ISSUE 7 | Summer 2009

Simpkins Edwards

CHARTERED ACCOUNTANTS

BUSINESS ADVISERS

TAX CONSULTANTS

Addition

Adding value to our client services

MAKING A LOSS?
Take action now!

THE REALLY BIG QUIZ
A huge success

CLIENT FOCUS:
Hunter Stoves

REVIEW YOUR PENSION

GET TAX CREDITS AT 175%

GOING CONCERN

MEMBER FIRM ICAEW

INVESTOR IN PEOPLE

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FROM THE TOP!

As I start to consider what to write, there are politicians campaigning outside my window to vote for them in the forthcoming European Elections. Quite frankly, I'd be surprised if many people turn out to vote, as a vote is normally an indication of trust, something that appears to be lacking in politicians at the present time with each day producing new shocks with the MP's expenses debacle!

Virtually every client – advisor relationship is built on trust, as are most business relationships of any kind. Would you do business or seek advice from someone that you didn't trust? I doubt it very much. A recent staff conference reinforced to me the breadth, depth and massive wealth of experience that the partners and staff of the firm have to offer to our expanding client base. This is probably why we are the "trusted advisor" to so many businesses and individuals in the south west.

We have clients with such a wide variety of interests (as you would expect when they range in age from 17 to 101) that we've tried to include a diverse range of articles in this issue of Addition, from generating revenue from 'The Revenue' on page 4, to pension contribution changes on page 6, to the new time limits and stringent penalties on page 8 for those companies that fail to meet filing deadlines. Hopefully there is something of interest in here for all of you.

As well as being interesting, I hope that you find this issue of our newsletter informative and stimulating. As always, if you would like to comment or need clarification or further information on any of the topics, please use the feedback form enclosed or speak to your "trusted advisor" as you would normally or to any of the contacts listed on the left.

Jon House,
Partner

“Going....going....concern?

We are all aware that the current economic climate is affecting access to credit for many businesses. The Financial Reporting Council has recently issued guidelines to directors of small companies suggesting that they take greater care in determining whether they should prepare their annual accounts (often using the FRSSE – Financial Reporting Standard for Smaller Entities) on a going concern basis and whether they need to make additional disclosures in those annual accounts.

The Companies Act 2006 and our UK tax regime require preparation of annual accounts that give a true and fair view. In so doing, directors are required to decide if it is appropriate to prepare them on a going concern basis. As the term suggests, it is based on the entity continuing to trade for the foreseeable future.

The FRSSE provides that accounts shall not be prepared on a going concern basis if the directors determine that they intend to cease trading, or that they have no realistic alternative but to do so. In practice, it is very rare for accounts not to be prepared on a going concern basis - any other basis (e.g. realisation) may necessitate stating some items, such as fixed assets and stock at a forced-sale value which would be considerably less than the going concern in-use value.

Assessment of the use of the going concern basis requires judgments to be made about future events which are inherently uncertain. As FRC state, “Those judgments are valid only at the date of approval of the annual accounts. The fact that

directors prepare accounts on a going concern basis is not intended to and does not guarantee that a company will continue in existence until the next annual accounts are published or even until the next balance sheet date.

Doubts about the ability of a company to remain as a going concern do not necessarily mean that the company is, or is likely to become, insolvent.” The guidance suggests key procedures that directors may wish to carry out:

- Produce a budget, trading estimate, cash flow forecast or similar for 12 months forward with suitable sensitivity analysis
- Identify and appraise the most significant assumptions that underlie their forecasts;
- Consider the impact of reasonably possible adverse changes in these assumptions
- Discuss with their bankers and other lenders whether it is reasonable to assume that loans and/or overdrafts will continue to be available.

Directors then assess all the information that they have obtained, make and document their decision on whether to use the going concern basis and assess the need for disclosures about uncertainties in their annual accounts. The extent of the procedures undertaken by directors will depend on the individual company’s specific facts and circumstances. For example, directors of a company with significant borrowings and uncertainties about future sales will need to conduct significantly more analysis than for a company with substantial cash balances and a committed order book.

In all audit cases we will need to be presented with such evidence to consider. Clients below the audit threshold and non-corporate entities will also need to consider the impact of this guidance.

