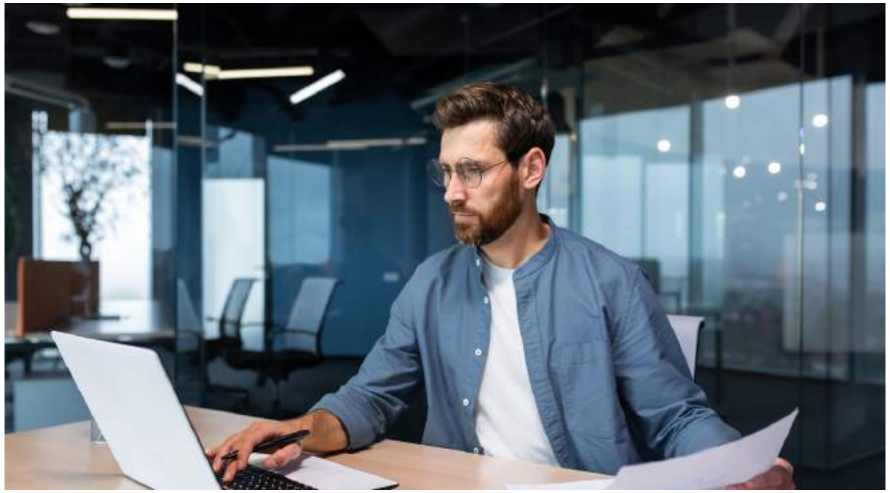
NEWS ROUND-UP

DECEMBER 2023

Heslops
Chartered Accountants

WWW.HESLOPS-THATCHAM.CO.UK
ENQUIRIES@HESLOPS-THATCHAM.CO.UK
01635 868202



UK ACCOUNTANTS DEMAND HMRC SERVICE IMPROVEMENTS

A recent survey from the Association of Chartered Certified Accountants (ACCA) has shed light on the challenges UK accountants face when dealing with HMRC services.

Over 90% of respondents expressed the urgent need for HMRC to improve its service across several key areas.

The survey, which involved 207 ACCA members, uncovered significant concerns within the accounting profession. More than half of respondents (52%) reported that HMRC's service levels were negatively affecting productivity and efficiency, impacting both accountants and their clients.

The areas identified for drastic improvement included:

- **Reduced call waiting times:** Accountants called for shorter waiting times when seeking assistance from HMRC.

- **Enhanced call handling systems:** They urged HMRC to provide better call handling systems, including queue information and call-back options.

- **Improved communications:** Respondents emphasised the need for more efficient communication methods, with a preference for greater use of email.

The challenges accountants face in their interactions with HMRC have increased in recent months, leading to growing frustration. Some professionals have resorted to raising formal complaints to prompt a response from HMRC.

Glenn Collins, head of technical and strategic engagement at ACCA, said:

"Many of our members have raised with us, over a number of years, their struggles and difficulties in working effectively with HMRC services."

Talk to us about your accounting.

BANK OF ENGLAND HOLDS INTEREST RATES STEADY

The Bank of England (BoE) announced it would maintain its interest rate at 5.25% for the second consecutive time, following a series of 14 rate hikes.

The Monetary Policy Committee (MPC) voted by a majority of 6–3 to maintain the bank rate on 2 November, with three members preferring to increase the Bank Rate by 0.25 percentage points to 5.5%.

The BoE's decision to keep interest rates unchanged is driven by inflationary pressures affecting UK businesses. It also aligns with recent moves by other central banks worldwide, including the US Federal Reserve and the European Central Bank, which have also opted to maintain their interest rates.

While the BoE has relied on interest rates as its primary tool to combat inflation, the central bank still faces challenges in reaching its 2% target by the end of 2025.

