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A joint venture between Almas Capital Partners and North East based entrepreneur Tim Cantle-Jones.



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We think fee protection is just as necessary as car insurance to all individuals and businesses.



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The payment of subsistence expenses is a frequently misunderstood area that affects all sizes and forms of business. Getting it wrong can be costly for both employee and employer.

RHK Help Light the Region



Hundreds of jobs could be created in the region with a multi million pound investment in a new high tech lighting company, through a joint venture between Almas Capital Partners and North East based entrepreneur Tim Cantle-Jones.

Almas were introduced to Mr Cantle-Jones by RHK's Tax Partner, Bradley Thomas. Mr Cantle-Jones, a longstanding client of RHK, is well-known in the North East for his work on regional and national sporting bodies and for the last four years he has also run Newcastle-based ESL (Energy Saving Lighting Limited).

Mr Cantle-Jones has been appointed chief executive of the new company, Plumina UK, which has been created following a £30m investment by Almas. Plumina believe their unique LED lighting product will become the global leader in just a few years as they believe it is 50% more cost-effective than existing LED lighting products.

Almas is set to create Plumina manufacturing facilities in the UK as well as Qatar and expects to make an initial £2m investment in the UK, initially creating 20 jobs with the potential to create hundreds more as the business grows.

Bradley Thomas said: "This is potentially a very exciting opportunity for the region. Such a development will continue the region's drive to be at the forefront of the green revolution. This has the potential to become a billion-dollar business."

Mr Cantle-Jones has been briefed to turn the company into a global business and is currently looking for

suitable headquarters, manufacturing and research and development facilities.

Mark Nichols, chief executive of Almas Capital Partners, said: "We are very excited about this venture. We were introduced to Tim and the more we learned about him and the North East the more we thought about basing the business in the region.

"We want to create a £200m business over the next three years by which time we will be looking to float it on to the London Stock Exchange."

Car Insurance is Compulsory Fee Protection Isn't

We think it is just as necessary to all individuals and businesses. A simple series of queries from a Tax or VAT Inspector could end up costing over £4000 in professional fees even though there is nothing wrong with your tax affairs.

RHK's Fee Protection Service can cost from £60 for an Individual up to £195 for a Limited Company and all of it's Directors personally, which gives up to £75,000 cover for professional fees.

Most of our clients are already taking advantage of this service, however if you aren't one of them, please contact us immediately so that we can arrange cover for you.

Ask for Sheila Morris when you ring Tel: 0191 4781513 or email her on smorris@rhk.co.uk



Recent Changes for Individuals and Businesses



For savers

From 6 October 2009 those aged 50 or over will be able to increase the level of investments in ISAs to £10,200 from the existing £7,200. The increased limit will be available to all from 6 April 2010. The maximum cash investment within the overall limit of £10,200 rises from £3,600 to £5,100.

For employers

The National Minimum Wage (NMW) rates and the maximum wage used for statutory redundancy pay calculations. The NMW for workers aged 22 and over increases to £5.80 per hour from £5.73. For 18 to 21

For companies

The Companies Act 2006 was implemented 1st October 2009 which will effect all Limited Companies.

Highlights include:

- New company forms and option to file on-line.
- New secure filing system to combat identify fraud.
- New arrangements for company registers and director's residential addresses.
- Simplification of company formation.
- New 2006 model Articles of Association.

For further information or advice on any of these areas please contact us.

Company Secretarial

Owners of Limited Companies cannot fail to have noticed the dramatic changes brought about by the implementation of the Companies Act 2006 on 1 October 2009. Our Company Secretarial Service has been specifically devised to take this administrative burden from you, ensuring that you are complying now with changes that will be implemented in the future by fully automating Annual Returns, Annual Accounts and other formal company documentation.

Penalties are now levied by Companies House for late filing deadlines. By using RHK's Company Secretarial Service you are guaranteed that all future deadlines will be met.

