

ARE WE COMING OUT OF RECESSION?



Many economists seem to be absorbed in debates about whether this recession is V shaped, L shaped or even W shaped.

Perhaps for those of us in the front line of business this is not the key issue. Rather, business owners need to recognise that this is a time of change. We are moving into new trading conditions and, for many industries and businesses these will be very different from the pre-recessionary times we have experienced.

The key for most businesses is to maximise opportunities here and now, to retain existing business and open new avenues. In the current climate there seem to be some obvious strategies which business owners should consider:

- **Give something away to customers, perhaps in terms of over servicing or providing additional products or services without charge.**
- **Look for new markets and launch new products.**

- **Increase the price of niche products or services – particularly if they are exclusive to you.**

- **Look after your staff.**

- **Increase spend on the marketing and training budget.**

At Rothmans we have considered how we can improve our services and, as part of a new programme, are introducing measures to demonstrate how we value our clients and staff, and are planning to be more active with our communications.

July saw the launch of our new branding and a revised online presence. You can now find out more about how we support businesses and private clients by visiting our new website at www.rothmansllp.com

This website is a useful resource, updated regularly with information relating to tax, finance and other business news that might affect our clients. So it's worth bookmarking the site and checking it regularly.

For example, we will shortly be looking at the changes to the rating valuation system that take effect from next spring. We recommend that before next April, every business checks whether its rating assessments can be reduced - further details will appear on our website soon.

As part of our client and contacts communication programme we are also introducing Rothmans Newswire. This will be a monthly round-up of the latest changes in legislation and advice which may affect our clients, and we will send you further details on this shortly.

If you are interested to learn more about topics mentioned in any of our client communications, then please contact your team at Rothmans who will be able to give you specific advice on how the changes affect you.

Andrew Bennett
Partner – Rothmans Chandlers Ford

CHARITIES FACE THE PUBLIC BENEFIT TEST



It is a challenging time for all charities at the moment. The effects of the recession are felt particularly in the 'not for profit' sector. Funding from corporate donations, individuals and local government are particularly under pressure.

The basics of good governance are more important than ever at this time and charities need to have a clear strategy and timely management information if they are to maximise their resources.

To add to this growing pressure, trustees of charities have to deal with increasing regulation and changes in legislation.

As a result of the Charities Act 2006 the requirements of the public benefit test are now in force. For all accounting periods commencing on or after 1 April 2008, more charities will have to make disclosures in their trustees' report of how they operate for the public benefit.

For all well run and well governed charities this should not be too much of a challenge, as this should already form part of their strategic plans. The monies a charity holds are held in trust for their particular charitable aims and the requirement to demonstrate their public benefit should be welcomed by all trustees.

The public benefit test reaffirms the objectives of the Charities Commission to enhance the accountability and transparency of charities to donors, beneficiaries and the public.

We are currently providing guidance and assistance to a number of charities, advising on strategic aims, governance and future plans. If you would like to discuss how we can assist your charity, please contact a partner at any Rothmans office.



Andrew Perriam
Partner – Rothmans Chandlers Ford

STRATEGY CORNER

This article concerns business structures and their relevance for the development of a business.

All activities in a business fall within the following three areas:

1. Revenue Generation
2. Business Support (administration)
3. Business Development (strategic)

In a successful functional business, the operating structure and allocation of responsibilities can be organised so that the key people in the business focus most of their time playing to their strengths.

This may seem like a statement of the obvious. However, in many businesses this is not the case and the business leaders spend far too much of their time on business support activities.

On the same theme, the important strategic business development issues are often neglected.

Every growing business reaches a number of stages where the business leaders need to review the business structure and functionality.

The usual symptoms include:

1. duplication of staff efforts

2. failure to delegate and manage
3. lack of clarity on areas of responsibility
4. uncertainty about authority levels
5. missed opportunities through capacity issues or response times
6. undue stress levels for management and staff

Most businesses face these issues at some point and some input from external advisers can be invaluable.

If functionality is currently an issue for your business perhaps it is a subject to raise with your Rothmans team.



REVENUE HELP FOR BUSINESS CASH FLOWS

Anticipated losses

In his 2009 Budget statement, the Chancellor announced further help for businesses facing difficulties in paying their tax. Any viable business anticipating making a trading loss in the current tax year will be able to have the anticipated loss taken into account as part of any rescheduling of its corporation tax or income tax payments.

The new measure means businesses will no longer have to wait for the end of their accounting period - which may be months ahead - to have the loss taken into account in calculating what they have to pay and will be administered by the existing HMRC Business Payment Support Service (BPSS).

