

Communiqué

CLIENT PROFILE
Urban Outfitters. P1

PEOPLE NEWS
Partners and directors. P6

KS IN THE COMMUNITY
Charity of the year. P10

Issue 1 2018



Gender Pay Gap reporting ^{P7}

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 is undoubtedly a positive step for diversity, equality and increased transparency.



Urban Outfitters

Kingston Smith has worked with Urban Outfitters, the US-based global fashion retailer, since it opened its first shop in the UK in 1998. As its EU Controller Andy Hemingway explains, it has been an eventful and fruitful 20 years.

Urban Outfitters and its family of brands has been part of US culture since the business was launched in the 1970s. The company – which includes the fashion brands Anthropologie, Free People and the bridal wear business BHLDN – specialises in distinctive, stylish clothes with a strong bohemian influence. It was set up in Philadelphia by two university room-mates. Initially specialising in second-hand clothing and homeware, it quickly took off, incorporating in 1976. It is now a multinational business operating across North America, continental Europe and the UK, with online operations in China and worldwide shipping from the US and UK. Its reported gross revenue in 2016 was \$3.4billion.

In 1998 Urban Outfitters made its first foray outside the US and opened a store in London’s High Street Kensington. Kingston Smith was there to support it and has worked with the business ever since. “This is our 20-year anniversary,” notes Andy Hemingway, Urban Outfitters’ EU Controller.

Andy has been with the business for seven years, during which new stores have steadily been added to the portfolio. It now has 40 shops in the UK including 11 Anthropologie stores and a Free People outlet and employs over 1,800 people - and its online business has blossomed.

The team at Kingston Smith has been alongside Urban Outfitters every step of the way, not only dealing with the company’s year-end accounts, its annual audit and corporate tax return, but also providing close support and advice throughout. “They are also there for the many ad hoc queries that inevitably come up, which can be anything from helping us in our dealings with HMRC to questions about the international treatment of VAT,” says Andy. “We’re in close contact, at least every two to three weeks.”

fierce, the economic environment unpredictable – and retailers have also had to adapt to the seismic shift in consumer behaviour.

“The biggest challenge without doubt has been the shift from bricks and mortar to online shopping,” says Andy. “It’s something that every retailer has to deal with, while also dealing with cost pressures on the bricks and mortar side from things like increases in business rates.”

The company is constantly watching how consumers behave and adapting

“Kingston Smith are excellent at understanding our business and what we need, and tailoring the advice they give exactly for us.”

“It’s important that I have someone available to validate and double-check any technical issues that come up, but I’ve also found that Kingston Smith are very good at providing the more practical, less technical advice too.”

As any retailer will tell you, success has not been straightforward. “It’s a story of ups and downs, inevitably,” says Andy. “The fashion industry is a particularly fickle one, where you live or die by the strength of your products.” Competition for the attention of customers is

accordingly. “The best retailers today tend to be those that can execute both the bricks-and-mortar and the online business well,” says Andy.

“We’re targeting the millennial age group, and for them it’s important that we press their buttons in the right way – that means that the experience they get in one of our stores is extended to their online experience. But we’re continuing to grow and sales are increasing year on year, which is a great place to be.”

“We genuinely enjoy having Urban Outfitters as a client and value the relationship we have developed with them. We’ve been with them on their journey in the UK since day one and built up trust and good communication between us. They’re great people to work with and an excellent brand which is always moving with the times.”

Jon Sutcliffe, Partner

Urban Outfitters in numbers



\$3.4billion
global sales (2016)



£187million
UK sales (2017)



1,837
UK employees

UK stores:

28
Urban Outfitters

11
Anthropologie

1
Free People



Michaelpuche / Shutterstock.com

Latest news

Private client names us a top firm

We have once again been nominated one of the top accountancy firms for 2017 by eprivateclient, the leading website and news service for private client practitioners. Firms are ranked according to a survey of more than 100 private client accountancy firms in the UK, based on the focus they place on private client work, reputation and knowledge. If you would like guidance on any type of personal tax, please contact our Private Client Services team, led by Andrew Shaw and Lynne Rowland.

