



Newsletter of HartleyFowler LLP

The economic outlook

Although there continues to be stormy waters on the international front and the UK's technical double dip recession, we are generally seeing clients being cautiously optimistic about prospects for the next twelve months with improved activity over 2011, even if it is inconsistent.

So was it a Budget for business?

Although the Chancellor's budget statement main headline was the reduction in the 50p tax rate to 45p a deeper look at the rest of the budget demonstrates what a mixed bag it was.

The main rate of Corporation Tax is set to fall to 24% from April this year (from 26%) and with a target to reduce this to 22% from April 2014. Whilst this 2% reduction does not seem that generous, the main rate back in 2007 was 30%, but the small companies remains at 20%.

However, as we have been used to for many years, measures announced in the previous years' budget come into force this year.

One of the main changes is to Capital Allowances and in particular the Annual Investment Allowance which from 1 April has been reduced to £25,000 from the previous allowance of £100,000; so it is even more important to make sure that the timing of any capital expenditure is properly planned.

As for the VAT, there was little indication before the budget that much would change, but there were some significant changes that will impact on businesses, especially in the building and catering sectors.

Additional expertise, a phone call away



Dan Simpson promoted to
Partner, Brighton office



Matt Cleghorn, Senior
Manager, Horsham Office

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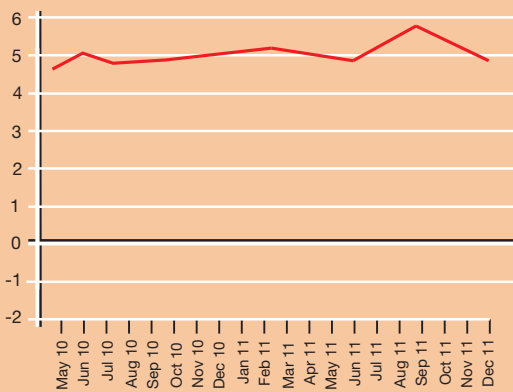
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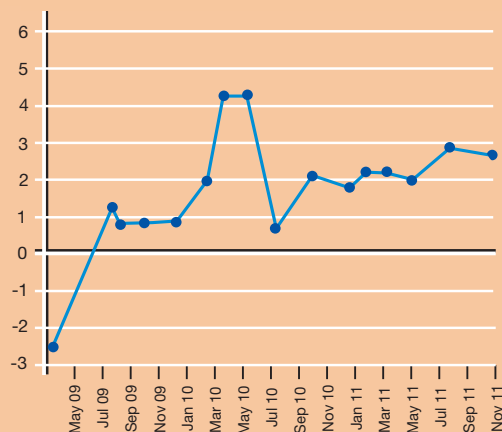


See the back page
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Retail Price Index Change (%)

Market Tracker



Increase in Annual Earnings (%)

Important changes to online VAT...

Since April 2010 all businesses with a turnover of over £100,000 and all newly VAT registered businesses have been required to file their VAT Returns online and make payments electronically.

From 1 April 2012 all remaining VAT registered businesses will be required to use this online system to file their returns and any VAT due must be paid electronically.

HM Revenue & Customs should already have sent out notices to those businesses affected but if you haven't had a reminder, this doesn't mean you shouldn't act. If you haven't already signed up to Online VAT do not delay because it takes time to register.

Please give us a call if you would like advice on how to go about the registration process. If you prefer not to register online yourself, Hartley Fowler can file the return acting as your Agent.

However, the payment will still need to be made electronically (internet transfer or direct debit, for example).

Paying electronically normally gives you an extra seven days to file your return and make payment but please bear in mind that the funds must have cleared and be in the HMRC bank account before the seven days are up, to avoid a surcharge.

If you are VAT Registered and you don't already file online then you must act now!

News update on HMRC...

Following extensive lobbying by our professional body (ICAEW) HMRC has announced a pause on its controversial Business Records Check (BRC), their programme of visiting small businesses to check up on the quality of their record keeping.

However, after singling out doctors, HMRC is targeting the building trade; carpenters, bricklayers and joiners.

The costs of dealing with HMRC enquires can soon add up, even if they do not find anything. So we are teaming up with Taxwise to provide fee protection insurance to cover the costs of Revenue enquires.

We will be writing to all our clients shortly to explain the fee protection insurance.

