

# proactive

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## In the news

Tax partner Paul Aplin was recently placed at 33 in the Accountancy Age magazine 2009 Financial Power list. Unsurprisingly Gordon Brown was in at number 1 with Alistair Darling at number 6. Business Minister Lord Mandelson was placed 34th. The magazine credited Paul for his work as Chairman of the Institute of Chartered Accountants in England and Wales Tax Faculty, saying that he had 'with little fuss and great diplomacy, pushed the ICAEW into parliamentary offices to discuss tax matters with great effect'

Paul says 'I've simply been doing the job I am there to do. As Tax Faculty Chairman a part of my task has been to put the case for business to Ministers and to policy makers. I am a great believer in talking directly – formally or informally - to those who can actually change policy rather than sounding off in the newspapers. You can often achieve far more in an off the record chat over a cup of tea with a Treasury Minister than by months of formal lobbying. Ministers also listen more carefully when they know that you base what you say on real experience with real businesses.'

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# The big freeze

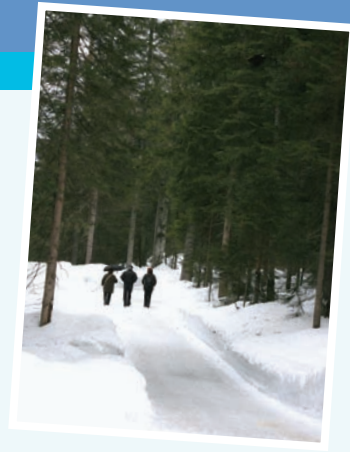
With the economy officially now in recession we have devoted most of this edition to exploring ways to survive the economic chill.

We offer twenty tax saving tips and a business health check. If you answer "no" to more than two or three of the questions on the health check we would recommend that you either set aside some time to review your business or else make an appointment to talk things over with us. We have the advantage of seeing the effects of the recession – and of having seen the effects of previous economic downturns – on a wide range of business clients. Few problems are unique, but perhaps the most

consistent danger signal we see is business owners working so hard on day to day issues that they have no time to look at the bigger picture. We can give advice on funding and can offer an independent and unbiased view of your business structure and business strategy.

On page four, our client feature focuses on a business that shows how a great idea turned into an award winning international success story.

# Finding a path through the financial freeze



The winter sun may have thawed the landscape, but the economy will take longer to warm up. Here are 20 tax tips for unfreezing your finances:

- 1 Businesses facing problems paying tax, PAYE or VAT should contact the Revenue's Business Payment Support Unit (0845 302 1435) to discuss spreading the payments.
- 2 If your income in the current tax year will be less than last year, apply to reduce your tax payments on account for 2008/09.
- 3 Consider changing your business accounting date to take into account more recent, reduced profits.
- 4 An extended accounting period may also secure early tax relief for a bad debt or stock write-off.
- 5 If you are currently making losses, review the new rules to carry back losses and secure tax refunds.
- 6 If your turnover for the next year is likely to drop below £65,000, consider applying to deregister from VAT.
- 7 Consider using cash accounting or other schemes available for calculating VAT liabilities.
- 8 If you have bad debts, claim VAT bad debt relief
- 9 Check the tax efficiency of your trading structure and the way profits are extracted from your business
- 10 If your household income is below £58,000 and you have children, have you made a claim for Tax Credits? Claims cannot normally be backdated more than three months. Making a claim in anticipation of lower income is advisable. Even if you do not have children, you may still be eligible if earnings are likely to dip below £17,400.
- 11 If you made gains last spring (after 6 April), when the FTSE 100 was over 6000, consider saving Capital Gains Tax by realising some losses now.
- 12 If you need to incentivise and retain employees, salary isn't the only option to consider. Increased holiday entitlements or offering key employees shares in the company may encourage people to stay with the business at no immediate cash cost.
- 13 Review company car policy to favour cars with low CO2 emissions, saving tax for both employers and employees.
- 14 Save tax and national insurance by contributing to pension funds via a salary sacrifice.
- 15 If your year end is approaching consider accelerating expenditure to obtain tax relief in the current year. This applies particularly to capital expenditure where some or all of the £50,000 Annual Investment Allowance is still available.
- 16 Make use of your Individual Savings Account (ISA) allowance and your CGT and IHT allowances
- 17 Don't take risks with your tax planning. HMRC have been given new powers to examine business records and premises, so keeping your records in good order and your planning safe from challenge is critical.
- 18 If your business is operating from a building with a rateable value of less than £15,000, the small business rate relief scheme can yield savings of up to 50%.
- 19 If you are considering IHT planning, now could be a good time to think about giving away assets, either directly or via a trust. Making a gift or transfer now will fix the value for IHT at current market value. Any increase in value as the market picks up will be outside your estate. Any capital gain will also be calculated on current low values.
- 20 Landlords of residential property should also consider taking advantage of Landlords Energy Saving Allowance which gives a tax deduction for expenditure of up to £1,500 per property – and this includes each flat in a block of flats – on loft insulation, cavity or solid wall insulation, floor insulation, draught proofing and insulation to hot water systems.