Bringing AI to audit with Mindbridge Data Analytics

We have become Europe's first adopter of MindBridge, North America's leading artificial intelligence (AI) solution for the auditing profession. The MindBridge AI Auditor platform was developed by Canadian-based fintech company, MindBridge Analytics Inc.

Partner, Becky Shields said: "Adopting AI enables us to lead the way in audit analytics in the UK, while its increased speed and efficiency will add even more value to the audit process." Let us know if you would like to find out more.

Anderson & Pennington joins KS

With the acquisition of Anderson & Pennington, a boutique firm of accountants and business advisers serving the media and entertainment sector, our media services are now stronger than ever.

Anderson & Pennington was well-known and respected, especially in the theatre sector, with a wealth of prestigious clients on both sides of the Atlantic. Its 25 employees joined our West End office, where we serve media and entertainment businesses in London, New York and Los Angeles.

Strengthening our corporate recovery and insolvency services

Kingston Smith & Partners, the firm's corporate recovery and insolvency arm, has recruited Head of Client Services Dale Herson and his colleague Daniel Bodgi from Begbies Traynor. Kingston Smith & Partners investigates the

conduct of bankrupts and failed companies which often leads to the recovery of funds for creditors.

Even with the most diligent of credit checks and monitoring, bad debts are inevitable. Our expanded team gives creditors the chance to get their voice heard when such situations arise.

Charity Finance Audit Survey ranks us top for overall service again

We're delighted clients have ranked us top again for overall service in Charity Finance's 2017 Audit Survey. Since 2010, we have achieved the top position in this category more times than any other accountancy firm.

Neil Finlayson, Head of Not for Profit said: "A big thank you to everyone for the positive feedback."

The Charity Finance Audit Survey, now in its 25th year, helps charities assess and benchmark the audit services they receive.



Is it the end of the (business) world as we know it?

The latest in our series of EU debates focuses on the world's changing economy and Brexit's part in this. Returning Chair Sir Michael Snyder, former Kingston Smith Senior Partner will challenge the panel, as well as providing his own valuable insight. Previous debates have been lively discussions in light of the Brexit referendum: "Trump, the UK and international trade", and "Brexit: one year on" attracting panelists such as Lord Flight, Sir Mark Boleat, Professor Mark Hoban and Vernon Hill, founder of Metro Bank.

Kingston Smith Annual Survey of UK marketing services companies 2017

Our annual survey of the financial performance of UK marketing services companies is widely recognised as the most comprehensive and authoritative financial survey of the sector. Our 2017 launch was held in London at the end of November, chaired by partner Esther Carder. The survey's key findings and trends within the advertising, digital, branding and design, PR, media buying and marketing and sales promotion sectors were explained by partner Ian Graham. An expert panel also discussed the pressures that the media and marketing communications industry finds itself under, given the pace of change of technology and shifting consumer attitudes.

Charities Rethink Mental Illness, DEMAND, Book Aid International and Access All Areas win 2018 Creative Vision Award films

For 2018 we have increased the CVA awards to include two charities in each category. The charity winners of our fourth annual Creative Vision Award are DEMAND and Access All Areas in the small charity category; and Rethink Mental Illness and Book Aid International in the large charity category.

All charities will receive an animated 30 second brand film worth £150,000. Films will be created by students and recent graduates of animation and VFX under the guidance of industry professionals, as part of Bournemouth University's BFX Competition.

The 2017 winners were DEBRA and Re-Cycle. DEBRA, who won the large charity category, is the national charity supporting people directly affected by, and working with Epidermolysis Bullosa (EB) - a potential fatal skin condition which causes pain due to unstoppable internal and external blistering.

"Thank you to everyone involved; our winning film makes a difficult concept easy to grasp. We'll share the animation across our social media platforms and in schools to raise awareness of EB".

