

# resource+

THE NEWSLETTER FROM RESOLVE

ISSUE ONE JULY 2007

## WELCOME TO RESOURCE

After almost 3 years of publishing newsletters every 2 months, we have revisited the subject, the style and the frequency and are proud to offer you Resource.

Resource is a quarterly newsletter.

It will cover a range of business, tax and accounting matters and have some light hearted sections. We will have client case studies, space for clients and business partners to contribute and many other features.

It will read like a newspaper, be much punchier, carry less detail and more pictures and economic information.

**We hope you enjoy it.**

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### email us at...

[resource@resolvebusinesssolutions.com](mailto:resource@resolvebusinesssolutions.com)

### Or visit our website at...

[www.resolvebusinesssolutions.com](http://www.resolvebusinesssolutions.com)

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Have some fun with our team picture



Hear what Mark and Andy have to say on pages 3 & 4

# Speedy tax deductions

HAVE FUN AND SAVE TAX WITH RALLY CARS, PLANES OR RACEHORSES



**No-one in the office believed Tracy when she mentioned this in our first team meeting in June.**

A case has been decided by The Special Commissioner that rules in favour of a man that owned a coach hire business that was an amateur rally driver. He purchased a new rally car and competed in several events, claiming capital allowances on the car and the related expenditure as advertising. It was decided that the expenditure was incurred with the purpose of promoting the business. Despite the man gaining some personal satisfaction from the expenditure, he argued that his preferred leisure activity was sailing. The private satisfaction he gained was deemed as incidental to the benefit of the expenditure, rather than the main purpose.

Yes, if you read this again, it means that sponsorship of racehorses, promoting your business, planes, boats,

or other forms of fun now becomes a tax deductible way of promoting your business – provided you can prove that you derive pleasure from a different hobby or pastime principally.

**We would recommend you follow these points if you are embarking on a new fun-packed advertising campaign (we use rallying as the example):**

- 1.** Place your logo on the car; telephone number, website etc. visibly
- 2.** Sponsor some events, keep copies of posters
- 3.** Use events to entertain customers and keep lists of attendees
- 4.** Keep copies of publicity gained
- 5.** Display the vehicle at your premises from time to time

If you are considering sponsorship like this, please run it past us first of all so that we can make you aware of any potential risks.

## events



**6 July 2007**

Filing date for P11D's and P11D(b)'s



**19 July 2007**

Due date for payment of Class 1 NIC (as part of P11D process)

# P11D's

## EVERYTHING YOU NEED TO KNOW

### What are P11D's?

The form on which expenses paid to directors and those earning more than £8,500 must be reported to HMRC annually.

### What items are included?

Almost everything other than salary paid to each employee including a monetary value of any benefits received. Such benefits include cars, medical cover and entertaining normally! Class 1A NIC is payable by the employer on these items.

### What can be done to help me?

We file P11D's for all of our payroll clients as part of our annual service. We also proactively seek dispensations for clients and

succeeded in achieving this for all clients last year. We will put in place dispensations for all recent payroll clients as part of our process this year. A dispensation is an authority from HMRC to make a shortened return (i.e. to exclude certain items), they reduce the administrative burden.

See the key dates and events section for the return and payment dates.

If you need support or guidance with P11D's, please contact the office.

*A good source of information is [www.hmrc.gov.uk/guidance/p11dguide.pdf](http://www.hmrc.gov.uk/guidance/p11dguide.pdf) Or, [www.hmrc.gov.uk/employers/tma-ebik.shtml](http://www.hmrc.gov.uk/employers/tma-ebik.shtml)*

## Financial advice

### WEALTH MANAGEMENT FROM HILL GRAFFORD

We circulated to all of our Self Assessment Tax Return clients a shiny black and gold promotional booklet for our preferred firm of Independent Financial Advisors, Hill Grafford.

The response has exceeded our expectations, with many clients taking the opportunity to contact Paul to express an interest in a meeting with Simon Every.

Our commitment to client service and proactive

support means that we will continue to offer this source of help and advice to clients, therefore, if you feel that you want to arrange a meeting to discuss any of the areas below, please contact our office.

- Pensions
- Insurances
- Investments
- Inheritance Tax planning
- Any other tax planning or financial matters

[www.hillgrafford.co.uk](http://www.hillgrafford.co.uk)

**To book a free consultation with Hill Grafford, contact our office**

## news



### Barclays Seminars

We have been running a number of seminars in conjunction with Barclays Bank. The two topics we have covered to date are:

#### A guide to starting your business

#### Using financial information to improve your business

There are seminars running across the summer. To book onto one (there is a £10 charge, which gets donated to charity) or to get more information, please contact the office.

