



Winter 2006

What's New at



Happy New Year!

Again, rather than send you a Christmas card, we instead donated the money we would have spent to charity. This year we chose BLISS - the premature baby charity. Our intrepid manager / car fanatic Mark McLean (below) and his wife Jo drove their trusty Triumph Dolomite 2000 miles around Britain earlier in the year, and their efforts raised over £1000. Fox Evans also sponsored Rob Anderson's brother, Dean, to run the London marathon, which he completed in a respectable sprint of 5.5 hours. The Warwickshire Air Ambulance was the principal beneficiary of his endeavours.



Congratulations to Graham Lindsay who has just finished his final exams and can ditch the text books for good. Soon he will be a fully qualified accountant!

And finally, we know many clients know and like the amiable Sarah Walsh, our receptionist in chief. Unfortunately, and inexplicably, the charms of Coventry and Fox Evans have been unable to tempt her away from the lure of New Zealand, where she has emigrated to start a new life. We wish her well.

New site, new tools

Happy New Year to you! We hope it is a prosperous one, and one where you can maximise your profitability and we can minimise your tax bill on the back of it!

One of our New Year's resolutions is to improve the content of our newsletter, and to that end we will be including articles relevant to issues that small companies face on a day to day basis. The first article is on cashflow. We hope you find it useful.

The newsletter is one of the ways we try to keep you informed about issues that may affect you and your business. But it isn't the only mechanism. There's the good old fashioned telephone, of course, and we pride ourselves on always

making ourselves available to talk to our clients.

There's also the worldwide web, and we've just overhauled our site with new and more updated information on it.

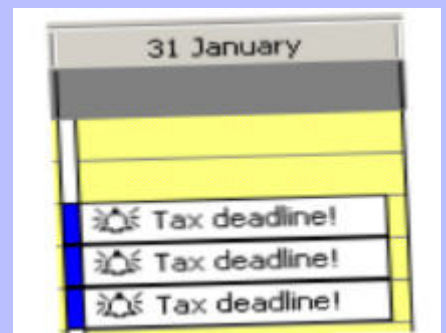
www.foxevans.co.uk is the address. It now includes online calculators such as for loan repayments and a payslip checker, and fact sheets on subjects such as VAT, business tax, pensions and employment related issues. You can also register for email updates. If we've got your email address you'll have got one or two already. Emails make communicating so much easier - so if we haven't got yours then please let us have it. We won't pass it on to anyone else, or send you any junk! Except the usual from the taxman of course!



£100 penalty if you're late!

We need your tax information please! If you still haven't brought in your personal tax and business records for 2005/06 please do so as soon as you can.

We have to file these by 31 January 2007, and if we don't have your information we can't do it! You will be liable for a £100 penalty if your return does not get filed on time.



Companies Act 2006: how it affects you

The Companies Act 2006 has finally received Royal Assent. The Act aims to simplify and improve company law and will take two years to implement. The main changes are

- The deadline for private companies to file their annual accounts with Companies House is reduced from 10 months to 9 months after the year end
- The formation of a company will be made simpler for private companies
- There is no longer a requirement for private companies to have a company secretary
- Clearer guidance will be provided to directors on what their duties and responsibilities are
- Directors have the option to use a service address on public record rather than their home address

end. As mentioned in a previous newsletter we will be writing to you with details of the month allocated for production of your accounts. We are hoping to be in a position to notify you shortly after one of our busiest periods, the tax return filing deadline at the end of January!



Companies should face less bureaucracy with reforms of the Companies Act.

Of course, reducing the filing deadline means that we will need your records sooner after your year

Pre-budget update

The Government confirmed in its recent pre-budget report that the Construction Industry Scheme WILL be introduced on 6 April 2007. There will be a standard deduction rate of 20% (increased from 18%) for registered subcontractors, unless they have satisfied certain conditions. A higher rate of tax - 30% - is applied to unregistered subcontractors to allow them to start work.

There was little else in the budget to excite or affect clients. The issue of tax motivated incorporation is clearly still on its agenda as it is "reviewing how the system could be modernised, made simpler, more efficient and competitive". That'll be Government language for "reviewing how we can lose less money" on it, then.

Legislation will be brought forward in 2007 relating to online filing, which will start in 2008. They will require businesses to file VAT returns, company tax returns and PAYE in phases from April 2008.

We would like to remind clients of the benefits of giving via Gift Aid. Individuals who are UK taxpayers and who make donations to charities via the scheme enable the charity to reclaim an extra 28%. Higher rate taxpayers can also reclaim an extra 23% of the gift on their tax return. Donations to the Hunter Foundation (see opposite) can be made via Gift Aid.



Workers will be automatically enrolled into a new pension system from 2012, under new Government proposals. Staff will pay 4% of their salaries, employers 3%, and the Government 1% in tax relief.

Employees will be forced to join the scheme, unless they already have a good workplace pension or choose to opt out.

Up to 10 million workers who are not in employer-funded schemes will be affected, and employers will be forced to contribute if their staff join up.



Are you using illegal copies of software on your computers, or have not purchased sufficient licences for all your staff? If so beware: trading standards officers could be given powers to raid firms suspected of doing so, according to *Computer Weekly* magazine.

In a review of Intellectual Property rights, the Government is considering giving software suppliers new powers to claim damages from companies breaking licensing conditions.

