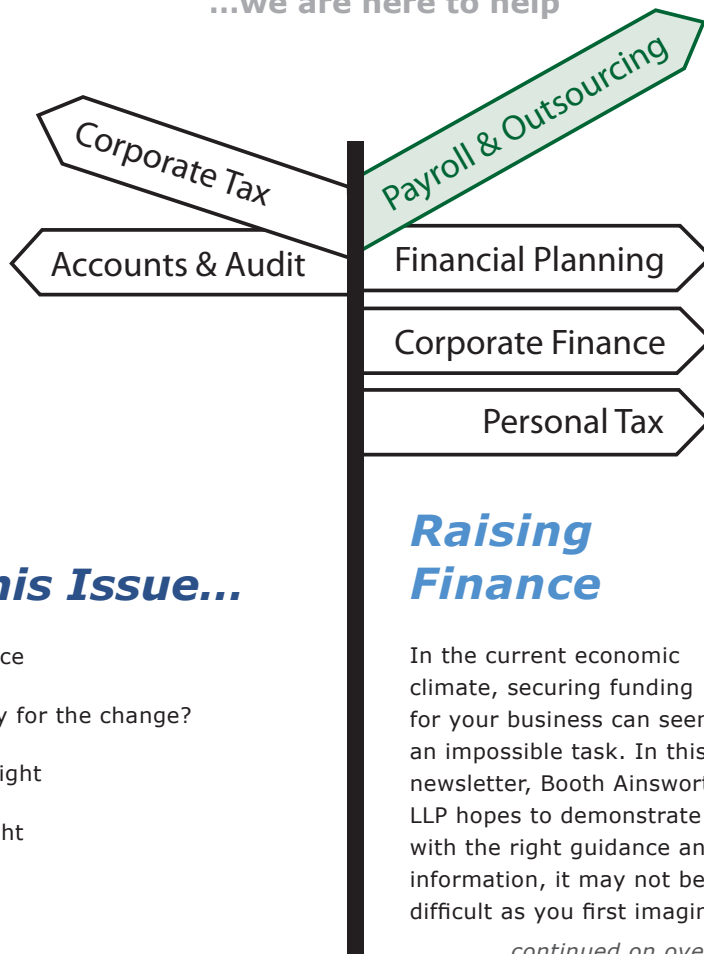


Abacus

BOOTH AINSWORTH LLP

Whatever your accounting needs...

...we are here to help



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Raising Finance

In the current economic climate, securing funding for your business can seem an impossible task. In this newsletter, Booth Ainsworth LLP hopes to demonstrate that with the right guidance and information, it may not be as difficult as you first imagined.

continued on overleaf

Issue 1 - Autumn / Winter 2011

Welcome



David Powell, *Managing Partner*

Welcome to the latest issue of 'Abacus' in its new style.

In this issue we highlight a number of our added value services. In recent months, we have invested heavily in resources to provide our clients with a wider range of financial services. This is in response to the ever changing professional services markets and also arises from listening to the needs of our clients.

We remain committed to providing a full range of services to our clients to maintain the support necessary to compete in these difficult times. I do hope you find something of interest in this edition.

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Raising Finance

Have you struggled to raise finance from your bank?

Are you paying too much for the finance you do have in place?

Free health-check available.

If you have struggled to raise finance in the past year or so then you are not alone. Many businesses have encountered frustrations when approaching their bank for additional finance, but there have been more encouraging signs of late. We have set out below answers to some of the questions we are typically asked by business owners seeking to raise finance.

Q At face value there seems to be a wide choice of funding options available. How do I find the right one for my circumstances?

A The key to answering this question is to know exactly why you need additional finance. For example, it may be that you have ambitious expansion plans, have identified a business to acquire, need to buy a piece of capital equipment

or simply need more working capital.

As a first step you need to prepare a detailed business plan containing realistic financial forecasts which will help determine how much funding the business is likely to require and when it will be needed. Booth Ainsworth LLP can then ensure that the nature of the funding being sought is "fit for purpose"; for example an overdraft should normally be used to cover temporary cashflow shortfalls, whilst medium to long-term borrowing requirements would more typically be funded with a bank loan.

The right mix of different kinds of financing enables you to maximise your financial flexibility and can reduce overall financing costs.

Q My bank says that they are open for business but they don't appear to be interested in my proposition. What can I do?

A Whilst access to funding certainly did dry up in 2009 and 2010, the majority of banks are keen to lend again albeit on different

terms than they were previously offering.

All funders are now looking at propositions with a higher degree of scrutiny and it is imperative therefore that you provide the information needed for them to make an informed decision. You will need a comprehensive and credible business plan, an incentivised management team with a successful track record, and in some cases be able to provide an element of security for the money being borrowed. Without these you are limiting your chances of success.

Q Aside from traditional bank funding, what other options are open to me?

A There are a number of complementary sources of debt finance available in the market, including invoice discounting, debt factoring, supplier finance, trade finance, leasing or hire purchase. Your business may even be able to obtain one of the multitude of grants available to business enterprises.

