

proactive

Inside:
The clock is ticking...

SPRING 2010

New partner

On 1st February Christine Glover, previously an associate with the firm, was made a partner. Christine specialises in audit and compliance work and has responsibility for some of our largest corporate clients, including Helston Garages Group. Christine joined A C Mole & Sons from Apsleys, when the two firms merged in 1999.

Influential voice

Managing partner Steve Golby recently met the Bank of England Governor Mervyn King over lunch to discuss the impact of the banking crisis on businesses in the South West. Steve is a member of the Bank of England's local Panel, which meets quarterly with the Bank's regional agent to monitor the mood of businesses and their view of the economy.

Mind the gap...

Between the 1690's and 2000, successive British governments built a total national debt of £340 billion. In the past decade that debt has more than doubled to a staggering £790 billion. Whoever is in power after the General Election will have little choice but to raise taxes. Some ideas for minimising the impact of changes we already know about are set out on page 2.

Our assessment of the March Budget will appear on our website. If you would like to receive an automatic Budget update – and future copies of Proactive – by email, you can register at newswire-subscribe@acmole.co.uk.



"I have driven past Buckingham Palace countless times," says Paul "but I had never expected to find myself in the Palace ballroom, talking to the Queen as she pinned on the OBE."

A day at the palace

On 13th November, tax partner Paul Aplin received the OBE from Her Majesty the Queen.

Paul was appointed OBE for services to the accountancy profession and for public service. The award came as he stepped down as Chairman of the Tax Faculty of the Institute of Chartered Accountants in England & Wales, a post he had held for two years. He remains a member of the ICAEW's governing Council, a member of the Tax Faculty's Technical Committee, of HM Revenue & Customs Administrative Burdens Advisory Board and of the forum overseeing the implementation of HMRC's new powers. He will continue to be involved

in the ICAEW's briefing of Ministers and Shadow Treasury Ministers – the week we went to press, he was at 11 Downing Street to discuss tax issues affecting small and medium sized businesses.

He will, of course, also remain a tax partner at A C Mole & Sons. "I think my only value to politicians is that I live in the real world rather than Whitehall and spend my days dealing with real people and real businesses – my clients. Being able to put their concerns direct to the people who formulate tax policy is an opportunity I never pass up. I get a buzz from walking the corridors of Whitehall, but advising my clients and helping them through difficult times is my real job – and I never forget that."



The clock is ticking...

Only weeks remain before the tax changes announced in last year's Budget take effect. There is, however, still time to act in order to limit their impact.

From 6th April 2010 there will be a new 50% tax rate for people with taxable income in excess of £150,000 and a new 50% tax rate for trusts. People with taxable income in excess of £100,000 will see their personal allowance withdrawn by £1 for every £2 of income above £100,000 so that it will be lost completely for incomes in excess of £112,950. The special tax breaks for furnished holiday lettings will disappear. A number of strategies may be available but the precise action will depend, as always, on individual circumstances. Potential courses of action include:

- Advancing payment of bonuses from after 6th April to before 6th April
- Advancing payment of dividends from after 6th April to before 6th April
- Bringing income forward into the current tax year and pushing expenses into the next tax year
- Considering the timing of Gift Aid payments
- Disclaiming capital allowances in the current tax year, in order to increase the benefit they would generate in the next tax year (by saving tax at 50% rather than 40% or by limiting the effect of the personal allowance withdrawal)
- Reconsidering the timing of trading loss relief claims to maximise the cash flow benefit
- Reconsidering the balance of income producing assets between spouses and civil partners (to maximise the benefit of lower tax bands and in the case of older couples to maximise the benefit of the higher age related tax allowances)

There is also speculation over what may happen in the March Budget – and we don't even know who will deliver the year's second Budget. Many commentators have speculated that the CGT rate will increase this year. If you think that this is likely, you may wish to consider realising gains before rather than after 6th April to secure the 18% rate. The tax would be due on 31st January 2011. If the rate does increase from 6th April then a saving will have been achieved; if it does not, then there will be a tax bill that could have been avoided. No-one outside Whitehall knows how likely a change is, so taking action would be a gamble.

The concerns about IHT relief on agricultural property largely centre on farmhouses. It is well known that HMRC feels that relief has been sought in cases where a house is not a genuine farmhouse. Several cases have been taken through the courts in recent years and it would not be surprising to see a change to the legislation. Again though, this is speculation.

It is important not to forget the tax free status of Individual Savings Accounts (ISAs), particularly with the increased investment limits. And there are still opportunities to obtain tax relief at 40% on pension contributions, despite the introduction of new limits last year. As there has also been speculation that the limits will be tightened even further and that 40% relief may disappear altogether at some point, this is again an area to think carefully about – and sooner rather than later. The minimum age limit for taking pension benefits will also change from 50 to 55 from 6th April.

The clock is ticking. There are tax rises on the way. Why not call us to see how we can help?



