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MHA MOORE & SMALLEY

Hospitality update

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Historic Lancaster hotel boosts capacity by 50 per cent following major investment

A historic hotel and bar in Lancaster city centre has increased room numbers by half as part of an ambitious expansion plan.

The Grade II-listed Royal Hotel and Bar has converted a derelict stable block to create five new luxury bedrooms, taking its number of rooms to 14.

Its owners, the Robinson family, have invested a further £80,000 to create the additional rooms, known as The Stables, based in the courtyard of the hotel, having originally purchased and renovated the building in 2016.

The Robinsons have been advised on the project by North West accountancy and advisory firm MHA Moore and Smalley, which provided advice on the acquisition of the property, accounting and financial planning.

Kim Robinson, director, said: "We took over the business, which had been declining for a number of years, scoring a very low rating on Trip Advisor. However, we saw the potential and completed an extensive renovation project to turn the business around.

"We're delighted with the latest addition and the feedback from our customers has been fantastic. They love the new décor and our friendly team make it feel like a home from home for all our guests. The hotel's rating on Trip Advisor is now in the top three, with sales increasing year on year.

"Ultimately, we're building a business to pass onto future generations of the Robinson family and we're looking forward to welcoming both locals and tourists for many years to come."

Adam Parton, partner at MHA Moore and Smalley, said: "It's always a pleasure working with Kim and her family. They have worked tirelessly to transform the business into a successful venture since taking over. This expansion shows ambition and vision to create an even stronger business for the future."

Situated in Thurnham Street, opposite Lancaster's historic town hall, the Royal Hotel and Bar is also home to the Fusions Kitchen restaurant, offering dishes from resident chef Gary Ellwood.

HMRC targets hospitality sector for minimum wage checks

All employees over the school leaving age in the UK need to be paid the National Minimum Wage (NMW). The hourly wage depends on the age of the employee and for over 25s is currently £8.21 per hour.

HM Revenue and Customs (HMRC) are carrying out increasing number of NMW compliance visits to ensure employers are adhering to minimum wage legislation and the hospitality industry is one of the sectors which is being targeted due to the number of employees in the sector who are paid around the NMW level.

NMW legislation in its most basic form is simple to implement. It becomes far more complicated where staff wages suffer deduction prior to payment for the services they receive from their employer. Examples include the provision of accommodation or cleaning of uniforms, which are commonplace in the sector and it is vital that employers are aware of the interaction of these deductions with NMW requirements.

Employers are increasingly being caught out where they make deduction from wages for costs that they may have generally thought had nothing to do with NMW, such as the repayment of a short term loan, settling of a bar tab or deductions for breakages. In some circumstances these types of transactions can take employee pay below NMW and cause the employer significant issues with HMRC.

Many NMW investigations are launched when a disgruntled employee reports their employer to HMRC and in 2017/2018 HMRC reported that they had identified £15.6 million of minimum wage arrears benefitting in the region of 200,000 employees through investigation.

If an employer is found to have underpaid NMW, even if it is due to a technicality, the penalty regime in this area is severe and HMRC also "name and shame" employers for severe non-compliance.

A PAYE audit can help highlight areas of non-compliance and help address issues before they are picked up by HMRC and all employers are encouraged to review their procedures.

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Why we insure our pets, but not ourselves

When you think about a financial plan most people will think about ways to build their wealth, be this through careful tax planning, pensions, investments or a combination of these. But few think about protecting the wealth that they have worked so hard to build up.

In a UK-wide study carried out by insurer Legal & General, it was found that the average employee would be on the breadline in just 32 days if they lost their main source of income due to death of spouse, critical illness, accident or other illness resulting in being off work.

The same study found that a quarter of us would have completely exhausted our savings in one week or less if we found ourselves in this situation. For those lucky enough to have savings which could support them longer than this, they may be compromising the quality of their life in retirement, forfeiting early retirement, using money intended to help children onto the property ladder or leaving legacies to grandchildren.

With all this in mind, it seems strange, therefore, that we have no problem insuring our cars, valuables and pets, yet we view insuring our own lives as a lesser importance.

There are a number of reasons why this is the case and some of it comes down to what psychologists call "optimism bias".

Optimism bias is described as the enduring, against-all-odds belief that, on an individual level, things are going to work out. It is believed that this mindset stems from the human desire of control; in particular, to feel that you have control over your life, and is reported to affect over 80% of us, regardless of age or gender.

This feeling is coded within the brain's frontal lobe, which has led some experts to conclude that optimism bias is essentially a form of survival instinct. As you can imagine therefore, it can be very uncomfortable for us to challenge this instinct and, sadly, it often takes us, or someone close to us to go through a significant negative life event (e.g. death, critical illness, loss of income), in order to break this mentality.

So how can we protect ourselves from the pitfalls of an overly optimistic mindset, without becoming an outright pessimist?

In her 2012 TED Talk, Tali Sharot (professor of cognitive neuroscience at University College London) explains that, although on balance optimism bias can be a good thing (after all, there is a wealth of research which shows that adopting a positive mindset can be linked to increased life expectancy, improved recovery from illness, etc), we should not be ignorant to the "cognitive illusions" that our brains like to create. Simple acknowledgement of these biases, according to Sharot, is the first step in protecting from their harms.

From here, many academics recommend that building a diverse 'sounding board' of trusted individuals within our lives can help us attain a more objective viewpoint at times when our own biases may cloud our judgment. As well as friends and family, this inner circle should be populated with a number of professional advisers (such as an accountant, financial adviser and/or solicitor), who may be able to offer enhanced impartiality when it comes to significant personal and/or financial decisions.

To conclude, although it is believed that optimism bias does generally deliver good personal outcomes, these positive outcomes could be further enhanced by acknowledging our weaknesses and building defences in the areas we are most vulnerable.

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MHA Moore and Smalley targets Manchester growth with new office and senior hires

The firm, which announced a record turnover of £17.77m in June, has taken offices overlooking St. Peter's Square at 80 Mosley Street in the heart of Manchester.

The office will be led by new partners Andrew Feeke and Colin Abrahams, and new corporate finance director Simon Carruthers. All three have joined from Baldwins' formerly CLB, Manchester office. The trio will be supported by experienced PA, Helen Bowker.

Graham Gordon, managing partner of MHA Moore and Smalley, said: "Manchester has long been part of our strategic growth plans and we've been testing the market for some time, using serviced offices to support our clients in the region.

"We felt this was the right time to take on our own Manchester address and we're thrilled to have brought in three incredibly experienced professionals in Andrew, Colin and Simon to lead our Manchester team.

"The growth potential for us lies in our specialist services that can help business owners plan for the future. This includes business growth consultancy, corporate finance advice, cross-border tax and VAT advice, and our established digital accounting offer."

Andrew Feeke added: "MHA Moore and Smalley has a strong identity and a culture that's all about helping staff and clients to grow. We're thrilled to be joining the firm at this point in their growth cycle and proud to have been entrusted with helping build a full-service team in Manchester focussing on advising entrepreneurial businesses across the North West."

Andrew, who was Baldwins' managing partner in Manchester, has had a number of senior roles at CLB Coopers over the last decade. Colin, former tax partner at Baldwins, has over 30 years' tax experience following senior roles at CLB Coopers, Baker Tilly and Price Waterhouse. Simon had been at Baldwins and CLB Coopers since 2014 and before this spent more than 20 years in various corporate advisory roles at Grant Thornton.

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