Ben Merrett, DEBRA's CEO

Re-Cycle, who won for the small charity category, collects bicycles from across the UK and ships them to partner organisations in Africa to provide rural people with an affordable and sustainable means of transport.

"We really do appreciate the students' hard work and Kingston Smith's support".

Merlin Matthews, Re-Cycle's CEO



This year we are partnering with the Institute of Fundraising for the awards.

For more see cva.kingstonsmith.co.uk

Change is good



Maureen Penfold, Kingston Smith's Managing Partner, has seen a huge transformation in the accountancy profession during her career – and is excited about the changes still to come.

Maureen Penfold, Kingston Smith's Managing Partner is, as she puts it, a 'Kingston Smith lifer'. She first walked through the doors at Devonshire House in 1982 as a student accountant – and has never looked back. "The day I came here for my interview, it was full of energy. It still is and that's why I love it. This place is never, ever dull."

In her 35 years with the firm – she was made partner in 1990 and Managing Partner in January 2016 – she has seen the role of accountants change almost beyond recognition, and Kingston Smith adapt and thrive. In the space of less than a generation, accountants have stepped away from their pure number crunching and bookkeeping role to become trusted and comprehensive advisers for all businesses.

It has been quite a transition but one that Kingston Smith has fully embraced – and it's not over yet. The onward march of automation and AI will transform the profession still further, in ways that we cannot yet fully predict. But change is not something that worries Maureen; quite the opposite, in fact.

"As a firm we are not afraid of change. There are always things going on underneath the bonnet here – we are constantly looking for ways to use our expertise and experience to help clients and at the tasks we can and should automate. For example, technology used well is a very good thing – it can cut the cost of compliance work significantly, and free us up to give our clients the best service and support they can get. Artificial intelligence and data analytics give such insightful information which we can help our clients use. Technology liberates the accountancy profession, I think, rather than threatens it."

The changing profession has called for a new set of skills in accountants, another subject close to Maureen's heart. "Technical financial skills are a given these days, and we always make sure that we have the right core skills, but we also need a much broader knowledge and the ability to

see things from a client perspective. As a firm we all need to be able to talk to people, to interpret technical issues, and to know how to help them. Making sure the firm has these skills is a huge focus for us and our people."

Maureen's role as Managing Partner means that the business of Kingston Smith is now her focus, after a career spent helping her many clients thrive and grow. "I'm very client-focused and like to be hands-on and involved in a business, that has been both exciting and hugely enjoyable. Now I want to help KS to do what I've spent the past 36 years helping my clients do – drive the business forward."

"You can't really call us chartered accountants any more – we are a multidisciplinary practice providing holistic support to our clients".

The Partners set a five-year growth strategy for the firm and Maureen is tasked with leading the team to put it into practice. "I see my job as putting everything in place – from technology to training – that allows our people to do the best they can for our clients and themselves. We have fantastic people and clients and they are the centre of our universe – they are growing and we are growing with them."

The secret is that everyone at Kingston Smith works together, because they enjoy seeing what they can achieve together for their clients. "We're very inclusive as a firm and we are definitely a team – there's very little hierarchy here," says Maureen. "That's one of the many reasons why I'm passionate about the firm and have been since the day I joined."

Partners

We are delighted that Ian Matthews and Guy Richardson were promoted to partner in 2017. Both started with the firm as ACA trainees in September 2005, it is fantastic to see them both progress to this position.



Ian Matthews,
Redhill



Guy Richardson,
City and Romford



The firm welcomed back Mike Scoltock to the City as a tax partner. He has over 30 years' experience in commercial tax.

Directors

We are very pleased that Matt Banton, Jo Cosgrove, Jo How and Nicki Savill were promoted to director in 2017.



