

# ONYX

## ACCOUNTANTS

and Business Advisors

### Case Study: Manufacturing and Engineering

TO PROTECT CLIENT PRIVACY  
BUSINESS NAMES HAVE BEEN  
REMOVED BUT CAN BE PROVIDED  
UPON REQUEST.



# ONYX INTRODUCTION

We are a Midlands accountancy practice with offices based in Aston, Birmingham and Tettenhall, Wolverhampton. As accounting and business advisory specialists we do more than taking care of the finances.

Our primary focus will be on understanding your business and its operations in order to ensure we account for the business correctly. We believe this ensures that as your finance partner, we provide you with financial information that help you make more informed decisions for your business or individual needs. Our support services take care of your day-to-day finances, and our business solutions help to secure control and understanding of your company.

Start-up and Established SME businesses all have different service and support requirements which alongside compliance work can include regular reporting of your numbers, outsourced bookkeeping and payroll services, so whether you would like support with your internal finance team, or take complete control of your finance function, we will tailor our services to work for you.

## Issues that were faced by client prior to joining Onyx:

- Accounts were not prepared in a timely manner
- Minimal time to digest accounts and set aside monies for tax
- Accounts were quite complex and seeing the accountant at year end was painful
- Banks were requesting accounts for funding and working capital but reporting was poor
- VAT registration was completed in house however many mistakes were being made leading to incorrect VAT returns and misreporting of EC VAT
- Payroll and Pensions were becoming burdensome and problematic when the internal resource was off work and payroll was not completed on time
- The In-House finance team completed processing however were a little inexperienced so having accurate P&Ls was difficult to establish
- Accounting systems and processes needed reviewing due to the growth and complexity of the business
- Awareness of turnover, profit margins and business performance during the year was difficult due to WIP and balance sheet management. This affected the ability to understand breakeven
- Did not feel they had enough financial control in year to enable better decision making
- Did not have business paid personal financial protection in place

# CLIENT INTRODUCTION

From their manufacturing facility in Birmingham, UK, our client has been supplying bespoke & standard cutting tools to industry for over 50 years.

They offer precision grinding, milling, turning, wire erosion & years of experience designing, manufacturing & regrinding precision cutting tools in tungsten carbide & HSS. In particular they also service motorised tools for the Equine Industry

## ONYX SERVICES PROVIDED

- Statutory Accounts and Corporation Tax Returns
- Self Assessment for Directors
- Payroll, Pensions & VAT
- Monthly Financial Reporting
- Business Advisory Services
- R&D Tax Credit Claims

### Statutory Accounts and Corporation Tax Returns

- Standard preparation of accounts
- These are produced in a more timely manner due to the preparation of monthly management accounts
- Working Capital ratios were considered that meant Credit Checks and scores were aligned to bank lending criteria

### Self Assessment for the Directors

- More enhanced remuneration planning around salary and dividend
- Saved over £15k per annum in NI savings
- Saved over £23k across three Directors in personal tax

## VAT and Payroll

- Moved payroll to outsourced function and made savings by shifting process to 4-weekly from weekly saving admin time and making HMRC reconciliations far easier to manage
- VAT was more accurately analysed and calculated with better time to plan for the liability. A weekly amount to set aside was established meaning funds for VAT were set aside

## Monthly Financial Reporting

- Main progress early days was establishing a P&L that clearly outlined Gross and Net Profit Margins relevant to manufacturing and more specifically to this business
- By having a clearer understanding of overheads we were able to analyse and establish breakeven points both on sales based on targeted margins
- Helped the director to prepare a budget for the coming year. This helped to ensure that the company had set goals that they wanted to achieve and helped to show the director how his vision would shape the company's financial future
- On-going monthly reporting of actual performance Vs budget is then used to track the progression through the year giving finance driven actions to show variances in over/under performance in all areas of the profit and loss
- Preparation of balance sheet reconciliations for the management accounts on a monthly basis. These are often overlooked by clients as they are not traditionally a client facing element of the management accounts. They are however essential for any company that needs to be able to rely on this information for internal and external purposes (e.g. acquiring finance). The reasoning behind this is that these reconciliations substantiate asset and liabilities and if this is reviewed can give confidence to directors and funders over the fact that there is control on not only the performance of the business but also its financial position

## Business Advisory Services

- Due to the high level of involvement in early stages of our relationship with the client and budgeting process, we were able to support directors with admin team structure advice, operational headcount levels based on target efficiencies and purchasing strategies based on obtaining decent cost of sale margins

## R&D Tax Credits

- We facilitate the preparation of R&D claims. As we are responsible for the preparation of payroll we are able to help with the preparation of headcount costs and advice on what proportion of cost can be allocated to R&D
- We were able to obtain summaries of the relevant expenditure for the system and provide this to the director for final commentary before being provided to our tax partners who handle the calculations behind the claim
- For this client we have claimed enhanced expenditure in excess of £500k giving an expected tax saving of £95k

## Summary of Outsourcing Benefit

- By having outsourced services all housed with Onyx it makes it easier for the director with a one stop shop having set points of contact, knowing that work gets done.