To take up this service please contact David Hall on Tel 0191 478 1513 or email: dhall@rhk.co.uk

Increasing the Flow

Effective cashflow management is as critical to business survival as providing services or products. Below are some of the key methods to help reduce the time gap between expenditure and receipt of income.

Supplier management

- Define a credit policy that clearly sets out your standard payment terms.
- Implement a process for chasing outstanding payments - this could involve a reminder letter, followed by a telephone call.
- Consider offering discounts for prompt payment.
- Compile an aged debtor list to identify specific invoices that are overdue.
- Issue invoices promptly.
- Consider exercising your right to charge penalty interest for late payment.
- Calculate the "debtor days" so that you can monitor your business's overall performance in collecting debts month by month.
- Negotiate deposits or staged payments for large contracts.
- Sell your invoices to a third party in return for a percentage of the total.

Supplier management

Considering alternative suppliers who may provide goods or services at a lower cost is not always beneficial to the business. Cost reviews are of course essential to ensure the business is spending its money competitively. Information about lower costs can be used as a negotiating tool with existing suppliers but service and quality are also key aspects of supplier management.

It is no good for example changing telephone suppliers if the level of service causes business disruption. Instead consider the following:

Negotiate better terms of settlement with suppliers.

Discuss with your key suppliers ways to reduce overall costs through the size or timing of orders. Giving your suppliers incentives such as large or regular orders may help but make sure you have a market for the orders you are placing.

Alternatively consider reducing stock levels and using just-in-time systems.

Asset management

Buying plant such as equipment and vehicles outright can result in a huge drain on cash so consider alternatives such as leasing or buying them on hire purchase.

If you are VAT registered and you do decide to buy a major piece of plant, consider buying at the end rather than the start of a VAT period. This can improve cashflow because the VAT outlay on such purchases, which is generally recoverable, can then be set against the VAT you need to account for on your sales, thus reducing the net VAT liability payment.

Taxation management

You may be liable for several different taxes including PAYE, income tax, corporation tax and VAT. It is essential to keep good records to help you calculate your liability and complete your returns accurately. This is vital not only for cashflow management but to avoid further costs in the form of HMRC penalties!

A Business Payment Support Service (BPSS) has been launched by HMRC to help businesses struggling to meet tax, national insurance or other payments owed to HMRC. HMRC staff will review your situation and discuss temporary instalment payment arrangements tailored to your business circumstances. If you are concerned that you may not be able to pay amounts that are owed or will soon be owed to HMRC, you can either contact the BPSS direct or contact us for assistance on how it can operate.

Last Chance Saloon

HMRC have now published details of the new disclosure initiative, announced provisionally in the Budget 2009. This 'New Disclosure Opportunity' (NDO) is aimed at taxpayers who have undeclared income and gains from offshore accounts and assets.

An incentive of capping any additional penalty at 10% is offered in exchange for full voluntary disclosure and settlement of any tax liabilities. In fact no penalty will apply where the outstanding tax does not exceed £1000.

A previous opportunity in 2007 that allowed taxpayers to settle tax arrears on undeclared offshore income also attracted an additional penalty of only 10%. At the time of that amnesty, HMRC wrote to certain taxpayers offering the 10% rate as a result of information they had managed to obtain about account holders of offshore bank accounts with five of the High Street banks (Lloyds TSB, HBOS, HSBC, Barclays and RBS). The potential threat of being found out prompted tens of thousands of individuals to disclose with a resulting yield of £400m to HMRC.

So why a second opportunity?

HMRC and other foreign tax authorities have worked hard over the last few years to increase co-operation in an attempt to further reduce tax evasion. It is reported that HMRC now have authority to seek information about offshore assets and accounts from a much wider range and volume of financial institutions (other banks, building societies and brokers) than previously. This increases the odds in their favour of identifying undeclared income and gains.

Higher penalties

The 10% penalty restriction will not apply to those to whom either HMRC or the banks wrote in 2007 and who chose not to disclose at that time. Instead those individuals who now make a full disclosure will attract a penalty of 20%.