In these economic times, it is good business practice to develop such plans and our corporate finance team led by Adrian Hemmings in our Exeter office will be pleased to assist. We realise that many businesses will seek to keep professional costs to a minimum, but can you afford to stint on procedures that may assist in its very survival?

Making a loss?
Take action now to generate revenue from 'The Revenue'!

Remaining profitable in the current economic climate can be difficult, particularly for small and medium-sized enterprises. Indeed, if sales have slipped and your overheads have risen, you may be making a loss.

Taking immediate action can help to prevent a further decline. The following steps may help your business climb out of the red, but remember; there is no substitute for one-to-one professional advice.

Review your VAT position

Where your turnover has dropped below £65,000 for the last 12 months, consider deregistering for VAT. This will not suit all businesses, but those who sell directly to the public may well gain a competitive advantage by being outside the VAT net.

Finalise your accounts

Quantify the loss as soon as possible by finalising your accounts for the loss-making period. Once you have a definite loss figure you should be able to set this against your profits for the previous accounting period to generate a tax reduction or even a repayment. If the loss exceeds the previous year's profits you may then be able to carry the excess back up to a further two years. However, this does depend on a number of factors. It may also be possible to change your accounting period slightly to accelerate the tax relief available for your loss.

Revise your Income Tax payments

Self-employed traders making losses should apply to HM Revenue and Customs (HMRC) to reduce their next Income Tax payment, due on 31 July, to nil. Please contact us to check your loss position before you do this, as there are penalties for inappropriate reductions.

Consider a payment plan

If you are experiencing difficulties in finding the cash to pay PAYE, VAT or any other business tax, contact the HMRC Business Payment Support Service to arrange a payment plan. It is important to do this before the tax becomes due, as once overdue, a different regime applies.

Claim R&D Tax Credits

If your company is undertaking Research and Development projects (R&D) you could get HMRC to repay some or all of the PAYE and NI you have paid for your loss-making period. You will need to submit a claim for R&D Tax Credits, but we can assist you in this matter.

Don't forget capital allowances

Some companies may also be able to claim a repayment of PAYE and NI where the loss is due to the purchase of energy-saving equipment that qualifies for a first year 100% capital allowance.

However your trading loss arose, the best policy is to act quickly to reduce your business tax payments and generate tax refunds. We can help you review your tax position for any repayment opportunities. We can also help you identify and eliminate other areas where your business may be leaking profits, so contact us today to help put your firm back on the road to recovery!

Intestacy – new rules for 2009

The Ministry of Justice has announced an increase in the amount of the statutory legacy on intestacy for England and Wales. The statutory legacy is the amount which an individual is entitled to receive from the estate of their husband, wife or civil partner where the individual has not made a Will.

From 1 February 2009 the statutory legacy is as follows:

- £250,000 (from £125,000) where there is a surviving spouse or civil partner and children
- £450,000 (from £200,000) where there is a surviving spouse or civil partner and parents or siblings, but no children.

These statutory limits only apply in certain circumstances. Different rules also apply in Scotland and Northern Ireland.

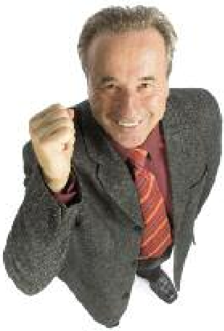
Please bear in mind though that it is far easier to avoid intestacy in the first place by making a Will, and reviewing it periodically. Simpkins Edwards can help you review your Will if necessary.

If you have any queries regarding Inheritance Tax or the intestacy rules, please contact Chris Bowker on 01392 211233.

Agency workers gain equal rights

From 27 October 2008, agency workers on contracts of less than three months' duration are entitled to statutory sick pay under the Fixed-term Employees (Prevention of Less Favourable Treatment) (Amendment) Regulations 2008.

Previously, employees under fixed-term contracts who were employed through an agency had a different entitlement to statutory sick pay in comparison to other workers.



Small business rates: don't pay too much

Small businesses may be missing out on a reduction in their business rates.

The small business rate relief scheme (SBRR) can reduce business rates by over 50% if the business property has a rateable value of less than £5,000.

In just one example a business using a property with a rateable value of £6,000 would pay £2,772 in business rates but with relief under the SBRR it would pay £1,648.80 - a reduction of just over 40% from the original bill.

Businesses can now make one application to cover all the years from 2007/08 to 2009/10 and may reclaim any excessive business rates paid in those earlier years.