Local businesses can now benefit from the £185m North West Fund, which includes a £35m debt pot

providing loan capital up to £250,000. There are also development capital and equity funds within the NWF scheme, offering funding up to £2m.

Applications for these funds still need to be for viable businesses - so don't fall in to the trap that a number of businesses seem to have done in thinking that because the schemes are EU backed then it will be easier to raise the necessary finance. You still need to prove to the lender that the business will generate the income necessary to repay the facility in full.

In addition to debt, there are numerous equity providers in the market, from business angels to venture capitalists, private equity providers to turnaround funds, as well as a small number of businesses interested in corporate venturing.

As well as identifying both the obvious and less-obvious providers of these types of finance, we will assist in ensuring that you select the right blend of funding products for your needs.

Q So, on balance, you would be fairly confident that a business could raise debt finance in the current climate?

A Providing you have been through a rigorous business planning and financial forecasting exercise, have set yourself realistic fund raising targets for a specific requirement, and have been properly challenged by an experienced adviser then yes, your chances of success should be fairly high.

FREE HEALTHCHECK

We are currently offering free finance health-checks for companies with borrowing in excess of £150,000 to review their funding requirements and assess if they are paying too much for their existing arrangements.

Our Corporate Finance team is experienced at raising finance and preparing business plans and financial projections to support funding proposals.



**Dave
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Are you ready for the change?

When the Chancellor announced that he would reduce the rate of UK corporation tax to increase the attraction of the UK for multinationals, he said that he would pay for this by reducing certain tax reliefs such as capital allowances.

However, capital allowances can be claimed both by companies that are benefitting from the cut in corporation tax rates and unincorporated businesses, such as sole traders and partnerships, which have seen an increase in the top rate of tax to 50%.

Every business should consider the impact of the changes to capital allowances to plan the timing of their capital expenditure. Businesses should review their budgets to maximise the tax advantages having consideration of course to the commercial sense of incurring expenditure.

- ▶ The annual investment allowance (AIA), providing immediate tax relief for up to £100,000 per year of expenditure on plant and machinery, reduces to £25,000 in April 2012. Plan the timing of expenditure especially if your accounting year straddles the date change.
- ▶ The writing down allowance (WDA) will reduce from 20% (10% for certain assets) to 18% (8%) from April 2012.
- ▶ From April 2011 'short life' is now eight years (doubled from four years). The short life asset (SLA) election will become more popular. Providing the asset is sold or written off within eight years the business will be able to claim full tax relief over its life. Compare this with assets that do not qualify for accelerated allowances and where an SLA election has not been made, it will take the business at least 21 years to obtain full tax relief via the general pool.



Manufacturing

Other reliefs should also be considered. Do not forget that expenditure on 'green' plant and machinery (including certain cars) currently qualifies for immediate tax relief.

Cash is vital to any business and maximising the reliefs in the tax system will help it manage its tax payments and direct these funds into working capital to achieve growth and meet business objectives.



Industry



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SERVICE SPOTLIGHT - *Payroll*

Payroll Services are this issue's feature.

Many businesses now recognise how cost effective it is to outsource tasks, such as payroll, to a specialist team. It saves them time dealing with an increasingly complex area and lets them focus on their business.

We have been providing Bureau Payroll Services for over 20 years and employ seven dedicated and highly trained individuals. The size of payrolls we offer range from one employee to over five hundred.

We deal with multiple pay periods, which can be weekly, two weekly, monthly, quarterly or annually.

Just one of the many benefits of using the Booth Ainsworth LLP Payroll Service is that you are assigned one person who will deal with all your queries and manage your payroll in a way which suits your business.

So what makes Booth Ainsworth LLP Payroll different to other firms?

► **BACS bureau**

Booth Ainsworth is a registered BACS bureau. This means we transfer your employees' or subcontractors' pay directly and securely, to the bank, through the payroll software.

► **Reporting**

Security Payslips can be sent directly to your employees.

Management reports are provided to meet your requirements and can be sent electronically if required.

► **Friendly experienced staff**

We are not like any other Payroll Bureau. You will always be assigned a dedicated experienced payroll person and it will feel like you have your own payroll department to call upon.

► **Secure Document Exchange**

A client portal is available free of charge to you to enable information to be exchanged within a secure environment.

The SDE is a new service we are offering to our payroll clients as an added benefit.

It can be adapted for whatever you choose to use it for, whether it is for storage of your personal files or interaction between yourself and your payroll contact within the firm.



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CLIENT SPOTLIGHT – planning permission to be scrapped?

There are welcome moves afoot to allow small offices and other light industrial and commercial space to be converted into homes without the need to obtain planning permission.

This has to be good news for commercial building owners whose properties have under-used or redundant space that could be converted into residential use. Demand from tenants for rented property is high at present, so conversion would deliver extra income for the building owner.

Details are still being worked out on the



Manchester

proposed relaxation of the current requirement to allow some buildings to be converted without the need for change-of-use application as permitted development.