... and SEIS

If you are thinking of setting up a new business then it may be worth looking at the new Seed Enterprise Investment Scheme (SEIS). This allows investors in new ventures to obtain 50% tax relief on their investment, even if they are not higher rate tax payers, as well as rollover capital gains giving an effective tax relief rate of 78%.

Watch out for the new pension rules.

These changed from 6 April 2011 and the annual allowance is £50,000.

It is possible to use any unused-relief from previous years based on the £50,000 annual allowance for the past three years. So, for 2012/13 if no contributions had been made in the past three years, then it would be possible to make a £200,000 contribution into the scheme and receive tax relief; subject to having sufficient net relevant earnings.

1st January

31st January

5th April

30th April

Close working relationships

With a dedicated business partner

Bank Finance: it's all in the presentation

“Bank finance is still available to SMEs if the figures and business is presented in the right way”

It has become perceived wisdom that since the world's banks were caught with loan books full of bad lending, they have pulled up the drawbridge to SMEs.

This is true, but only up to a point, as funding is available for businesses taking the time to present their case well. After all the banks owned by us have government set targets, for lending to SMEs.

So what's the real story on bank lending?

Nowadays, arranging credit is often beyond the remit of any individual relationship manager, even if he or she is sympathetic to your cause and knows your company well. Although having good rapport with your bank is still important, it's the numbers that do the talking.

Ticking the right boxes

Contrary to popular belief banks are still lending to SMEs as it is a mandatory obligation for state owned banks. However, their appetite for risk has changed and so have their customers which means that many SMEs are missing out.

This situation is not due to a lack of funding - banks are just far more thorough in their approach to lending. They will demand convincing evidence that an SME requesting funds has a real need for the money and a watertight plan to repay it. All the boxes must be ticked - or the coffers stay closed. It is not just a case of

dredging up last year's accounts, but presenting a tailor-made package of information to make the case for new finance.

Be Prepared

1. Prepare a business plan – a detailed business plan is essential to any request for bank finance. Reams of figures are not enough: they must be presented in ways that banks understand and trust.
2. Present your case – the bank will not only want to see detailed cash flow, profit and loss accounts, balance sheets and liquidity reports, it will also want to be sure that the SME demonstrates the need for a loan, how it fits into the business plan and helps the business work better.
3. Good Housekeeping – businesses should have a strong grasp of their financials all the time, not just when they are seeing the bank. An increasingly popular option for SMEs is to outsource their finance functions. At Hartley Fowler, we can provide businesses with the equivalent of a virtual finance controller and prepare management accounts, making it simple for us to advise firms when the need for credit arises.

Bank Packs

Whether as part of an outsourcing agreement or a one-off credit application, we can help businesses to be prepared. Detailed bank packs are available to show how the data should be presented. Areas of weakness can be identified, and clients can be coached on how to answer when a bank asks difficult questions.

19th May

6th July

31st July

All systems go at Horsham, Brighton & London offices!

We are pleased to announce that the Hartley Fowler team has expanded.

At the Brighton office, Dan Simpson has been promoted to partner and Jeff Fletcher to audit manager. Matt Cleghorn becomes senior manager at the Horsham office. Heartiest congratulations to everyone.

In February we took over the clients of Strover Leader & Co., a well established Wimbledon practice. We

welcome both Dave Roberts and Hector Brooks, both of whom were with Strover Leader, to the firm. Dave and Hector have particular experience in the charity and not for profit sector.

The firm's new website will be launched in a few weeks. It will provide useful information about the firm and the team, as well as live news, a Twitter feed and a connection to Linked-in. **Visit www.hartleyfowler.com**

Hartley Fowler goes hi-tech

Hartley Fowler continues to be at the cutting edge of new technology with the development of an App for the iPhone/iPad which can be downloaded free from the Appstore.

The App has tax calculators, a link to our budget summary and tax card rate, as well as our website; an android version will be available shortly.

Let us know what you think!



Download now:

1 Search or Scan

Search "budget tools" in the app store or scan the QR code below to download the App

2 Login

Use our unique login to use the App
Username: **Hartley12**
Password: **budget**

3 Utilise

Benefit from having tax calculators, a budget summary and tax tables wherever you are.



Upcoming filing dates for businesses

- **19 May 2012** Latest filing/issuing deadlines for: 2011/12 PAYE returns, P14, P35, P38 and P38A
- **31 May** Issue P60's to employees
- **6 July** Latest filing for P9D, P11D and P11D(b)
- **31 July** 2011/12 second payment on account due

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