Matt Banton,
General practice, City



Jo Cosgrove,
General practice, West End



Jo How,
Employment tax, City



Nicki Savill, Business
Outsourcing, Firmwide



Influential in India

Chandru Iyer, our Head of International Business Development, has been named by India Incorporated as one of the 100 Most Influential People in

UK-India Relations. The list focuses on UK-based people in public life, business, professional services, education, the arts and culture who make a significant impact on the UK-India corridor. Chandru was singled out for his enthusiasm for attracting and supporting Indian SMEs in carrying out business in the UK.



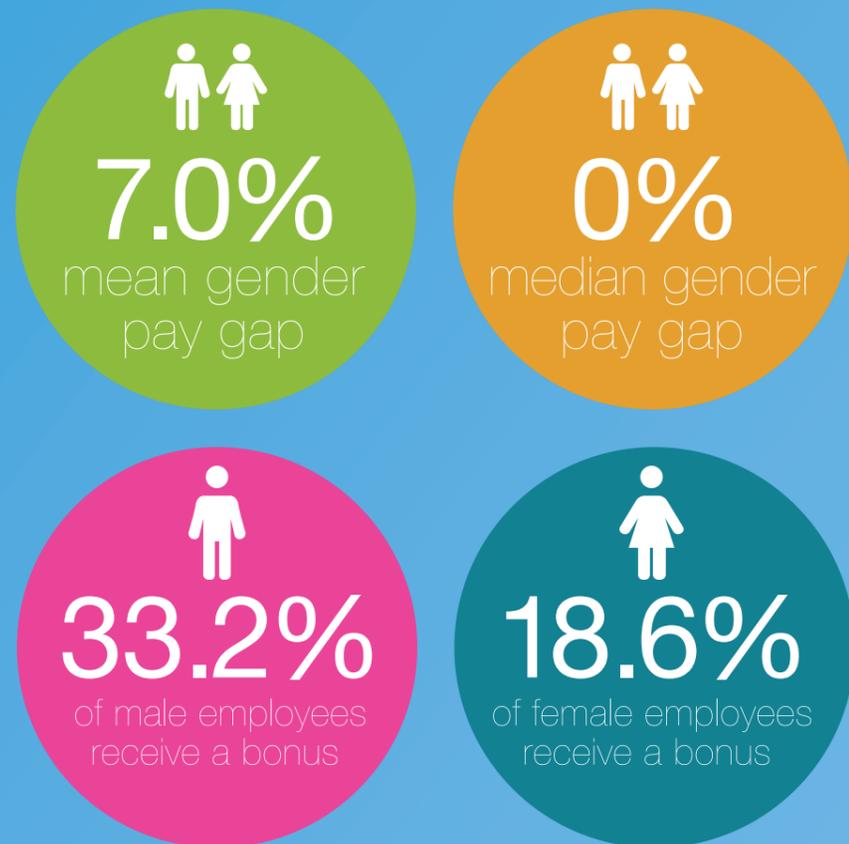
Mark joins T-level panel

Partner Mark Twum-Ampofo has been appointed to a UK government panel to advise on the development of new technical qualifications – T Levels that will be equivalent to A Levels. Mark sits on the

legal, finance and accounting panel. "It's a great compliment to be chosen as one of the accountancy professionals on the panel," he said. "As a firm we already support trailblazer apprenticeships which T Levels will complement – we have nearly 40 apprentices in the business. This is a wonderful opportunity to equip a wider range of students with the skills they need to successfully enter the profession."

Gender Pay Gap reporting

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 is undoubtedly a positive step for diversity, equality and increased transparency.



The Equality Act 2010 (Gender Pay Gap Information) Regulations mean that by 4 April 2018 (or 30 March 2018 for public sector employers), any organisation that has 250 or more employees must publish specific figures about their gender pay gap – the difference between the average earnings of men and women, expressed relative to men’s earnings.

Employers must publish their gender pay gap data and a written statement on their public-facing website, as well as submit their data to the government online using the gender pay gap reporting service. Organisations with fewer than 250 employees can publish and report voluntarily but are not obliged to do so.