Claim forms may vary under different billing authorities and some forms have yet to be updated to show the extended SBRR claim deadline, which is now 30 September 2010 for the current valuation period.

Is it time to review your pension contributions?

With some reports suggesting that millions of pounds have been wiped off the value of the UK's pension pot, sound planning is essential to achieving your desired standard of living in later years.

Those making regular contributions into a personal pension scheme should review how much is actually ending up in the scheme which will be invested for your future pension.

The reduction in the basic rate of Income Tax from 22% to 20% for 2008/09 resulted in a corresponding reduction in the amount that can be reclaimed from HMRC by the pension trustees. This means that in order to maintain the same gross input to your pension scheme your net contribution would need to be increased accordingly.

For example, in order to maintain a gross input of £600 a month, the net contribution would need to rise from £468 to £480. At the same time, for 40% taxpayers, higher rate tax relief will balance things up – the additional £12 going into your pension scheme will be matched by an additional £12 of higher rate tax relief through your PAYE code, or when we complete your self assessment Tax Return.

For the employed, getting your employer to make contributions directly into your pension scheme can be more tax efficient than making your own contributions.

If you are already over the pensionable age set for your particular pension scheme, which may be only 50 years (55 from 6 April 2010), you can withdraw a tax-free lump sum of 25% of your pension fund.

You don't need to retire to start to draw on your pension fund. You can also carry on making tax efficient contributions to other pension schemes, possibly with the same company, until you reach age 75.

Tax relief limits for high income individuals

With effect from 6 April 2011 the Government has announced its intention to restrict higher rate relief on pension contributions for people with "relevant income" above £150,000. Ahead of this, anti-forestalling provisions have been introduced, effective 22 April 2009, to restrict higher rate relief on pension contributions above £20,000 unless regular.

The definitions of "relevant income " and the definition of "regular" needs to be understood. At the moment the proposals catch anyone with relevant income above £150,000 in 09/10 or either of the previous 2 tax years. "Relevant income" catches all income including bonuses, dividends and rental income. The definition of "regular" means at least quarterly payments so the self employed paying single premiums appear trapped. Many people will be caught be these definitions including Doctors, Dentists and company Directors. The contributions paid by a company are included in the £20,000 limit for many. A special annual allowance charge to tax could arise. Advice is definitely needed if a surprise tax liability is to be avoided.

If you are considering any of these actions please take advice before you act! Strict tax rules apply when both withdrawing from and paying into pension schemes in the same tax year, so its always best to talk to us first.
Contact Aquila Financial Management on 01392 411159

Charities feel the pinch

Reductions in voluntary donations, uncertainties over local authority funding streams and the volume of corporate giving make these worrying times for trustees of our clients in the not-for-profit sector.

Those with trading outlets are experiencing difficulty in obtaining saleable stock as potential donors seek to get some personal funds back by trading items on e-bay, whilst charities with fee-paying services also express concern not only over affordability issues for their users (e.g. independent schooling) but remain wary of the Charity Commission's expected report on public benefit assessment – a debate we are monitoring very closely.

Future reduction in tax recoveries under the Gift Aid scheme, coupled with significant falls in investment portfolios and interest / dividend yields mean that Trustees need to review operations carefully, perform internal audit checks of cost-effectiveness where necessary and ensure as much funding as possible is obtained from all income sources.

Estimates from IFA promotion indicate that £936m could be channelled from Treasury coffers into the sector if more people used tax-efficient methods, such as Gift Aid or Payroll Giving, to make donations.

Accounts already prepared and/or audited by our specialist team for clients with December or March year ends confirm some of our worst fears for the sector and guidance on going concern issues (as reported elsewhere for SMEs) is just as relevant for Trustees in this sector.

Fund raising staff are coming under great pressure, as are investment advisers, the numbers of paid personnel employed and consideration of service level promises for users of the charity.

To discuss any of these issues, call John Coombs or Ken Brimacombe in our Exeter office.

Egghead beats the business boffins in The Really Big Quiz

The Really Big Quiz was won for the second year running by a team boasting a true 'egghead'.

CJ de Mooi, the professional quizzer and a member of the BBC show "Eggheads" led the Ant Hill Mob team to victory on 29th April at the Corn Exchange which attracted 48 teams of five drawn mostly from the Exeter business community. They triumphed over teams from NPS (2nd) and Gilbert Stephens Solicitors (3rd).