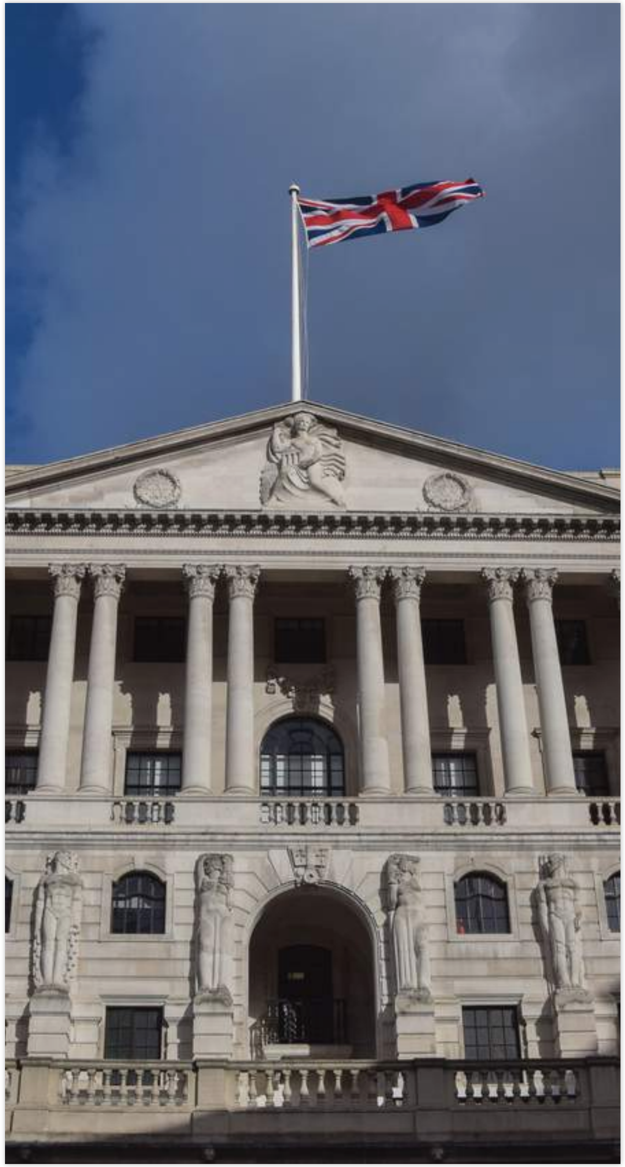
The MPC anticipates that inflation will eventually fall below the target as reduced domestic inflationary pressures follow a period of economic slack.

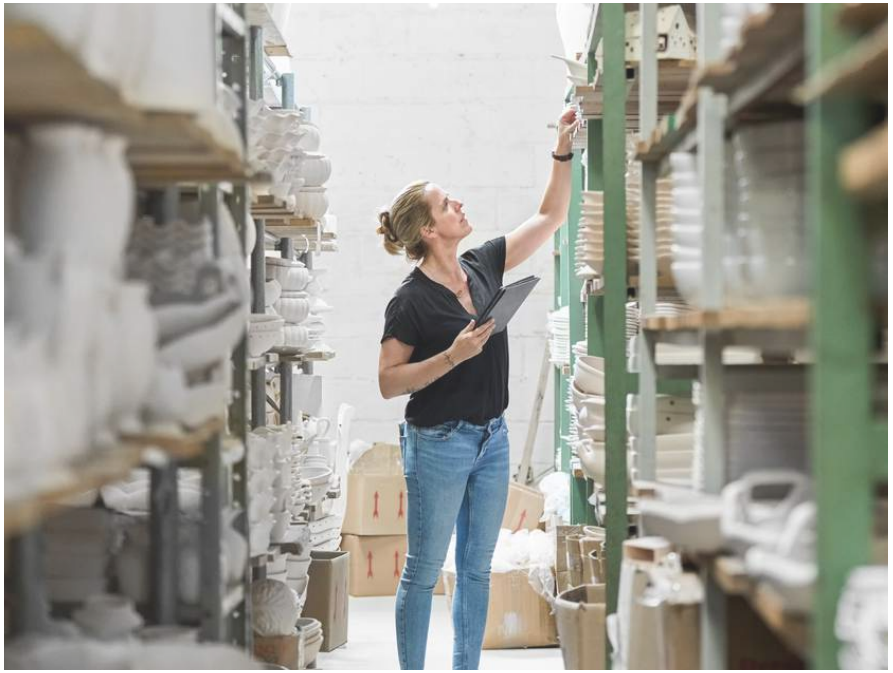
The decision highlights the ongoing struggle to manage inflationary pressures and their impact on the UK economy. This is evident in Q3 insolvency figures, which contributed to the highest corporate insolvency levels in over two decades.

