guidance on sanitising and disposing of storage media. Here's a brief review of some of the key points.

Sanitising storage media

The NCSC recommends that any media that has stored data that's sensitive to your business should be sanitised before it is disposed of. Just pressing 'delete' on your computer is not enough.

If the storage media isn't sanitised there are risks that any sensitive data on it could be recovered by competitors or used for criminal activities.

Selling or disposing of the equipment would be situations you might automatically think of. NCSC advises that sanitising storage media is also needed when reallocating equipment to a different user or being returned to a supplier for repair.

Before sanitising

NCSC advise that it is best to understand your data and know which items of equipment contain what data. This will help you identify any potentially more sensitive items of equipment.

Having a re-use and disposals policy in place is important and NCSC provides a sample policy that you can use. It is useful to understand what the eventual sanitisation requirements will be as part of your decision-making process for buying equipment.

Is the data encrypted?

Where the device has an encryption option, that has been activated, this can make life simpler. For example, Bitlocker is available on Windows and FileVault on macOS. These usually have a 'factory reset' option that deletes the encryption keys and makes the data unreadable. Once this has been done, NCSC says there is then minimal risk to sensitive data.

This does not mean that the reset procedure can guarantee that all user data has been rendered unreadable. However, NCSC advises that a 'factory reset' on an encrypted device will provide a satisfactory level of assurance.

If the data is not encrypted, then there is a need to overwrite and verify the overwrite. There are commercial tools available that can do this.

Where it cannot be assured that storage media has been wiped, or there is a residual risk that a skilled, well-funded laboratory could recover data, then it may be necessary to physically destroy the media. NCSC advises destroying the media to particles of 6mm or less.

For further information, please see the guidance.

Boost in funding for flood defences

Following the recent run of storms and wet weather, the government has announced that £2.65 billion will be spent over the next two years to build, maintain and repair flood defences.

Extreme weather events are increasing in frequency, so flood defences are becoming increasingly important in protecting both homes and businesses. The funding will also help protect farmland, which has also suffered in the recent storms.



Environment Agency Chair Alan Lovell said: "The impact of flooding on our communities will only become greater as climate change brings more extreme weather, like Storms Bert, Conall and Eowyn." He also expressed his commitment to delivering on the vital projects that are needed across the country.

According to the press release, up to 1,000 projects are set to receive a share of the funding. These include flood defence projects at Bridgwater in Somerset and Derby. Projects in the West Midlands, Dorset, Leicestershire and Nottinghamshire will also receive support. In addition, essential maintenance will be carried out at the Stallingborough Sea Defences along the Humber estuary and to improve protection in Pevensey Bay.

See: https://www.gov.uk/government/news/record-investment-to-protect-thousands-of-uk-homes-and-businesses

Base rate cut to 4.5%

The Bank of England reduced their base rate to 4.5% last week, as had been widely expected in the days leading up to the decision.

The decision was made by a 7-2 majority. The minority of two members were looking for the rate to be reduced to 4.25%.

In announcing their decision, the Monetary Policy Committee (MPC) outlined their thoughts on the economy. Here are some highlights.

Inflation forecasts

The Consumer Price Index (CPI) was 2.5% for the last quarter of 2024. The Bank expects CPI inflation to increase to 3.7% by autumn 2025 due to higher global energy costs and regulated price changes.

However, the MPC also feel that pressures on inflation at a domestic level are moderating and will wane further as 2025 progresses. So, they expect CPI inflation to fall back to 2% from the end of 2025.

Growth forecasts

The Bank expects GDP growth to pick up from the middle of this year. They believe that the economy's ability to produce goods and services has grown more slowly than previously estimated. So, while they've noted a slowdown in demand, they judge that only a small amount of unused capacity has been created in the economy.

These and other factors led the MPC to reduce the rate to 4.5%.

Will there be future rate cuts?

Looking forward to future potential rate cuts, the MPC has said "a gradual and careful approach to the further withdrawal of monetary policy restraint is appropriate." They stressed that there are ongoing uncertainties around demand and supply in the economy.