Simpkins Edwards partner John Coombs said; "As usual we had a wonderful evening which was attended by the Lord Mayor. There was a lot of laughter as well as head-scratching in a very competitive quiz.

The Ant Hill Mob appears to be a class apart so we may have to think about a handicap for past winners next year!"

Lord Mayor Paul Smith was presented with a cheque for £2,225 at the start of the evening with a raffle and charity auction contributing a further £1,150 towards his chosen charity, Southbrook College, the specialist centre for cognition and learning.

Next year's quiz is Wednesday 5th May 2010, if you are interested in entering a team, please e-mail sroberts@simpkinsedwards.co.uk to be added to our mailing list.

Increase in late filing penalties

First introduced in 1992, late filing penalties were intended to encourage directors of limited companies to file their accounts on time for the purpose of public records.

However, from 1 February 2009 the penalties for filing accounts late at Companies House are to be greatly increased. Further penalties will also arise for companies who file more than one month late. The penalties are as follows:

How late are the accounts delivered?	Penalty Private Company	Penalty Public Company
Not more than 1 month	£150	£750
More than 1 month, but not more than 3 months	£375	£1,500
More than 3 months, but not more than 6 months	£750	£3,000
More than 6 months	£1,500	£7,500

Where the previous financial year's accounts were filed late (and that previous financial year had begun on or after 6 April 2008), then the penalty will be double the figure shown in the table above.

Shortening of filing dates

Meanwhile, dates for filing accounts at Companies House have also been changed. In respect of accounting periods beginning on or after 6 April 2008:

- For private limited companies, the date by which accounts have to be filed at Companies House is reduced from 10 months to 9 months following the accounting reference date.

If you would like more information on any of these changes, please contact us.

Increase in statutory holiday entitlement

On April 1 2009 the statutory holiday entitlement rose from 4.8 weeks (24 days) to 5.6 weeks (28 days) for employees who work a five day week. The new entitlement, which is the second stage of a two-phase increase, will also apply to part-time workers on a pro-rata basis.

Days off for public or bank holidays may count towards the minimum allowance, providing that they are treated as paid leave. However, from April 1 2009 payment in lieu will not be permitted. Depending on the employment contract, payment in lieu of any leave above the statutory entitlement is allowed.

As the increase in holiday allowance is a beneficial change for workers, the Government has confirmed that employment contracts will not need to be reissued. However, businesses should inform staff of the change through some form of written communication.

Is your company "associated"?

The rate of Corporation Tax your company pays depends not only on the level of profit it makes, but also on the number of companies that are "Associated" with it.

This measure was introduced by HMRC to prevent profits being spread through a number of entities in order to take advantage of the more favourable, small companies rate of Corporation Tax.

In essence if separate companies are owned or controlled by persons who HMRC considers to be "Associated" then the amount of profits that each company can earn at the small companies rate of 21% is reduced pro rata. i.e. where two companies are "Associated", each can earn up to £150,000 at the 21% rate. (£300,000 divided by the number of associated companies).

What is an "Associated Company"?

The number of Associated Companies may not be obvious. Your company is associated with all the companies you control, and all of their controlled subsidiary companies.

It is also associated with all of the companies controlled by your spouse or civil partner and may include those controlled by other relatives and certain trusts where there is a commercial dependency.

The removal of "Associated" status on April 1 2008 between companies controlled by your business partners and your own company may still affect the corporation tax due for periods before this date.

Who had control?

To correctly calculate the Corporation Tax payable by your company, we need to know whether your spouse or civil partner controls any companies, even if such businesses operate in a completely different trade sector.

If your relatives control companies that your company does business with, or has lent money to, we need to check whether those businesses are closely tied in to your company.

If you run several trading companies you risk pushing up your own corporation tax bill by having a number of associated companies. However, you may be able to save tax by running the different businesses as divisions of one company.

If you wish to discuss these options in more detail, or would like further advice on Corporation Tax, please contact Jean-Paul Quertier.

Get Tax Credits at 175%

Small and medium-sized enterprises (SMEs) can now benefit from important changes to Research and Development (R&D) Tax Credits, which came into effect on August 1 2008.

