

# Taking Account

Newsletter from the Innovative Chartered Accountants

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## 2012 and beyond: key measures for business

With the economic outlook remaining gloomy, many business owners will be wondering what lies in store for 2012. Here we look at some of the key measures that have recently been unveiled in a bid to stimulate growth, encourage investment and reduce the burden on businesses.

### Encouraging investment

#### Seed Enterprise Investment Scheme (SEIS)

From April 2012, a new Seed Enterprise Investment Scheme will aim to encourage investment in start-up companies. The SEIS provides income tax relief of up to 50% for individuals who invest in shares in qualifying companies, with an annual investment limit for individuals of £100,000 and a cumulative investment limit for companies of £150,000.

In addition, the scheme offers a capital gains tax (CGT) 'holiday' for investments made. This will offer provision for a CGT exemption on gains realised on the disposal of an asset in 2012/13 and invested through the SEIS in the same year.

#### EIS and VCTs

Meanwhile, the 'connected person' rules and the definition of shares that qualify for relief under the Enterprise Investment Scheme (EIS) are being simplified, and a new qualifying test will be introduced. The £1m investment limit per company for Venture Capital Trusts (VCTs) is also being removed.

From 6 April 2012, the employee limit for both EIS and VCT purposes will be fewer than 250 employees (previously 50), while the gross asset limit rises to £15m before the investment. The maximum annual amount that can be invested in a company also increases to £10m and the maximum annual amount that an individual can invest under the EIS reaches £1m.

### Reducing the business burden

#### Automatic pension enrolment

Starting from October 2012, employers will have to enrol all eligible workers into a qualifying scheme.

Auto-enrolment is being phased in from October 2012, on a staged basis. However, small businesses have been granted additional time to comply with the new

requirements, with the starting deadline for employers with fewer than 50 workers now deferred until the start of the next Parliament.

#### Employment law

From April 2012, the qualifying period for unfair dismissal claims increases from one to two years, while new fees will be introduced in the future for individuals wishing to bring a case to employment tribunal.

#### Credit easing

Credit easing measures worth up to £21bn were announced in the Autumn Statement, including a £20bn National Loan Guarantee Scheme allowing banks to offer lower cost lending to small businesses, and a £1bn Business Finance Partnership, which will invest in SMEs in the UK through non-bank channels.

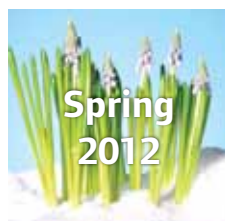
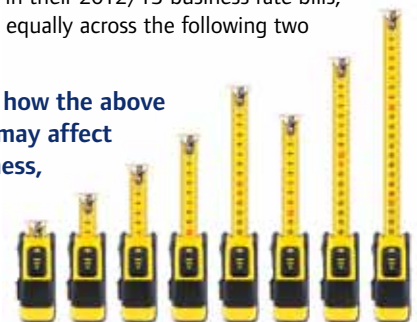
#### Tax and tax reliefs

At the last Budget, the main rate of corporation tax was cut to 26%, and it will fall by a further 1% each year until it reaches 23% in 2014.

The additional corporation tax deduction given to SMEs for qualifying research & development expenditure also rises from 100% to 125%, in respect of expenditure incurred on or after 1 April 2012.

Meanwhile, the small business rate relief 'holiday' is being extended by six months to April 2013, and businesses will have the opportunity to defer 60% of the increase in their 2012/13 business rate bills, to be repaid equally across the following two years.

**To discuss how the above measures may affect your business, please contact us.**



**Spring 2012**

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# Business plans – some **dos** and **don'ts**

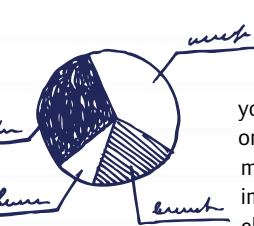
Whether you're a budding entrepreneur or an experienced business owner, having a water-tight business plan is a must. However, as with many aspects of running a business, there are a number of important points to consider. Here we summarise some basic business plan *dos* and *don'ts*.



## DO...

### DO your homework

You will need to be able to show that there is a market for your goods or services, and to research the competition. You should also assess how both are likely to change in the future. If you are applying for funding or a grant, be sure to check that the help you are applying for is still available.