Spreading of tax liabilities

HMRC BPSS has been in existence now for almost a year. It enables HMRC to agree an extended time to pay arrangement on the previous year's corporation tax or income tax if:

- the business is genuinely unable to pay immediately; or
- the business is likely to make a trading loss in the current year.

Separate to this measure, businesses who wish to reschedule VAT, PAYE and

National Insurance contributions or who have already entered into a time to pay arrangement, but have found their circumstances have changed for the worse, can also contact the BPSS for a new or revised time to pay arrangement, depending on individual circumstances.

Losses – extension of carry back

A temporary extension of the carry back of trade losses is now available for companies covering accounting periods ended after 23 November 2008 and before 24 November 2010. The trade loss carry back is extended to three years from the existing one year, however, there are limitations on the amount and method of set off. A similar measure is available for non-incorporated businesses for losses incurred in 2008/09 and 2009/10.

Enterprise Finance Guarantee Scheme

This scheme is available until 31 March 2010 to UK businesses with a turnover of less than £25 million who are currently not able to access the finance they need. The government provides a guarantee to participating banks, who administer the scheme, for loans of between £1,000 and £1

million. The scheme can be used to allow lenders to restructure existing loans or to assist them in new lending. Applications are made initially via current banks and if assistance is required, please contact us.

Our advice:

If there is interest in any of the above matters, please contact us.

The BPSS can be contacted on **0845 302 1435** from 8am to 8pm Monday to Friday and from 8am to 4pm at weekends.

Further information on BPSS is available at:

www.hmrc.gov.uk/pbr2008/business-payment.htm

Graham Hindley
Partner – Rothmans Sutton



OFFICE FOCUS SALISBURY



Winning a major client based in the Salisbury area was the catalyst for opening the Rothmans office in the city in 1990, headed by partner Sue Sullivan. After three years in serviced offices, Sue and her team moved to its current premises in the heart of the city, close to the Cathedral, yet with ample parking.

What appears to be a fine Georgian building, is in fact a 1980s structure, with all the facilities of a purpose-built office complex. Not only are clients at first fooled by the seemingly authentic

architecture, but so was Salisbury council, which tried to list it as a Grade II building.

While the majority of the firm's clients are owner-managed/family businesses, based in the surrounding areas, a large number of referrals from existing clients has expanded the client base nationwide. "I've always liked owner-managed businesses, where we can help with both business and personal tax planning" explains Sue. "There's great scope for advising clients where the two aspects

are present and we have considerable experience in handling the issues that can arise in these situations."

"In fact we have developed a reputation for problem solving and addressing difficult issues, wherever they arise – be it helping a start-up business develop a viable business strategy or supporting a client win international grants and funding. Our clients know that if they have a problem, they can come and talk to us and we'll look for a solution with them. We welcome a challenge, and as a result, have attracted an eclectic mix of clients – which the team loves."

The team, which is now 12 strong, includes Sue's three managers: Nick Davis, in charge of client relationships; Kate Williams, tax manager, who also specialises in the purchase and sale of property portfolios and Sarah Cross, who heads up audits and looks after clients' IT requirements.

"I'm pleased to say that our team has become very much part of the local community. Clients tend to get to know everyone in the office and they are quite happy to just drop in when they are passing the door. Salisbury is a rather quirky city in that respect and we just love being at the heart of the place."

Introducing Sue Sullivan FCA Partner
Sue trained and qualified at Rothmans, becoming a partner in 1987 and opening the Salisbury office in 1990.

She is a general practitioner with a taxation bias and her

particular interest is the tax and accounting strategies of owner-managed businesses where personal and company financial issues often blend together. Sue gets great satisfaction in solving clients' problems and providing help and support, firmly believing

that the accountant's role is to work with their clients to get through the downturns as well as maximising opportunities in a strong economy.

Sue is a keen skier and walker, and is currently adding learning Italian to her achievements.





One of the R&D projects that is helping St Cross Electronics stay a market leader is its single seater race car team. The Jedi chassis car, powered by a motorcycle engine, can produce speeds of up to 155mph and is used to develop telemetry data collection.

CASE STUDY CLIENT – ST CROSS ELECTRONICS

For the past 26 years St Cross Electronics has been manufacturing cable harness assemblies out of its facility in Southampton and during that time has become one of the most renowned suppliers across Europe.

The market today is very different from that of 1983, when the company was founded. Manufacturing is now one of the hardest hit sectors of the UK economy. The current threat of cheaper imports from China means that St Cross Electronics has to concentrate resources on the development of modern production techniques and invest heavily in staff training in order to compete successfully and to be able to offer a comprehensive range of products at the right standard, at the right price and, most importantly, on time.