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# Case study

## THE CAMBRIDGE FOOD COMPANY



**With permission from Mark Hulme of The Cambridge Food Company, we are delighted to be able to share with you the history and details behind our relationship with one of our fastest growing clients.**

In late 2004 we sent out approximately 1,000 leaflets to businesses across Cambridge. The response rate was the standard 2%, however, we did get a call from Mark Hulme of The Cambridge Food Company (Camfood).

We met with Mark Hulme in the University Arms Hotel, where, together we planned Mark's management buy out of the business over a cappuccino.

This was a project that included a term loan (a repayment loan over 5 years), an overdraft and some negotiation with the current owners and the bank (in this case Bank of Scotland). In order to secure the funding we set about preparing a

comprehensive business plan and budget with Mark. We prepared the tax planning and workings and submissions for the project.

This process took approximately 3 weeks, Paul Reid and Mark Hulme met with 5 banks and Mark decided to proceed with Bank of Scotland.

The takeover happened in June 2005, we were engaged as accountants and business advisors following that date. We assisted Taylor Vinters and Camfood with the tax aspects of an EMI scheme to reward a key staff member.

Since then the business has gone from strength to strength. Turnover grew significantly in the first accounting period and has increased dramatically (outperforming our projections) in the year to 31 March 2007. Profits are up, the balance sheet is improving and cashflow has improved due to strong financial control.

**CONTINUED OVER**

## news



### **Interest rates and inflation**

The bank base rate is 5.5%

The current rate of inflation is 2.5%

Most forecasts predict a rise in the interest rate to 5.75% by the autumn, when it will probably remain stable until at least May or June 2008.

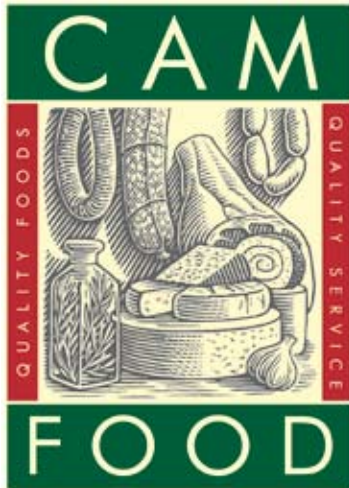
### **Referrals**

We will be launching a new referral scheme for existing clients this summer to celebrate 3 years of trading in Cambridge. We will launch this by email in the coming months.

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# Case study cont.

## THE CAMBRIDGE FOOD COMPANY



Our ongoing relationship is based on the quarterly management accounts, produced by their finance manager. We assist in the review process and then meet with the directors to discuss progress, projects, growth and the pipeline. It is a relationship that is working well. We provide corporate and personal tax support as part of our fee.

### **We asked Mark Hulme to comment:**

"The management buy out was an incredibly

busy period in my business life and it needed my utmost concentration. It was imperative that I found the right business partners to bring about the right commercially viable resolution and engaging Paul and his team was definitely the right move. The Cambridge Food Company continues to go from strength to strength as does our relationship with Resolve Business Solutions."

### **Our relationship works because of a number of ingredients.**

Our approach is similar to that of Camfood, they work hard, deliver results and straight answers. We meet and communicate regularly, review information and spend time thinking about areas of improvement. It is in essence the relationship that we really want to create with all clients. The measures of our success are in the financial controls now in place and the performance of the business.

## news



### **Fee Protection cover**

Clients with an annual fee of more than £600 gain complimentary fee protection cover as part of our service to them. Fee Protection cover protects clients against the costs of preparing documents for an HMRC investigation.

We are now offering clients with an annual fee of less than £600 the opportunity to purchase the cover at an annual cost of £35 plus VAT. To take advantage of this, please contact our office.

# Internet marketing

SHOULD YOU BOTHER?



**“It would appear that we have reached the limits of what is possible to achieve with computer technology, although one should be careful with such statements, as they tend to sound pretty silly in 5 years”**

**(John Von Neumann, 1949)**

Created by the US in the 1960's whilst trying to gain a competitive edge over Russia in the Cold War. The Internet has become the largest and most cost effective means of communication.

The phenomenal adoption and growth rate of Internet users is highlighted by the following statistics:-

In 1985, 0.015 million people used the Internet, total estimated worldwide users in 2007 is over 1.1 billion.

Source: [www.InternetWorldStats.com](http://www.InternetWorldStats.com)

UK population is estimated at 60m for 2007, the total estimated UK Internet users for 2007 is over 37.5m.