### DO include a mission statement

In essence, your mission statement explains why your business exists. When you encounter a problem or a key decision, the answer will be informed by this mission. Think about why you started the business, and imagine where you want to be in the future. These two elements will provide your mission statement.

### DO carry out a SWOT analysis

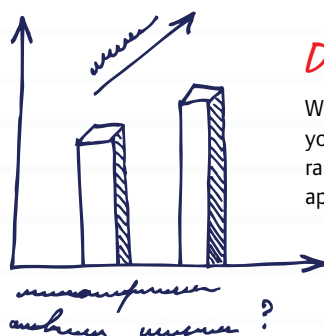
Be sure to analyse your business's strengths, weaknesses, opportunities and threats. List each category in full and be honest. Done correctly, this 'SWOT' analysis will help you to take an objective and critical look at your business in its entirety.

### DO put it in writing

Make sure you write down your finished plan. Include the mission statement, SWOT analysis, goals and plans, budget and forecasts, and make it clear who is responsible for doing what. Share it with your key staff and shareholders, and encourage their input. Give your plan a professional feel by using graphs, pie charts, photos etc, but use the same typeface and colour throughout.

### DO tailor the plan to the audience

Consider tailoring the plan to different audiences, as they will each have very specific requirements. For example, your bank will be interested in how you intend to repay a loan or overdraft and how it will help the business grow, while shareholders will want information on the prospects for the share price and what say they might have in the business.



## DON'T...

### DON'T be too over-optimistic

Most business plans are over-optimistic, especially as regards predicted sales, often hugely overestimating the size of the market. Too many business plans include a SWOT analysis, but concentrate on the strengths and opportunities and ignore the threats and weaknesses. You should have proof to support claims that you make in your projections. Show clearly what you intend to achieve, and how you will deliver outcomes.

### DON'T ignore the competition

Business plans commonly assume that the competition will make no competitive response or indeed, will have no new initiatives of their own. Study your competitors and try to second-guess their plans. A 'living' document will take into account their actions.

### DON'T forget to update your business plan

A business plan that is created for a purpose and then discarded will always become obsolete fast. Don't make the mistake of abandoning or forgetting about your business plan after you've presented it to investors. The plan should adapt to changes in your company, its market and the economy – and that means regular reviewing and updating.

### DON'T lose sight of the budget

All missions and strategies need money to succeed. A smart budget will help you to regularly review your expenses and make financially beneficial decisions. You may need to take a wide variety of factors into account when setting your budget. This is where we can help – why not give us a call?

### DON'T forget to seek professional help

We can work alongside you to develop a plan that can help you to achieve your business goals. We offer advice on a wide range of issues, from raising finance to deciding on the most appropriate structure for the business.

Please contact us for further information.  
We would be delighted to assist you.

## Reform of the personal tax system

The Government has launched a new consultation setting out its vision for a 'simpler and more transparent' personal tax system. It is seeking feedback on a number of ideas for reforming the current system, including plans to give every taxpayer online access to their tax records.

Ministers also want to gauge views on a possible move to supply pre-filled tax

returns to those in the self assessment system, a model that is already used in Denmark.

Under this system, existing information about incomes would be gathered from sources such as employers, banks, pension schemes and letting agencies and then added to the self assessment form before it is sent to the taxpayer.

The consultation, *Modernising the Administration of the Personal Tax System*, also suggests that taxpayers may be sent an annual tax statement in addition to their P60 and PAYE tax code notice.

The Government is already consulting on plans to integrate the operation of income tax and national insurance and intends to report on its progress at the 2012 Budget.

# Your employees and their rights

As an employer, ensuring that you are up-to-date on the latest regulations can be difficult. For many, this has proved particularly challenging in recent months, with a raft of employment law reforms, including many from Europe, now subject to further modification and consultation. Here's a quick overview of some of the essential points.

## Maternity and adoption leave

Women are entitled to take up to 52 weeks' statutory maternity leave. This period is made up of 26 weeks of **ordinary maternity leave (OML)**, followed immediately by 26 weeks of **additional maternity leave (AML)**.

The employee may also be eligible to receive statutory maternity pay (SMP), with the first six weeks on 90% pay followed by 33 weeks on SMP of £128.73 (2011/12) (or 90% of average weekly earnings – whichever is the lower). The statutory adoption leave regulations mirror those for OML and AML.