BoE governor, Andrew Bailey, said:

"Inflation is falling, and we expect it to keep falling this year and next. Our increases in interest rates are working to bring inflation back to the 2% target."

Get in touch about your finances.





SMALL BUSINESS CONFIDENCE IMPROVES IN Q3 2023

Small business confidence in the UK improved slightly in Q3 2023, although challenges persist, according to the latest Small Business Index from the Federation of Small Businesses (FSB).

The headline confidence reading in Q3 stood at -8.0 points, an improvement from the -14.2 points recorded in the previous quarter but still below the -2.8 points measured in Q1.

The decline in confidence over the past six quarters can be attributed to factors such as rising inflation and the energy crisis.

The hospitality sector exhibited the lowest confidence level, recording -31.1 points for accommodation and food services. Retail and wholesale followed closely with -22.8 points, while the construction, manufacturing, and information and communication sectors also reported negative confidence.

The only sector with a positive confidence reading was professional, scientific and technical services, at 6.9 points.

According to the FSB, the low business confidence in the hospitality and retail sectors underscores the need for additional support.

Martin McTague, FSB's national chair, said:

"After the economic turmoil wrought by the cost of doing business crisis over the past year and a half, our latest Small Business Index shows signs of stabilisation in small firms' performance.

"The improvement in the overall confidence measure since Q2 is a good start, but we really want to see it firmly back in positive territory, rather than eight points below zero, as it is currently."

Talk to us about your small business.

CORPORATE INSOLVENCIES HIT A TWO-DECADE HIGH

Corporate insolvencies in England and Wales are at their highest level since 2009, according to new data from the Insolvency Service.

In Q3 2023, 6,208 companies registered as insolvent in England and Wales, down 2% from the previous quarter but up by 10% compared to Q3 2022.

This rise in insolvencies can be partially attributed to firms struggling with rising borrowing costs, high inflation and post-pandemic debt.

The number of creditors' voluntary liquidations (CVLs) hit 4,965 between July and September 2023. According to the Insolvency Service, the last two quarters saw CVLs rise to their highest levels since the series began in 1960.

During the same period, there were 735 compulsory liquidations, 466 administrations and 41 company voluntary arrangements (CVAs).

Notably, over the 12 months to Q3 2023, the construction sector had the highest number of new underlying company insolvencies (4,272), with the wholesale and retail trade (3,777) and accommodation and food services (3,477) sectors following closely.

Meanwhile, individual insolvencies hit 24,418 in Q3 2023 – down by 6% from the previous quarter and 15% lower compared to the same period last year.

Commenting on the insolvency statistics, past president of R3, Christina Fitzgerald, said:

"A perfect storm of economic issues has led to the highest Q3 corporate insolvency figures in more than two decades. A combination of rising costs, director fatigue and increased creditor pressure mean more firms are turning to a corporate insolvency process to resolve their financial issues.

"Our message to anyone who is worried about their personal or business finances is to seek advice as soon possible – as soon as you become concerned."

Contact us for expert financial advice.

WANT TO TALK TO AN EXPERT?