Running a business at maximum efficiency has never been more important. Which is why having an accountancy practice that understands the market, the issues and operates as part of the business team is vital to managing director Dax Ward.

Dax Ward and his co-director Adrian Jukes, took over the running of the company following an amicable management buy out when the founding partners decided to retire. Rothmans had been working with St Cross Electronics since its conception – then a small start up operating out of a garage. A team from the Rothmans' office in Chandlers Ford, led by manager Keeley Cousens, negotiated an MBO structure that was acceptable and affordable to all parties, maximising both personal and corporate tax opportunities and minimising Capital Gains Tax for the outgoing shareholders.

Moving forward, Dax was more than happy to retain Rothmans to handle all aspects of the company's accounts and considers the relationship very much as a partnership. "I'm usually on the phone to Keeley or one of her team at least once a month and she and I have quarterly strategy meetings to assess progress and the future development of the business. We're always asking ourselves, 'is there a better way of

saving money?' and I'm confident we are handling our financial affairs as efficiently as possible. In the current economic climate that has never been more important."

Being 'part of the business' is important to Keeley Cousens. "We handle all the usual statutory company requirements for the company but also advise on every aspect of personal and business tax planning. Really understanding our client's business is fundamental to our philosophy. In most owner-managed businesses directors are working long hours and are very hands on. They are not usually financial experts – that's what they want from us - someone who's looking at every angle to help them save money and grow profitably. The company is very innovative in its sector and we need to support them in staying ahead of the field."

www.st-cross-electronics.co.uk

Keeley Cousens
Manager - Rothmans Chandlers Ford

FIRM NEWS

Race For Life!

Alex Newman, Client Manager from Portsmouth North ran the Race for Life at Southsea this summer. Alex raised over £200 for the charity – this included donations and sponsorship from her team in Rothmans Portsmouth North.

Alex said she had always wanted to take part in the Race for Life and this was the first year she was able to take part - as she was previously studying for ACCA exams. Alex was spurred on by the death of her grandmother to cancer and a desire to help those who have to face cancer now and in the future.

"It was an amazing atmosphere and very emotional – everyone has pictures and messages pinned on their backs of all those family members and friends

that have been taken from us through cancer. I ran the race in 40 minutes and I'll be doing it again next year!"



Rothmans enters SCASS football tournament

For the second successive year Rothmans entered a team into the SCASS [Southern Chartered Accountants Student Society] 5 a side football tournament.

The team was made up of Natasha Wooton, Dan Langston, Andy Lee, Mark Milner and Alan Cooper from the Chandlers Ford office, Dom Currie from Havant, and Richard Pike from Segensworth - they received huge support from other Rothmans offices and their families.

"It was a great day out for the team and all of our supporters" said Alan Cooper, captain of the Rothmans side "We had a good run however we were finally defeated in the quarter finals. Next year is our year!"

HABIB BRORA DIRECTOR AT EASTLEIGH

Habib Brora from Rothmans Eastleigh has been appointed director with effect from 1st October 2009.

Habib commenced employment with Rothmans in 2000 at the Eastleigh office, qualifying as a Chartered Certified Accountant in 2004. After qualifying Habib gained an in-depth knowledge of tax which helps him give clients the best all round advice. Habib has built up a portfolio of personal, business, charity and trust clients.

Habib decided to enter the accounting profession after a family member received relatively poor advice from their accountant. It was then Habib decided he wanted to make a difference, providing good quality advice to business owners.

Habib concentrates on the owner, helping them make the most out of their wealth and assets – Habib comments "We pride ourselves in giving the all-round advice the business owners

need and deserve – I enjoy dealing with people and solving their problems"



Rothmans Chandlers Ford
T +44 (0) 23 8026 5550

Rothmans Eastleigh
T +44 (0) 23 8061 4555

Rothmans Fareham
T +44 (0) 1329 280221

Rothmans Havant
T +44 (0) 23 9248 2683

Rothmans Portsmouth North
T +44 (0) 23 9238 3207

Rothmans Portsmouth South
T +44 (0) 23 9282 3777

Rothmans Ringwood
T +44 (0) 1425 479977

Rothmans Salisbury
T +44 (0) 1722 413413

Rothmans Segensworth
T +44 (0) 1489 575428

Rothmans Southampton
T +44 (0) 23 8021 1088

Rothmans Sutton
T +44 (0) 20 8642 1048

Rothmans Winchester
T +44 (0) 1962 842345

www.rothmansllp.com