As announced in the Budget, but subject to State Aid approval, the changes mean that SMEs can now claim R&D Tax Credits on 175% of their investment (up from 150%). This means qualifying companies are able to claim a share in a pot estimated at approximately £300 million.

The size of company that can qualify for tax relief has also been raised from 250 employees to up to 500 employees, with the associated limits on balance sheet value and turnover also doubling.

And now for the good news…

Despite rumours to the contrary, there was some good news in this year's budget. You just had to look very closely to find it!

To encourage larger businesses to spend money on plant and machinery 40% (previously this was only 20%) of the cost can be written off against profits until broadly the end of March next year. This is after the automatic 100% relief on up to £50,000 of expenditure on plant and machinery, which helps small and medium sized businesses.

Businesses which are making losses and struggling with cash flow might be helped by being able to set up to £50,000 of losses against earlier years profits resulting in a tax repayment going back up to three years. This has been extended for losses up to 23 November 2010 for companies and 2009/10 for unincorporated businesses.

For individuals with incomes over £150,000 and for discretionary trusts, all of whom will suffer from an increased tax rate from April 2010, there may still be ways to mitigate the impact of that increase in the right circumstances.

There was not any change to the rate of capital gains tax of 18%. At a time when asset values are depressed it it well worth revisiting your estate planning and consider gifting assets which previously had a large tax bill on them.

First time buyers of residential property have been busier recently due to the reduction of property prices and the temporary increase in the stamp duty threshold to £175,000. This will stay at £175,000 until 31 December 2009 before it reverts to £125,000.

Higher rate taxes can be reduced by regularly transferring savings into ISAs. Over time, quite large income and capital gains tax free pots can be built up. From 6 October 2009 for the over 50's and 6 April 2010 for the rest of us, the maximum annual contribution limits are increasing to £10,200 for ISAs and £5,100 for cash ISAs.

The availability of Agricultural property relief for Inheritance tax (IHT) available on UK only property breached EU rules, so the relief has retrospectively been extended to all European Economic Area (EEA) farms. This may help your IHT position moving forward if you own land abroad, or may allow a tax refund if in recent years you inherited from an estate which paid IHT and held a farm in the EEA.

The special rules which gave trading treatment to UK furnished holiday lettings (FHL) were also in breach of EU rules. Although the special treatment has been extended to all EEA FHLs for 12 months, after this the special reliefs for FHLs will be abolished altogether!

This gives a short period for retrospective claims if sales of some overseas FHLs took place in recent years which might result in tax repayments. It also gives a short period to look at what to do for the future and consider the tax consequences for sales or gifts while the rules still exist.

For a full budget report, please visit our website **www.simpkinsedwards.co.uk**

Environmental incentive - Check your company car

The 2008 Pre-Budget Report confirmed changes to the way that businesses receive relief for the cost of vehicles through capital allowances. The new rules, which are effective from April 2009, could have significant implications for firms that include company cars in employee remuneration packages.

The change now bases taxation on environmental impact rather than price - the lower the emissions, the lower the tax liability.

However, the fact remains that there is an emotional input in selecting the vehicle you want to drive or how the vehicles you supply your staff reflect on your business. Add in some differences between petrol and diesel vehicles and there are still some complex calculations to be made to establish the best mode of ownership – purchase or leasing.

The new regime applies to cars purchased from April 1 2009 (April 6 2009 for unincorporated businesses). There are also new rules applying to selling off company cars and car leasing.

For information and advice on tax-efficient business motoring, please contact us.

Tax Credits - Are they working?

If you've been laid off from work, do you know how it affects your Tax Credits and what action is required to keep your Tax Credits up to date?

If you've been in receipt of Working Tax Credits and have recently been "laid off" you will need to let the Tax Credit Office (TCO) or your Simpkins Edwards advisor know your change of circumstances immediately. Otherwise you may receive more Tax Credits than you are entitled to and be liable to repay any overpaid amounts back to the TCO.

What does "laid off" mean?

HMRC define this as follows: "being laid off means that your employer does not provide you with work". This could be a temporary or permanent arrangement and it may be that your employer cannot immediately tell you for how long you may be without work.

Please note that if your hours have been reduced and you are still working you have not been laid off.

Your Tax Credits may be affected by this reduction in hours depending on your personal circumstances. You should contact either your advisor at Simpkins Edwards or the TCO helpline immediately to inform them of any change in working hours.