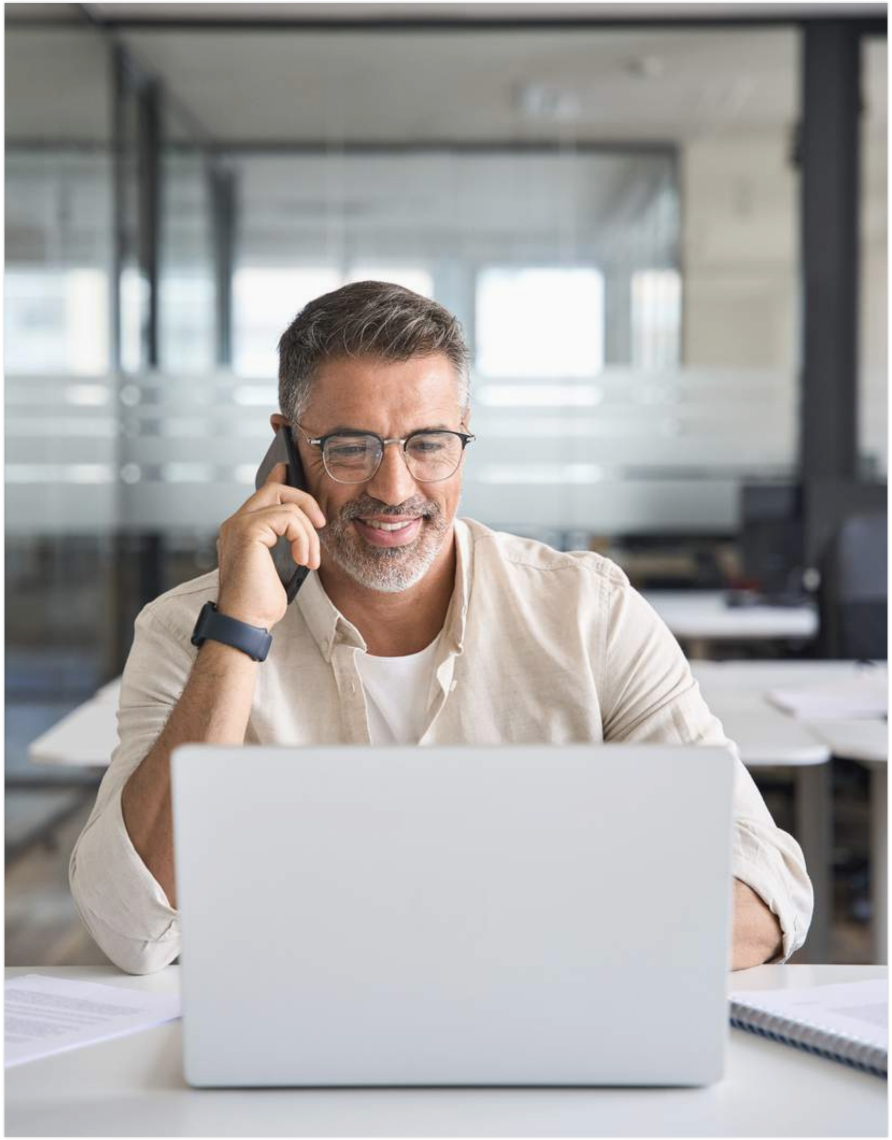
If you've found the topics covered in this report to be of interest or would like to delve deeper into any of them, we welcome the opportunity to engage in a more detailed discussion with you. Our team of experts is always keen to share insights, and we're confident that a conversation with us can provide valuable perspective.

We are also well-positioned to update you on the latest trends, opportunities, and challenges in the business world. As we all know, staying ahead of the curve is vital in today's fast-paced business landscape, and we are here to help you navigate it successfully.

If you're considering getting extra support, we invite you to explore the comprehensive solutions we offer.

To schedule a meeting or to get more information, please don't hesitate to contact us.

Get in touch with our accounting team.



Heslops

Chartered Accountants