## Paternity leave

Qualifying employees (usually fathers) are entitled to up to two weeks of **ordinary paternity leave**, which can be taken within 56 days of the date of birth. To qualify, the employee must meet certain criteria – please see [www.businesslink.gov.uk](http://www.businesslink.gov.uk) for further details.

New fathers may also take up to 26 weeks' **additional paternity leave** to care for their newborn. The entitlement applies to fathers of children due or matched for adoption on or after 3 April 2011 and is only available to qualifying employees if the mother, or co-adopter, has returned to work before the end of their allowed maternity leave period.

## Parental leave and time off for dependents

To qualify for parental leave, the employee must have at least one year's continuous service with you and/or an associated employer and have parental responsibility for the child. The right applies to each parent and each child.

Those eligible are entitled to 13 weeks of unpaid parental leave if they have a child under the age of five, a child who is disabled and under the age of 18, or a child who was adopted within the past five years and is under the age of 18. An employee is entitled to 18 weeks' unpaid parental leave if their child is in receipt of disability living allowance.

Following a vote by the European Parliament, the permitted period of parental leave is expected to rise from three to four months during 2012.

All employees also have the right to a 'reasonable amount' of unpaid time off to deal with an emergency involving a dependant. A dependant is a spouse, partner, child or parent, or a person who lives with the employee (but not as a lodger).

## Flexible working

The right to request flexible working currently applies to parents of children under the age of 17 (under 18 if the child is disabled) or individuals who have caring responsibilities for certain adults. The right is limited to employees with 26 weeks' continuous service. The Government has launched a consultation on plans to extend the right to request flexible working to all employees from 2015.

## National Minimum Wage

Employees are entitled to receive a minimum wage. With effect from 1 October 2011, the main rate of the minimum wage, which applies to adults aged 21 or over, is £6.08 an hour. The development rate, which applies to those aged 18 to 20, is now £4.98 an hour, while the hourly rate for those aged 16 and 17 is £3.68. Eligible apprentices are entitled to £2.60 an hour.

## Annual leave and time off for training

A worker's statutory paid holiday entitlement is 5.6 weeks (28 days for a worker working a five-day week), although many employers choose to offer more. This can include public and bank holidays. The entitlement for part-time workers is calculated on a pro-rata basis, while special rules apply to workers below school leaving age.

Firms with 250 or more employees must also consider requests from eligible workers for time off to undertake training relevant to their role (known as 'time to train'). The planned extension of the rules to SMEs was halted following a Government consultation, with a review scheduled for April 2015.



*A fee system will be introduced from 2013 for those employees who wish to raise a tribunal claim*



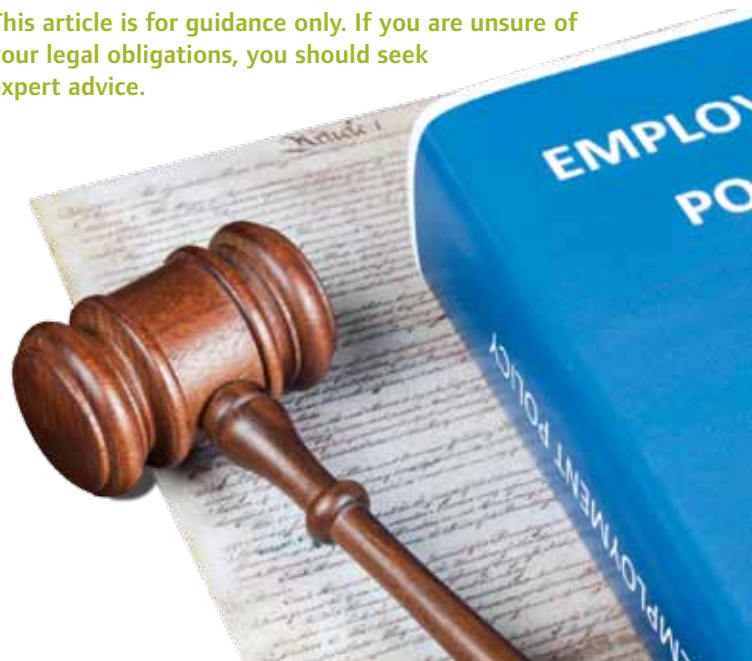
## Unfair dismissal

To date, employees have been able to bring a claim for unfair dismissal after one year in employment. However, this qualifying period is due to rise to two years from 1 April 2012. In addition, a fee system will be introduced from 2013 for those employees who wish to raise a tribunal claim, with a view to reducing the number of 'vexatious' claims.