If you are in doubt please contact us directly. Not reporting a change within the stated time limits can lead to a loss of tax credits, overpayments and a penalty being imposed.

CLIENT FOCUS: Hunter Stoves

Business success is going up in smoke

An unsung South Devon business is enjoying huge success by bringing that warm, glowing feeling in to the living rooms of Britain – and Europe for that matter.

Based at Stoke Canon near Exeter, Hunter Stoves is one of the UK's leading stove and central heating manufacturers designing and manufacturing hundreds of wood burner and accessory products in a variety of configurations and specifications.

The business was bought by financial director Paul Grimes and sales director Steve Clatworthy in 1996 and is now managed by them with co-director Tony Murch who oversees production. Since then, Hunter has seen a remarkable transformation from a £100K annual turnover company to one that is forecasting £10 million in sales by next year, with further growth to come.

Paul Grimes said: "Our core business is supplying the UK retail sector but our markets are expanding. We do a lot of business in Ireland with France, Spain and Portugal as strong emerging markets.

"We have also developed products specifically aimed at the Scandinavian market and we are the first British company to achieve the Nordic 'Swan Mark' for our products, one of the most demanding eco-accreditations there is."

After a tough start where just six people were keeping the Hunter name going, the business now employs around 50 full time staff in production, sales and design and has peaked at over 90 employees when sales boomed in 2008 following the fuel crisis and consumer concern regarding upwardly spiraling energy costs.

Fortunately for Hunter, the surge in enquiries and sales has not fallen off and the business turned out some 20,000 stoves last year.

Paul Grimes continued: "The recession has had an impact on us but this has been outweighed by the positive consequences of the fuel crisis and the upturn in interest in sustainable heating and renewable energy.

"Underlying our success, however, is continual investment in research and development alongside the quality assurance we can offer because we rigorously test all our products in-house before they go to independent testing houses.

In this way, we can assure our retailers and consumers that they can have the utmost confidence in our products in terms of design, functionality, safety and cleanliness."

Hunter has a dedicated, seven strong, design team based at Camelford which is continuously engaged in R&D, the manufacture of prototypes and testing of products.

"We have pioneered many designs and techniques which competitors attempt to emulate but cannot reproduce the quality that derives from in-house expertise. For instance, we have developed a patented Tripleburn technology ensuring that fuel is burned efficiently with three air streams guaranteeing a clean, fume-free burn. Even our glass door is self-cleaning."

Hunter expects to double its turnover in the next decade to £20 million as it opens up new European markets and with North America very much in its sights. Demand continues to grow in response to consumer desires for sustainable and renewable products and the word is spreading fast that in terms of efficiency, the output of modern wood burners is far exceeding people's expectation.

Continued success means that Hunter Stoves' expansion plans involve relocating to a purpose designed and built facility in the next few years.

Paul Grimes concluded: "When we look back, we certainly had no idea of the true potential of the business when we acquired it in 1996. We are very grateful to Simpkins Edwards for the support they have shown us through those years.

They offer a solid, competitive and professional service across all our business needs and have always been able to field the right team for the right job. They have been perfect for us."

More information on Hunter Stoves is available by visiting www.hunterstoves.co.uk

Paul Grimes and the back office girls

Avoid pricing pitfalls

Setting the right price is always a challenge, and this is especially so in a recession. Decreasing demand, excess capacity and greater price sensitivity all conspire to drive prices down. However, simply cutting prices to attract more sales can often prove counterproductive.

Help your business navigate the pricing pitfalls with these do's and don'ts:

DO: Consider the whole picture
Profit margin should not be the sole driver of pricing decisions. Too many firms fail to account for the effects of price on volume and of volume on costs. In a recession, trying to recover these costs through a price increase can be fatal.

DO: Adapt to changing customer needs
The best companies are continually assessing how changes in the economic climate are affecting their customers. Market research or direct customer contact will enable a quick reaction and appropriate price revision.

DO: Adjust your sales goals
Sales targets set during an economic boom will soon become outdated when a recession hits. Slashing prices may encourage spending in the short-term but it may be difficult to recover margins when the upturn starts. Look at revising sales expectations and setting more achievable goals.

DON'T: Make impulsive pricing decisions
Responding to volatile conditions with impulsive price reductions could have the negative long-term effect of devaluing your image in the marketplace. Panic pricing may also erode customer confidence in your firm. You need to understand why sales have dropped and to be clear how much impact a price change has on demand.