Proposed timescales for this Government move to help address the housing shortage are not yet known. It is a timely

reminder that property owners converting parts of buildings in business use into homes can still take advantage of valuable government incentives. Until April 2012 an owner who converts the upper floors of his business building into a dwelling can claim a 100 per cent allowance for all the costs of conversion. If you are contemplating doing this, check with your contact at Booth Ainsworth LLP that your premises are eligible for the allowance.

Article supplied
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Client Award

Spectrum Plastics have won the prestigious Independent Print Industries Association 'Best Trade Manufacturer for Quality and Service' for a second year in a row.

The IPIA Recognition Awards were launched in 2000 and were designed to promote and reward effort to all who excel in every aspect of the print industry across four categories.

The 'Best Trade Manufacturer for Quality and Service' title is awarded to the manufacturer who has provided IPIA members with the most excellent service. The main measures being innovation, consistent quality and delivery, response to queries and the professionalism of their internal staff.

The good news did not end with the award to

Spectrum Plastics, as Managing Director Kath Doran went on to win the IPIA "Individual Personality of the Year". This award is voted for by all IPIA members and is awarded to an individual who is held in the highest esteem in the print industry.

Article supplied
by Kath Doran

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Tax Dates

7th November 2011

VAT Return Date

Due date for September VAT returns (electronic payments)

30th November 2011

Company accounts filing deadline

Filing deadline at Companies House (Northern Ireland: Companies Registry) of accounts for private companies with a year ended 28 February 2011

Corporation Tax Return Date

Filing deadline for Corporation tax Return Form CT600 for period ended 30th November 2010 to be submitted to HMRC

1st December 2011

Corporation

Tax Payment

Due date for payment of Corporation Tax for year ended 28 February 2011

7th December 2011

VAT Return Date

Due date for October VAT returns (electronic payments)

30th December 2011

Tax Return Filing Date

Last date to file your 2011 Tax Return electronically if you are an employee and wish to have a 2010/11 balancing payment of less than £2,000 collected through your 2012/12 PAYE code

For more dates please visit the Tax Centre on our website

Employer Tax

Dawn Foden-Smith is an Employment Tax Specialist within the Private Client team.

Dawn is a former HMRC Inspector of Taxes and, during her lengthy career with HMRC, she has covered most areas of work particularly in the compliance arena, before moving on to one of the Big 4 accountancy firms in Manchester. She has been with Booth Ainsworth LLP since April 2007 and provides advice and assistance to our clients in the following main specialist areas:

- ▶ Employer obligations and compliance
- ▶ Employment status – employed or self-employed?
- ▶ Expenses & Benefits – form P11D reporting
- ▶ HMRC reviews and investigations
- ▶ Construction Industry Scheme
- ▶ The operation of PAYE



Dawn Foden-Smith

Employment Tax Specialist

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Seminar Invitation: Grievances and tax free expenses – a growing concern?

Booth Ainsworth LLP and Pearson Hinchliffe Solicitors LLP are presenting two free-of-charge seminars about tax free benefits and expenses and grievance procedures, including a section on how firms should deal with the abolition of the retirement age. The first seminar will be held at the Hollinwood Business Centre on Thursday 3rd November 2011, starting at 7.30am for breakfast and networking. A further seminar will take place at Edgeley Park on Wednesday 22nd November 2011, again starting at 7.30am.

For further information or to book a place, please visit our events page on our website on www.boothainsworth.co.uk/ events or telephone Eve Haffenden on 0161 475 1543.

New pension rules – *Opportunity knocks*

The Finance Bill was published on 31 March 2011 and contains provisions that significantly alter the rules introduced by the previous government under the banner of 'pensions simplification'. These changes are not without controversy, but in our opinion present a window of opportunity to undertake some serious tax driven retirement planning.

Despite much media speculation, the maximum tax-free lump sum will remain at 25% of the value of your pension fund and the compulsion to purchase an annuity income at age 75 has now been removed to the relief of many. However, the 'trade off' for this extension is that lump sum death benefits in drawdown will now be taxed at a rate of 55% rather than 35% previously.

If you need any further information
or advice, please contact David Eddleston

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Single compliance process

HMRC has published a briefing paper for tax agents on the trial of a 'single compliance process' in 12 UK locations. The trial was set to begin early last month but was delayed to allow detailed guidance to be prepared.

The trial will involve the use of the new process for formal enquiries into business tax returns of Small and Medium sized Enterprises (SME) and include assurance work carried out typically for VAT and Employer Compliance.

HMRC believe that the single compliance process will improve the experience of enquiries for businesses and HMRC staff.

EIS/VCT simplification – *A consultation*

A consultation aimed at providing further support for seed investment and start-ups and simplification of the EIS/VCT schemes was launched on 20 July. The purpose is to gather views and evidence from stakeholders on a new scheme for seed investment and options for reform of the EIS/VCT schemes to ensure they are targeted at genuine risk capital investments. The closing date for responses is 28 September 2011.

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This newsletter is written in-house
by our team of experts to communicate
relevant business news.

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