If a taxpayer does not disclose it is clear that HMRC intend to use the full extent of their enhanced powers to identify defaulters and to vigorously pursue all outstanding liabilities. In such cases the minimum penalty level is expected to be 30% rising potentially to 100%.

The NDO will run from 1 September 2009 until 12 March 2010. However taxpayers need to notify their intention to disclose by 30 November 2009.

The actual disclosure must then be submitted:

- On paper between 1 September 2009 and 31 January 2010.
- Electronically from 1 October 2009 to 12 March 2010.

INSIDE RHK

Find out the latest news, information and updates from inside the RHK office.

Oh Boy!!!



We are delighted to announce that Nicola Small from our Business Services Department gave birth to a baby boy, Frankie Lee Small on 6th September, weighing 7lb 5oz.

All calls for Nicola are now being dealt with by other members of the business services department.

Charity Day at RHK!

The last Friday of every month is Charity Day at RHK! We hold a dress down day and organize treats such as cakes and sweets.

Last month the theme was 'At The Cinema' and we all tucked into Hotdogs, Popcorn, Nacho's and Sweeties and raised approximately £84 for Tynemouth Explorer Scouts. September's event was a 'Cheese Ploughmans' theme and £90 was raised for Breakthrough Breast Cancer.

So if you happen to be in the office on the last Friday of the month please excuse the casual dress and feel free to tuck into a treat or two!

Getting Your Chips for Free

The payment of subsistence expenses is a frequently misunderstood area that affects all sizes and forms of business. Getting it wrong can be costly for both employee and employer.

The first step is to ensure that subsistence costs are attributable to business travel. A critical concept is that such costs are necessary and that additional costs are actually incurred during the course of a journey or whilst at a temporary workplace. HMRC's own guidance states "Once it is accepted that the employee has incurred allowable subsistence expenses, you do not need to take into account the costs saved as a result of the business travel. For example, if the employee needs to eat in a restaurant while on a business trip you can permit a deduction for the full cost of the meal and should not make any adjustment for the costs saved by not eating at home".

However, many industries, conscious of cost control and to ensure consistency amongst employees, rather than reimburse actual costs prefer to use standard meal allowances in their expense policies and therein lies the potential hazard! Without prior agreement with HMRC such payments are likely to be treated as round sum expense allowances and therefore additional pay. This would then attract both income tax and National Insurance Contributions (NICs).

So how can we ensure these payments are tax and NIC free?

Earlier this year HMRC introduced an advisory system of benchmark scale rates for subsistence payments. The aim being to give a measure of certainty and consistency between businesses. Employers can use this to make subsistence payments to employees who incur allowable business travel expenses free of tax and NICs.

The advisory system which was implemented on 6 April 2009 covers benchmark scale rates for day subsistence payments. If an employer wishes to pay subsistence to employees who have to stay overnight they can either reimburse the actual cost incurred by the employee or agree a tailored scale rate to cover meals and other expenses in a dispensation with HMRC.

What conditions apply?

The key qualifying conditions are:

- the travel must be in the performance of an employee's duties or to a temporary place of work;
- the employee should be absent from his normal place of work or home for a continuous period in excess of five or ten hours; and
- the employee should have incurred a cost on a meal (food and drink) after starting the journey so if an employee does not buy a meal or takes a packed lunch from home there is no entitlement to a tax and NIC free payment.

If a business wants to pay scale rates to its employees it can only do so tax and NIC free if it has a HMRC dispensation. We can assist you in making such an application or when relevant, reviewing your existing dispensation arrangements.

The benchmark rates

Qualifying travel period	Amount (up to)
At least five hours – the one meal rate	£5
At least ten hours – the one or more meal rate	£10

There are also breakfast and late evening meal rates for use in exceptional circumstances only. These are not intended for employees with regular early or late work patterns and conditions are specified. Please contact us for further information if you consider this may be of interest to you.

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