Make cashflow your New Year business resolution

Review your cashflow control! That's what we think every business' New Year resolution should be. Cashflow is a crucial part of your businesses success, but when you are concentrating on the day to day tasks of your business, then cashflow may not always be front of your mind. A lack of focus on cashflow can be disastrous, and is often the major factor in business failure. Some basic steps you can take to regain control are:

1. Monitor your 'Ins' and 'Outs'

You should know what money regularly comes into your business, and also what your fixed outgoings are. This isn't just about amounts, you also need to know *when* transactions are due to occur.

2. Plan Ahead

You should also have a good idea of the less regular payments your business needs to make. For example, the annual tax bill for a limited company is due nine months after the year end. Being aware of these amounts in advance means you can make sure you have the funds available.

3. Cut Your Costs

It may seem obvious but the easiest way to make cashflow improvements is to reduce the amount you are spending! Look for non-essential items, and also see if you can save money in areas such as postage, stationery, utility bills and travelling costs. You may also benefit from changing suppliers, or by negotiating discounts with existing suppliers.

4. Potential Risks

You must also assess potential risks, such as what if a major customer pays you late, or if a supplier changes its terms and asks for payment sooner than you had planned?

These eventualities should be what cashflow control arms you against. Having a better awareness of your income and outgoings should mean you can manage these situations without a crisis occurring.

5. Ask For Help

If you do hit a short term cash problem then speak to your bank. It may be able to offer extended overdrafts or a short term loan.

Also, talk to us! We can help you - as our back page article on City Bathrooms and Kitchens illustrates. We would be happy to talk through any issues with you.



Good cashflow is essential for a profitable business. Check out our handy guidelines to improve yours.

Lindsey lifts BBC award for brave Paul

The sad and premature death in October of snooker champion Paul Hunter, a client of Rob Anderson's for four years, touched not only his immediate family, his friends and colleagues but British sport as a whole. Paul was a popular player on the circuit, and no-one had a bad word to say about him. It was our delight, therefore, that Paul's wife Lindsey (pictured right) picked-up the BBC's Helen Rollason award for Paul at the Sports Personality of the Year award in December. In Paul's memory the Hunter Foundation has been set-up to introduce disabled and under privileged children to snooker. Donations can be made through Fox Evans.

On a happier note, we congratulate Neil Robertson on his success in winning the Grand Prix. Neil is the latest snooker ace to have his financial affairs taken care of by Rob, but his ability to give them a run for their money on the baize (maximum break 3) is not the main reason why they chose him!

BBC SPORT SNOOKER

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Hunter loses battle with cancer

Snooker star Paul Hunter has died aged 27 after a battle with cancer.

The Leeds player...

- **Born:** 14/10/1978
- **Turned pro:** 1998
- **Major titles:** Welsh Open ('98, '02), Masters ('01, '02, '04), British Open ('02)
- **Family:** Wife Lindsey, daughter Evie Rose
- **Died:** 9/10/2006

Fox Evans helps plug leaks in bathroom firm's money issues

No company can afford cash to leak out of the system - least of all a bathroom company! Profits just drain away. But every busy MD or small business chief executive knows how it can be - there's so much to do selling, sourcing, dealing with customers and generally keeping all of the business balls in the air at any one time that devoting as much attention to cash and cashflow issues as they warrant can be tricky indeed! There's just not enough time left in the day!

Such was the case with one of Coventry's best known home improvement businesses - City Bathrooms and Kitchens in Longford.

In the space of a few years owner and MD Keith Darlison had bought out his business partner, expanded the shop significantly, purchased property opposite with a warehouse attached, employed more staff, and embarked on umpteen more business and personal projects. And all while ensuring his business kept on achieving its primary objective: keeping its customers happy.

By his own admission the financial and accounting procedures in the company went by the wayside, and procedures weren't as watertight as they should have been for a business with a £4m turnover and which keeps 16 staff, 15 installers and three electricians in work.

Keith was so busy running the company that he barely paid much attention to sales and profit margins, staff commissions and the profit they generated, or failed to



generate. The concept of looking at management accounts once a year, let alone once a quarter, was alien. Eventually, though, Keith decided something had to be done and it was time he found a new accountant with new working practices and disciplines.

Fox Evans was duly recommended, and into the business came John Banbrook. He immediately recommended new accountancy practices involving Sage software; took time to explain to Keith what the accounts meant and why they were important, and what the benefit of regular assessments were. Staff were trained on the new system and payment practices were reviewed and changed.

The difference to the business has been significant, says Keith.

"Fox Evans has been brilliant. Whenever we have needed any advice there has always been someone to talk to," he says.

Keith Darlison (inset) owns the region's biggest independent kitchen and bathroom store

"We now have the discipline, the new systems and the security we wanted, and also that much needed element of transparency and traceability in terms of where the money has come from, and gone to." To help, Jan Rendall of Fox Evans still visits the business on a weekly basis to input data into the system. This arrangement is a popular one with businesses, says John.

Now Keith spends the bulk of his time on managing the business and the accounts, rather than on day-to-day issues that the business' other staff can adequately handle.

"We've now got what we lacked before - professional money people behind our professional sales, support and fitting people. It has helped us enormously," concludes Keith.

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"More than your average accountant!"

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