There are many more ways to ease the impact of the credit crunch: why not call us to talk about ways you can beat the financial freeze?

# All change for companies

The Companies Act 2006 is making significant changes to company law. Company directors need to be aware of the new rules. The changes set out here all apply to private companies; there are different rules for public companies.

There is no longer a requirement to hold an annual general meeting, though shareholders with at least 10% of the votes (5% in some cases) can insist upon a meeting. Unless the company's articles specify a longer period, the notice for a shareholders meeting is reduced to 14 days and there is no longer a requirement to appoint a company secretary. There are new rules regarding written resolutions and electronic communications: a written resolution signed by a simple majority of shareholders in the case of an ordinary resolution and by more than 75% in the case of a special resolution will offer a practical alternative to a physical meeting. If shareholders agree, resolutions can be circulated by email.

From October 2009 directors will be able to file a service address for use on the public record with their private address being treated as confidential at Companies House. Another measure coming into force this October is a relaxation of the rules on reduction of share capital, enabling this to be done by special resolution supported by a solvency statement as opposed to the current requirement for court approval.

The Act abolishes the long standing rule preventing companies from giving financial assistance for the purchase of their shares and the rules for loans to directors have been relaxed considerably, though there are still tax consequences. While there has always been an obligation for directors to avoid conflicts of interest unless specifically allowed by the shareholders, in future it will be possible for a company's articles to allow directors who are not conflicted to authorise a transaction where another director has an interest. And finally, the time to file accounts at Companies House has been reduced from ten months to nine, with increased penalties for defaults: accounts will therefore need to be prepared earlier than in the past.

## Business health check

If you are feeling the economic pinch, try this twelve point health check:

There are many more things to consider. If you would like to talk, we are here to help. An impartial, independent view can often produce unexpected benefits and remember, we advise hundreds of businesses – your situation is unlikely to be unique.



# Parents around the world say 'Thank Heavens' for Potette®

**A sister's problem potty training two young girls when away from home inspired A C Mole & Sons client Alan Sandy to invent an award winning product that is used by mums and dads around the world.**

Alan and his sister, Gillian Wright, came up with a simple but revolutionary idea for a folding potty with a washable and replaceable recepticle. Apart from registering the design, however – along with a cardboard model - nothing further happened until Alan retired from his plastics manufacturing business.

Spending more time at home in Devon enabled Alan to think further about the concept and the more he thought about it the more he became convinced that the potential market was huge.



Drawing on his marketing and plastics development background, he expanded the idea to incorporate continuity of disposable nappies in conjunction with a plastic moulded folding potty. Alan realised that making potty training more hygienic, convenient and less stressful could also help parents to start training their toddlers sooner, which in turn would help alleviate the environmental issue of disposable nappies, 9,000,000 of which are used every day in the UK alone. Further market research confirmed two key points: firstly that there was nothing similar available anywhere in the world and secondly that parents all reacted favourably to the product.

And so it was that in 1989 POTETTE® a patent and design protected plastic moulded folding potty with absorbent disposable liners was introduced to the UK market. It was immediately taken up by major chains such as Mothercare, Boots, Toys'R'Us, John Lewis and Tesco. The successful partnership of Alan and Gillian, known as 'Thank Heavens', was on its way. The product is now sold by licensed distributors in 16 countries including the USA and Canada.



Its popularity with mums and dads and the financial success of POTETTE® encouraged further investment and in early 2008 Alan developed another 'first' by the innovative combination of the POTETTE® folding potty with disposables, to also provide a Toilet Trainer Seat, normally purchased as a separate item. Now known as POTETTE PLUS® it comprises the two applications in one. It was successfully launched during 2008 at international shows in Las Vegas, Cologne and Harrogate.

POTETTE® and POTETTE PLUS® have won numerous awards, including 'WHICH' 2002 for Best Top 10 Baby Gadgets and Top Toddler Product of 2008 in the National American Parenting Publications Awards. The French magazine Parents named it as best innovative product in its category and in the UK, Mother and Baby magazine gave it the gold award for best travel product of 2008/9. All of the awards – and details of the product - can be seen on the POTETTE® web site [www.potette.com](http://www.potette.com).

A C Mole & Sons Partner, Paul Kingdom has acted for Alan and Thank Heavens since the late 1980's and has seen the business grow from an idea to an innovative and award winning product sold around the world. It has been a real success story.

**In Alan's words** 'A C Mole & Sons guided us successfully through our years of growth and provided invaluable tax advice. They have proved to be a most reliable support and always there at the end of the telephone whenever needed.'