DON'T: Automatically discount products or services in order to compete
Entering into a price war with your competitors – without adjusting the value of the product or service – will erode your profit margins.

DON'T: Reduce prices on high-value products
Resist reducing higher-priced products and services. Focus on selling more low-value items. Creating a range of low to high value offerings will appeal to both cost-conscious and value-conscious customers without cutting prices.

Help your business navigate the pricing pitfalls with these do's and don'ts:

HMRC announces second offshore tax campaign

HMRC has confirmed it will embark on a second campaign to target offshore bank accounts. The Offshore Disclosure Facility (ODF) will pursue account holders with money in building societies and any of the 300 UK-based banks that have offshore operations. The Revenue will then write to individuals directly asking them to pay tax on any undeclared income.

It is thought the penalty will be set at 20% or 30% of the tax due, even though HMRC has the power to charge 100%. Those who fail to declare their funds may also face prosecution.

During the last campaign account holders with undisclosed liabilities were offered the incentive of a cap of 10% on the penalty for not disclosing their tax debts to HMRC. However, approximately 50,000 people failed to come forward, prompting the Revenue to launch a second campaign. Call us for more details.

SE SERVICE SPOTLIGHT...

VAT SERVICES

Value Added Tax has now been with us for over thirty years and yet there are still many areas where there is a lack of simplicity and certainty – you only have to look at the number of tribunal and court cases to know that it isn't straightforward.

There are occasions when choices can be made with special schemes which, in some cases, can be beneficial to businesses.

Simpkins Edwards provides a complete service to its clients in respect of Value Added Tax from basic facts and guidance, including help with registration and deregistration, to the most complex issues, including liaison with HMR&C where required.

We can reduce your administration burden by taking over all or some of your book keeping and completing VAT returns on your behalf.

VAT is very complicated in many areas and often requires immediate decisions which carry considerable risk in high value or recurring situations.

Our Taxation Department benefits from a very wide experience in dealing with clients' VAT issues both re-actively and pro-actively. We go to considerable lengths to maintain an updated understanding of current VAT issues.

We have a specialist VAT Consultant, John Shearer, who was working for HMRC on the new tax at the time of its launch and has been involved with compliance, training and fraud investigation since that time. He subsequently developed his career in commerce before joining the accountancy profession as a consultant.

All of this considerable experience and knowledge is at the disposal of our clients.

Simpkins Edwards advise all clients who face a VAT issue or plan any unfamiliar transaction, that they should speak with a member of the team to minimise any risks and potential cost. We may well be able to save you money and provide greater certainty in this area.

Vacant properties

Vacant properties can be exempt from business rates, but only for limited periods. Before April 1 2008 industrial and warehouse units qualified in full for the exemption while they were vacant (known as void periods), but other commercial properties were only exempt for up to three months. After the permitted void period a 50% discount was applied.

For the year from 1 April 2008, the permitted void period for industrial properties was limited to six months, and full business rates applied to all empty properties after the end of the void period, subject to any SBRR reductions due. From 1 April 2009 all empty properties with a rateable value of less than £15,000 are fully exempt from business rates, but only until 31 March 2010.

Call us for more details.

PARTNERS IN EXETER'S CORPORATE TEAM

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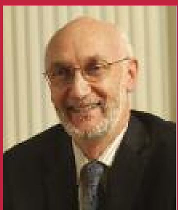
MEET MORE OF THE TEAM



Ken Brimacombe
Ken had experience in a number of financial roles in industry with local, national and international companies.

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A qualified Chartered Accountant and Chartered Tax Advisor, Jon manages the delivery of services to a varied portfolio of corporate clients. He is also involved in specialist corporate tax and corporate finance assignments.

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Lisa is a qualified Chartered Accountant, and deals with a number of limited company clients, company pension schemes and solicitors, helping them with their audit and accountancy requirements.

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Ray Flack
Ray has obtained both AAT (accounts) and ATT (tax) qualifications, and specialises in charities.

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Paul is part ACCA qualified and in addition to audit and accounts assists clients with their bookkeeping software requirements.

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Joe is part ACCA qualified and specialises in the production of limited company accounts and corporation tax returns as well as the production of forecasts and budgets.

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