While there are currently no civil penalties for non-compliance there are many good reasons to comply. Having an inclusive culture and minimal gender pay gap together help attract, engage and retain employees.

These long-held beliefs are reflected in our own gender pay gap figures. At 7.0% our mean gender pay gap is significantly lower than that for the whole economy, which, according to the Office for National Statistics, stood at 17.5% at the end of 2016. We’re proud that our median gender pay gap is 0% whereas that for the whole economy is 19.2%.

Over the years we have introduced numerous initiatives to back up our diversity principles, including a flexible working policy to promote a better work/life balance.



“It’s great to see how well we perform against the economy as a whole,” says Victoria Green, our HR Manager. “But we’re not complacent and continue to review and update our practices regularly.”



“It’s a very flexible firm to work for,” agrees one of our managers, Amanda Harris, who works four days a week. “As long as the work is being done, the clients and partners are happy and there’s good communication, it doesn’t really matter how or where you do it.”

Diversity and equality are enormously important to us as a firm. We have a clear policy of paying employees equally for equivalent work and are confident that any gender pay gap does not stem from paying men and women differently for the same or equivalent work.

Read our Gender Pay Gap report at www.ks.co.uk/gender-pay-gap

What you need to do...

You must publish on your organisation’s public-facing website and report to government your organisation’s:

- mean gender pay gap in hourly pay
- median gender pay gap in hourly pay
- mean bonus gender pay gap
- median bonus gender pay gap
- proportion of males and females receiving a bonus payment
- proportion of males and females in each pay quartile

And when to do it...

The figures must be calculated using a specific reference date – this is called the ‘snapshot date’. Each and every year it is:

- 31 March for public sector organisations
- 5 April for businesses and charities

We can help you with the calculations and suggest steps you can take to close the gender pay gap.

“We have always rewarded our people based on merit and regardless of gender, race, sexual orientation or any other characteristic. We are delighted that the results of our gender pay gap report reflect this approach.”

Mark Twum-Ampofo, Partner

GDPR

The many seminars we hold for clients are carefully designed to be as practical as possible. We aim to show how you can tackle an issue and what a regulation means for you in practice.

GDPR for charities roadshows

The General Data Protection Regulation (GDPR) is the UK's first major review of data protection for 20 years. It has significant implications for businesses and charities – among them a new interpretation of the required conditions for fundraising communications.

We designed two workshops about how best to meet the legislation's requirements and how GDPR can improve the use of personal data.

- The first of these sessions, aimed at those new to the legislation, introduced the key GDPR principles and the compliance needed to meet the legal and moral obligations they create.
- The second session was for those already grappling with GDPR and discussed benchmarking against best practice, practical implementation, security issues – and practical ways in which the legislation can be used to improve charities' donor, fundraising and marketing communications.

GDPR roadshows for the commercial sector

Dates for our GDPR roadshows focused on the needs of the commercial sector will be announced shortly. Please check our website for details.

"ClearComm have delivered advice to us on every aspect of the new data protection laws. This has been invaluable! They have been nothing but professional and approachable. Staff training was very engaging. They gave us advice in a way we could all understand it, straightforward, practical and informed. I would highly recommend working with them. It has given us immense peace of mind on a very important area."

Born Free Foundation

Worried about the GDPR 25 May implementation date?

Reassuringly, the Information Commissioner's Office has confirmed that fines under the GDPR will be proportionate. However the regulator does expect businesses and charities to be working towards compliance and to have mapped out an implementation plan in time for 25 May.

If you would like to find out more about how we can help you comply with the new regulatory requirements, visit www.ks.co.uk/gdpr

Kingston Smith group company, ClearComm's self-certification portal offers cost-effective practical support no matter where you are on your GDPR-compliance journey. Read more about how the portal can help you www.clearcompliance.org

Find out more about our events

This GDPR Roadshow was one of many seminars and training programmes that we run throughout the year on a huge range of topics. Some are tailored for particular sectors or businesses, others explain new legislation or tax requirements, while some provide a supportive forum to discuss your next step, such as the sale of your business. Seminars are free for Kingston Smith LLP clients and alumni. For our full list of events and more information, visit www.ks.co.uk/events.