## **World's Top 5... Internet Users**

- 1. USA** (over 211m users)
  - 2. China**
  - 3. Japan**
  - 4. Germany**
  - 5. India**
- The UK (6th)

## **Top 5 Internet Uses...**

- 1. Emailing**
- 2. Surfing (generally)**
- 3. Shopping**
- 4. Banking**
- 5. Media downloads**

Should my firm bother with an Internet presence? We regularly get asked this by startup businesses.

The short answer is yes.

The Internet is the 2nd most viewed channel after television. It took 38 years for radio to reach 50 million users, 13 years for TV, and only 5 years for the Internet. The Internet, and more

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# The internet

Continued



importantly the World Wide Web has completely changed how business is conducted. Many organisations have incorporated the Internet to form an essential part of their competitive strategies where products can be purchased online in a global, 24 hour channel. Using the Internet as a marketing channel has created many possibilities and avenues for businesses including the ability to promote the brand globally. In the last five years, total UK Internet sales have risen by a significantly greater rate than those of the traditional high street shops. In 2006 consumers spent an estimated £8.5 billion on goods online. UK high street sales were estimated at £9.5 billion.

Trust seems to be the main issue with potential customers when dealing with purely internet companies (clicks) and although their motive may be price driven the lack of tangible premises may dissuade them from purchases of £1,000 and higher. The traditional high street brands (bricks) will attract consumers through their doors, create and establish trust and brand loyalty - but lack the marketing presence that could increase sales further by penetrating a wider, more varied marketplace. A combination of both strategies not only bridges consumer trust and loyalty issues but provides another channel for potential customers to research and learn about the company.

**Firms that are proving to be a large success are those who are establishing "bricks and clicks" presences.**

# Golf club membership

## CAN YOUR BUSINESS PAY FOR YOUR GOLF CLUB MEMBERSHIP?

The problem here is that it will generally be deemed as additional salary and taxed on the individual. There will nearly always be penalties and interest on the unpaid tax on these amounts and there would not be a corporation tax deduction for the expenditure.

**A potential solution may be to make the membership part of the remuneration package for that employee. This means putting it into the employee's contract of employment and into any board meeting minutes you may take.**

The membership will then be treated as a Benefit in Kind and the employee will pay tax at the higher rate

through their tax return, however, there will be no NI payable. The business will pay employers NI, but will get a tax deduction for this as well as the membership itself.

On a membership fee of £2,000 payable on behalf of a 40% taxpayer, approximately £400 would be saved in tax by changing the membership to be part of the remuneration package.

This thinking could apply to other clubs and memberships, however, if you think you could take advantage of this, please contact us to discuss it first of all.

## Potential NIC refund

### ARE YOU PAYING UNECESSARY NIC?

A notice from the Paymaster General on 16 January 2007 announced that people may be able to claim a refund. This is because The Pensions Bill propose to reduce the qualifying years for a state pension from 44 years to just 30. This means that some of the gaps may no longer need to be filled.

We recommend stopping making voluntary payments as they may not be required and to await further

information before claiming a refund for overpaid contributions.

If you are unsure as to how many qualifying years you have, a pension forecast can be obtained:

[www.hmrc.gov.uk/pdfs/ca3638.pdf](http://www.hmrc.gov.uk/pdfs/ca3638.pdf)

**Or, online:**

[www.direct.gov.uk/en/MoneyTaxAndBenefits/PensionsAndRetirement/StatePension/DG\\_10014008](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/PensionsAndRetirement/StatePension/DG_10014008)

# Meet the team...

LOUISE POWELL



**Louise, in a rather moody, contemplative pose above gives us a 60 second introduction.**

**+ What do you do at Resolve Business Solutions?**

I process the Payroll's for clients. I started in January 2007

**+ Marital Status**

Married

**+ Got any kids?**

Yes, 2

**+ Having any more?**

Definitely not

**+ Favourite Colour**

Red as you can see

**+ Favourite Food**

Pasta

**+ Favourite Drink**

Red Wine (lots)

**+ Birthday**

October, a definite Libran!

**+ Age**

Never you mind!

**+ Where did you take your last holiday?**

Spain

**+ What winds you up most?**

People being ignorant

**+ Hobbies?**

Squash, my kids, eating, drinking and being a social bunny

# Caption Competition



## **Caption Competition**

Email your caption suggestions to [resource@resolvebusinesssolutions.com](mailto:resource@resolvebusinesssolutions.com)

**WIN a £50 Camfood voucher for the funniest entry**

Entries must be received before 10 July to qualify.

## **Resource**

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