We have expertise in linking Sage to Excel to produce a variety of bespoke management reports and analysis tools. These range from basic profit and loss reports to item by item analysis, all shown at the touch of a button.

A recent example is our client Vivantio (www.vivantio.com), an award winning company who develop and supply service desk software. Because customers subscribe on a monthly, quarterly or annual basis, they used detailed spreadsheets to record hundreds of individual customer transactions and renewal dates. As the company grew, the spreadsheets became too time consuming to maintain and review. We created a link from Sage to a bespoke Excel solution. This reduced processing time, rendered information in a more precise and user friendly manner and improved accuracy - and transactions now only need to be entered once.

In these difficult economic times, it is essential to ensure that all sales are invoiced, so we also created a system to

Sage and Excel: the missing link

Many businesses rely on their IT systems for record keeping and for producing reliable management information. Some get what they need from off the shelf software, but others need bespoke solutions.

highlight customers' license renewal dates as they fell due, thus improving both cash flow and profitability.

Linking Sage to Excel opens the door to an almost infinite array of possibilities that standard Sage accounts and reports will not produce. Examples include departmental profit and loss accounts - which can show current year against budget and prior periods - and detailed variance analysis reports, highlighting the profitability of individual departments, sales lines or locations. There is no need to be restricted by the structure of Sage: reports that are not immediately possible can, with some careful structuring of the data and the right know how, be delivered.

Accurate, timely and understandable management information is critical to the efficient running of any business. We have the experience to deliver bespoke solutions from off the shelf software. If you are frustrated by your software's limitations, the missing link may be just a phone call away.

Online VAT and PAYE returns – are you ready?

A C Mole & Sons filed the UK's first ever electronic tax return back in 1997. Now over 75% of personal tax returns are filed online.

Online filing of VAT returns, however, has been very slow to take off and the Government has decided that from 1st April 2010, all newly VAT registered businesses and VAT registered businesses with turnover in excess of £100,000 will have to file online. They will also have to pay any VAT due electronically. And HMRC's view of what constitutes turnover of £100,000 may differ from yours – so check the letter they send you carefully.

There will be penalties for failing to file online, although HMRC have said that they will operate a "light touch" initially. It is likely that all businesses will have to file their VAT returns online from 1st April 2011, so it may be advisable to start now, even if your business is not currently required to do so. You can find an online demonstration at www.hmrc.gov.uk/demo.

It will also be compulsory for virtually all employers to file their 2009/10 P35 end of year return and associated forms P14 online. The due date is 19th May. Failing to file electronically will again result in a penalty. **If you need help filing your VAT and end of year PAYE returns online please call us.**

Client Focus

Wedding Ideas

Is it possible to start a successful business from your back bedroom? Rachel Southwood thinks so – and she should know.



The back bedroom of her home in Taunton was where Giraffe Media Limited was created in 2003 to launch Wedding Ideas magazine. The A5 size monthly magazine was a runaway success and the business is now

sufficiently well established to have attracted offers from rival publishers – and to have its own offices!

Rachel has built Giraffe into a successful business, despite the death of her husband when their son was only 18 months old. She attributes the magazine's success to having a strong brand and a great, thirteen-strong team based in Taunton. Rachel says "people expect a magazine of this calibre and status to be based in London or Bristol, but we see our location as a real benefit – for its transport networks, cost of living and office rental costs. We find it easy to recruit and keep staff - if people leave, they soon return! We try very hard to empower the team to make decisions, to shape the company's future and to be involved in its success. We feel that a happy team makes for a better product and we genuinely care about each other".

Rachel discovered A C Mole & Sons in 2008 when the panellist answering questions on a Radio 2 phone-in told her she didn't need a London firm to solve her tax problem, she had the expertise she needed a mile away. Paul Aplin advised Rachel on the tax issue, but also offered guidance on a deal to buy out her co-director. Subsequently we were appointed

to provide annual accounts as well as assisting with management accounts and offering further tax advice.

"I moved my business to AC Mole & Sons last year because I worked so well with Paul when buying my business partner out in 2008. He understands me and the business implicitly. Rob Pyke does a great job on our day to day accounts. As a company they speak our language, and I find a friendly, calm and reassuring voice at the end of the phone whenever I need it. I never make a business decision without involving Paul, seeking his advice and input every step of the way. It's a great relationship that I would struggle to succeed without".

For his part, Paul feels that Wedding Ideas is an ideal client for the firm. "We call our newsletter Proactive for a reason. I get a real buzz from working with someone with Rachel's drive and vision. It's great to be actively involved in developing a business, rather than simply preparing accounts that tell a client what happened in the past".

Wedding Ideas continues to grow, both as a magazine and through its website at www.weddingideasmag.com. It has been shortlisted in the Nectar Small Business awards and for a circulation performance excellence award. It is now the best-selling bridal title in Asda, Sainsbury's and Tesco and plans are afoot for more launches, both magazines and online.

We look forward to playing our part in building the company's future. We believe it will be an exciting one...