KS in the community

As a firm, we believe it is important to give something back to the communities around us. By providing support and guidance to local people, businesses and charities, we have a positive effect on them and future generations.

Our charity partners

For 2017, we decided to focus our giving activities on a charity of the year: the Rainbow Trust Children's Charity. We raised more than £90,000 through donations and sponsorships for dress down days, marathons, lengthy bike rides, skydives and many other challenges. Thank you if you donated or sponsored any of the activities.

The money will pay for more than 75 families who have a child with a life-threatening or terminal illness to receive support from trained carers for one year.

"The partnership between Rainbow Trust and Kingston Smith was hugely successful, raising a staggering £92,133. I would like to sincerely thank everyone at Kingston Smith for their support and dedicated fundraising. The money raised will help Rainbow Trust continue to support families who have a seriously ill child and to make the most of their time together."

Zillah Bingley, Chief Executive at Rainbow Trust Children's Charity

For 2018, Mind has been chosen as our charity partner following a staff vote. Mind is the UK's leading mental health charity. It provides information, advice and support for individuals experiencing mental health issues in a safe and supportive environment. Martin Muirhead, Senior Partner at Kingston Smith who heads the firm's charity committee said:



"We're thrilled to be working with Mind on a range of activities: volunteering and fundraising. One in four of us will experience a mental health problem in any given year, so Mind offers a vital service."

Throughout 2018, we are fundraising for Mind, building our awareness of mental health issues and sharing that knowledge with clients and more broadly.

Action Day

As well as our new charity partnership initiative, since 2001, every October, we also organise an annual 'Action Day' to support local good causes. This involves nearly 500 of us within the firm spending the day working in London schools, adventure playgrounds, residential care homes, half way houses and many other community projects.

Action day 2017: 25 community projects



AREAS – HACKNEY, SPITALFIELDS, ISLE OF DOGS, PECKHAM, ELTHAM, KENNINGTON, Highbury, FINSBURY PARK, HOLLOWAY, BOUNDS GREEN, DALSTON, CLERKENWELL, SHADWELL, LATIMER ROAD.

"What we love about Kingston Smith volunteers is their irrepressible good humour, even when carrying very smelly manure; their ability to keep going and finish the job, even though every muscle is aching and their great sense of team spirit. Action Day is the high spot of our gardening year and we can't wait until October!"

Sarah Hudson, Chair, Friends of City gardens

"The volunteers' efforts help us achieve development ideas, care for the gardens and enhance the natural environment. As a result we can utilise the garden spaces more for teaching the children. A MASSIVE thank you, you all collectively have a truly positive and lasting impact on the projects you partner up with".

Sophia Ioannou, Environmental Tutor and founder of Plant Environment

"Action Day is one of the highlights of my year, whether it be running a YMCA shop for the day or scything through a field. It's physically challenging but so rewarding. I really enjoy meeting colleagues from other offices and all the people from the different community projects. It's a great way to spend a day!"

Ryan Day, Manager at Kingston Smith

Keeping you up to date

Key changes introduced during 2017 that you need to be aware of

Country-by-country reporting

What is it? Country-by-country reporting (CbC) requires large groups to disclose revenues, profits, taxes paid and other data for every country in which they operate. Reports must be made using XML and follow the structure published by the OECD.

Who is affected? You may need to make a CbC report in the UK if you are a group of businesses with at least one based in the UK and at least one based in another country, and if consolidated group revenue is £750million or more.

When does it come into effect? Notifications were required by HMRC by **1 September 2017**.

Prevention of facilitation of tax evasion

What is it? The Criminal Finances Bill introduced a new failure to prevent the facilitation of tax evasion offence.