Here at Onyx you can be assured in the knowledge that you have your own dedicated team to cater to your every need and query as a client.

Your team will be led by a fully qualified ACCA accountant who operates their own team consisting of a Client Manager and an Accounts Assistant. This allows you to have peace of mind that your work will be completed accurately and on time.

## CLIENT'S ONYX TEAM



**Jaysel Palmer**  
Client Advisor

Jaysel has been with Onyx Accountants since August 2015. As a Client Advisor, and having studied Accounting & Finance at Coventry University achieving a 1st Class Honours and ACCA qualified, his expertise lies in Management Accounts, Personal Tax, Year End Accounts & Corporation Tax and he is now venturing into the complexities of R&D. Jaysel will be in charge of overseeing the accounts work the Client Manager has produced and signing off and submitting any accounts work.



**Neneh Badhan**  
Client Manager

Neneh joined the Onyx Team in 2016, starting as an apprentice and working her way up to the current role as Client Manager. Neneh will be the main point of contact for the client, and will oversee the completion of the day to day bookkeeping completed by the assistant. She will also complete tasks such as VAT returns and also prepare annual and management accounts.



**Alex Withey**  
Accounts Assistant

Alex started with Onyx in November 2020 as a Level 3 Accounts Assistant Apprentice. Alex's role will be to complete any bookkeeping requirements for the client such as bank reconciliations and wages journals.

# CLIENT INTERVIEW

We do not expect you to just take our word for the great work we do for our clients. We conducted an interview with our client and here is what they had to say about the services Onyx have provided them.

1. How long have you been with Onyx?

We have been with Onyx since around 2008.

2. What do you like about Onyx?

Very good knowledge and support. Easy to contact and discuss problems with.

3. What made you choose Onyx over the other options?

We were introduced through our Lloyds Bank account manager at the time due to financial issues.

4. How can Onyx continue to benefit your business in the future? (Any upcoming projects?)

Growth acceleration and R&D funding access due to market demands.

5. Is there a member of staff you feel has gone the extra mile to support you and why? (Only add if you feel like there is)

Neneh Badhan and Jaysel Parmar.

## Advisory Support Services

1. How accessible do you find the team at Onyx?

Very accessible.

2. Do you feel the advice that you get is understandable?

Yes, information given to us is understandable and easy to digest.

3. When you have had HMRC issues how has Onyx supported you and were you happy with the stresses taken away from you?

We have not had any direct issues with HMRC, but Onyx have made dealing with them very easy and manageable. Especially now with R&D reclaims.

### Payroll Service

1. How has outsourcing your payroll to Onyx impacted the administration of your business?

Mostly due to the complexity and knowledge needed to run tax information and NEST pension schemes.

### VAT Services

1. Do you feel you understand your VAT situation, and has Onyx submitted your returns on time and taken advantage of any changes to your businesses benefit?

Just about. Not meant in a detrimental way to Onyx but I don't think I will ever fully grasp VAT it is just money passing through the company from my position and it is nice having someone doing the hard work for us.

2. How have we helped you with VAT and do you feel your understanding of VAT is better?

Just ensuring all monies are correct. Recently with our new Belgium VAT registration also setting up the correct VAT codes to ensure TAX is not paid twice and incorrectly.

3. Do you feel more reassured that should HMRC enquire that Onyx will have it all in hand?

I would hope so. I think we have worked hard to have all information correct and I think we are in a position to handle a HMRC enquiry.

## Auto Enrolment

1. How have we helped you and your business in ensuring the admin and compliance of the auto enrolment process has been adhered to?

Onyx have taken on the whole process which has been a great help.

## Outsourced Bookkeeping Questions

1. Do you feel Onyx has helped you improve your bookkeeping processes either through advice, training, and better systems or all of these?

Yes, very much so. Working with Neneh has been a great help.

## Financial Management Questions

1. How has having access to monthly/quarterly management information impacted your business?

These reports have given us a very good understanding of margins and performance of the business.

2. How does having access to these reports influence decision making in your business?

It has helped a lot with recruitment, machine purchases and raising finance.

3. How has having unlimited access to our team for any transactional support impacted the running of your business?

It has been a great help to have access to a good team that respond quickly to situations or problems we have.

At Onyx our mission is to help you to understand your finances at every level with a very personal tailored approach. We do not consider ourselves as the classic belt and braces accountant that you see once a year to simply hand over paperwork. We are here to support you 365 days a year, not only with the classic accountancy services but also with a range of business support services which would offer considerably benefit.

If you feel your business would benefit from the services Onyx has to offer, we can arrange for you to have a free no obligation consultation with a member of the team.

To arrange your free no obligation consultation please call us on 0121 753 5522 ext 202 or 01902 759 800 ext 202, or alternatively you can email us at [enquiries@onyx.accountants](mailto:enquiries@onyx.accountants).

**Find us on social media! Search Onyx Accountants**