## Agency Workers

Under the new Agency Workers Directive, UK agency workers who have completed 12 weeks of service in the same role with an employer are now entitled to many of the same employment and working conditions as other staff, including pay, overtime payments and holiday entitlements. Temporary workers can also enjoy certain staff facilities, including childcare facilities, canteens and transport services, from the first day of their employment.

**This article is for guidance only. If you are unsure of your legal obligations, you should seek expert advice.**





# Business Round-Up

## HMRC to review Business Records Checks programme

Having recently announced the extension of its Business Records Checks programme, HMRC has now confirmed that it will be reviewing the initiative, as a result of concerns over the scheme's impact on small businesses.



Under the scheme, HMRC officers are conducting checks on the adequacy of the records kept by SMEs, with the aim of improving standards of record-keeping and reducing the amount of unpaid tax.

The programme was initially piloted in eight key areas across the UK. Following the revelation that a significant proportion of businesses were found to have issues with their record-keeping, HMRC increased the number of officers working on the programme from 30 to 120, and plans to complete around 12,000 Business Records Checks by the end of 2011/12.

The programme was set to continue in 2012/13, with a further 20,000 checks planned across the UK. However, HMRC will now undertake a strategic review of the project, to examine whether the current approach represents the best way of achieving its policy objectives.

**We can help with your business record-keeping requirements – please contact us for further assistance.**

## Government launches new online patent service

The Intellectual Property Office (IPO) has launched a new online patent information system, which could save businesses an estimated £100,000 a year.

The Ipsum service allows users to check the status of, and access information on, patent applications.

Under the new system, businesses will no longer have to pay a fee for each document requested, as up-to-date information on patent applications will instead be available free online.

The service can be accessed via the IPO website: [www.ipo.gov.uk/p-ipsum](http://www.ipo.gov.uk/p-ipsum)

The Government is currently consulting on the feasibility of creating a Digital Copyright Exchange in the UK, which would allow business and individuals easier access to copyright material.

## HMRC to launch 'one-click' business registration

Meanwhile, HMRC's 'one-click registration' facility will go live on 1 April 2012, enabling new businesses to register at Companies House, and sign up for PAYE registration, corporation tax and self assessment, in one place.

With effect from 1 April 2012, all VAT-registered businesses must also file their VAT returns online and make payments electronically.

Up until that date, only newly registered businesses and those with turnovers of £100,000 or more have had to file their returns and pay their VAT online.

The facility is part of the Government's wider plan to introduce an integrated online system for all business taxes.



## Web Watch

Essential sites for business owners

[www.knowthenet.org.uk](http://www.knowthenet.org.uk)

An independent, not-for-profit site which aims to help individuals and businesses make the most of the web.

[www.designcouncil.org.uk](http://www.designcouncil.org.uk)

Delivering design support and advice to industry, communities, central and local Government.

[www.mymas.org](http://www.mymas.org)

A new advisory service designed to help small and medium-sized manufacturing businesses.

[www.personneltoday.com](http://www.personneltoday.com)

News and advice on a range of issues affecting employers and their staff.



## Reminders for your Spring Diary

### March

2 Last day to pay any balance of 2010/11 tax and Class 4 NICs to avoid an automatic 5% late payment penalty.

31 End of Corporation Tax financial year.

End of CT61 quarterly period.

Filing date for Corporation Tax Return Form CT600 for period ended 31 March 2011.

### April

5 Last day of 2011/12 tax year.

Deadline for 2011/12 ISA investments.

Last day to make disposals using the 2011/12 CGT exemption.

Last date for contracting back into the State Second Pension for 2011/12.

14 Due date for income tax for the CT61 period to 31 March 2012.

19/20 Quarter 4 2011/12 PAYE remittance due.

20 Interest will begin to accrue on unpaid PAYE/NI for 2011/12.

30 Normal annual adjustment for VAT partial exemption calculations (monthly returns).

### May

1 Start of daily penalties for 2011 online Tax Return not yet filed. Additional penalties may apply for further delay.

3 Submission date of P46 (Car) for quarter to 5 April.

19 Last day for filing forms P14, P35, P38, and P38A – 2011/12 PAYE returns – without incurring penalties.

31 Last day to issue 2011/12 P60s to employees.