Who is affected? The offence can be committed whenever a taxpayer carries out criminal tax evasion and another party facilitates that tax evasion. The only defence is if, when the offence was committed, you can show you had reasonable prevention procedures in place, or it would have been unreasonable to expect such procedures to be in place.

All businesses should review their operations and make sure they have, and can demonstrate they have, appropriate procedures in place in light of these new rules.

When does it come into effect? The rules took effect on **30 September 2017**.

Making Tax Digital

What is it? The government plans to introduce compulsory electronic filing for VAT returns.

Who is affected? All businesses above the VAT threshold (£85,000 of annual taxable turnover).

When does it come into effect? **1 April 2019**

Please contact us if you would like to discuss any of these changes.

GDPR

What is it? The GDPR replaces the Data Protection Act and aims to protect citizens' data privacy.

Who must comply? Businesses in the UK and EU, as well as any global company that holds data on EU citizens.

When does it come into effect? **25 May 2018** – the Information Commissioner's Office has said it will apply in the UK regardless of Brexit negotiations.

Try our GDPR portal

In November Kingston Smith group company ClearComm launched its GDPR self-certification portal, the first product of its kind on the market. The portal provides a cost-effective way for businesses and charities to make sure they are complying with the legislation. See www.clearcompliance.org/ for more.

Publication of tax strategy

What is it? The Finance Bill 2016 requires some businesses in the UK to publish their tax strategy online as it relates to or affects UK taxation. HMRC will have the power to issue penalties for non-compliance.

Who is affected? UK partnerships, groups and subgroups with an aggregated turnover of more than £200million, or total balance sheet assets of more than £2billion. Groups that are required to publish country-by-country reporting must also comply.

When does it come into effect? The first period affected by the legislation is the first financial year beginning after **15 September 2016**. The tax strategy must initially be published before the end of the financial year, and then published annually (or no later than 15 months after the previous publication) after that.

Reporting on payment practices and performance

What is it? Businesses now have to publish every six months via the government web service details of certain contracts for goods, services or intangible property, with a sufficient UK connection. Standard payment terms, defined payment statistics and statements about e-invoicing, supplier chain finance, charging to remain on a supplier list and details about a payment code have to be reported.

Who must comply? Businesses that meet the Companies Act definition of being 'large'.

When it comes into effect? For accounting periods starting on or after 6 April 2017. For a business with a 31 December year end, the first report will cover 1 January 2018 to 30 June 2018, due for filing by 30 July 2018. A business has 30 days after the reporting period ends to publish. Failing to report or making a false or misleading statement, can be a criminal offence for all directors.

Pre-Brexit planning

What is it? Now is the time for businesses to start planning for arrangements post-Brexit.

Who is affected? Any business contemplating setting up in the EU to mitigate Brexit's effect on their commercial operations.

When does it take place? Although Brexit is scheduled to occur on **29 March 2019**, lead times are quite considerable.

Charities and the National Minimum Wage

The National Minimum Wage has important implications for care workers who are or have been paid a flat-rate 'sleep in' shift rate or on-call allowance. Following an employment tribunal decision last year, which ruled that workers were entitled to the National Minimum Wage for sleep-in hours, HMRC is investigating charities who employ sleep-in carers, as the flat rate payment is likely to mean that care staff are paid at a rate below the National Minimum Wage if the payment is divided by the number of shift hours. HMRC is currently investigating the cost of back pay to reflect the ruling and has suspended the enforcement of the National Minimum Wage in the care sector in the meantime. But charities using sleep-in carers should review their position urgently.

National Living Wage and National Minimum Wage

The **National Living Wage** and **National Minimum Wage** rates will increase on **1 April 2018** as follows:

Category	Current rate	Rate from 1 April 2018
Age 25 and over	£7.50	£7.83
Aged 21 to 24	£7.05	£7.38
Aged 18 to 20	£5.60	£5.90
Under 18	£4.05	£4.20
Apprentices	£3.50	£3.70