The MPC also highlighted the global economic uncertainty and a pickup in financial market volatility due to the recent announcements in the US on trade tariffs and subsequent retaliatory measures. This is something they continue to monitor.

To review the Monetary Policy Summary in full, see: https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2025/february-2025

Duty changes for the alcohol industry



February saw changes for the alcohol industry come into force that particularly affected winemakers.

A temporary easement has been in place for wine that has treated wines with an alcohol by volume (abv) between 11.5% and 14.5% as if their abv was 12.5%. It was announced in the 2024 Autumn Budget that the easement would end on 1 February 2025.

There have been calls to make the easement permanent, however the government has confirmed that the easement would end as planned.

This means that the wine duty for all wine will now be based on its alcoholic strength. The duty rate changes at each 0.5% abv, meaning that there are now 30 different payable amounts replacing the single rate under the easement. Wines with an abv below 11.5% and above 14.5% were already being taxed by strength and this will continue.

In addition to this change, duty rates on all non-draught alcohol products rose in line with the Retail Price Index (RPI) from February 2025.

Small producers of non-draught products have seen an increase in their cash discount to bring them in line with the relief for draught products.

There has also been a 1p duty cut for draught pints.

These changes mean that there could be benefits for businesses in the hospitality trade from using small producers. Higher strength wines will become more expensive and so businesses will need to be alert to ensure that costs are passed on appropriately.

See: https://www.gov.uk/government/publications/changes-to-the-rates-of-alcohol-duty

Would you benefit from a top up contribution to your State Pension?

HM Revenue and Customs (HMRC) have revealed that 37,000 people have plugged gaps in their National Insurance (NI) record since last April, boosting the amount of State Pension they will receive when they reach retirement age.

The amount of State Pension you will receive is based on how many completed years you have in your NI record. Currently it is possible to review your record going back to 2006, and where there is a gap, you can contribute to plug the gap and ensure that you maximise the amount of State Pension that will be available to you.

There is limited time to be able to do this though. From 6 April 2025, you will only be able to make voluntary NI contributions for the previous 6 tax years. This means there is now less than two months left to be able to plug any gaps that go back to 2006.



HMRC have an online service that allows you to check and view any gaps in your NI record, calculate the difference any payment will make to your State Pension and then make a payment for the years you would like to top up.

If you would like any help in finding out whether you have any missing years and how much benefit you could get from a top up, **please contact us and we would be happy to help you**!

See: https://www.gov.uk/government/news/35-million-added-to-state-pension-pots

Company fined over health and safety negligence

Pemberton Timber Frame Ltd from Kent has been fined and ordered to pay costs following an avoidable injury to one of its workers.

The company manufactures timber frame structures for the construction industry. One of its workers was operating a panel saw and was asked to perform a rip cut on a length of timber, i.e. cut down its thickness. This meant he tried to pass the timber through the panel saw multiple times because the timber was thicker than the blade could cut in one pass.

He successfully managed the first cut, but on the second attempt his right hand made contact with the blade and unfortunately had three fingers instantly amputated.

The Health and Safety Executive (HSE) found that the employee had been asked to complete a task that wasn't suitable for the machine he was using and that he had not received sufficient training or instruction on how to use the panel saw safely.

Even worse, the HSE discovered that the company did have appropriate machines that would have allowed the task to be carried out safely, but the employee didn't know this because of his lack of training.

HSE provides clear guidance on the safe use of panel saws to carry out rip cuts. A panel saw with a circular blade must not be used unless the saw blade, at all times, projects through the upper surface of the material being cut.



Ross Carter, the principal inspector for HSE, said: “Those in control of work have a responsibility to devise safe methods of working and to provide the necessary information, instruction and training to their workers.”

The case serves as a reminder of the need to make sure safe systems of work are in place for all work tasks.

See: https://press.hse.gov.uk/2025/01/15/fine-for-kent-timber-firm-after-worker-loses-three-fingers

Please do contact us if you would like to talk about any of the articles. We are here to support you and your business!

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