

AUTUMN 2009
GH NEWS
The George Hay Newsletter

CLIENT FOCUS

An audit client of our Letchworth office, Conamar Building Services Limited are celebrating their recent success in winning a £2.5 million contract to carry out internal alterations at the prestigious Selfridges Store in Oxford Street.

The primary objective of the project is to provide a world class "back of house" environment for the delivery and storage of goods and materials and the working environments associated with these activities. The existing environment has been added to and carved about over the period of occupancy of the buildings and there is currently a considerable loss of efficiency and capacity due to the fragmented nature of change and alterations over the years.

As part of the selection process Conamar initially had to complete a pre qualification questionnaire. Only six contractors were then selected to submit a tender for the contract which was followed by just two businesses being invited for interview.

Conamar is a family run building contractor specialising in design and build, new build, maintenance, refurbishment and fit-out works for both the private and public sector. They have been established for over a quarter of a century.

Our congratulations go to Conamar on being awarded the contract.

CHARITY GOLF DAY



Pictured at Brampton Park Golf Club: Linda Mintern of Sue Ryder Care at St John's Hospice and Sue Clarke of Keech Hospice Care with Partners Keith Middleton, Nick Willis and Tony Newman

The inaugural George Hay Charity Golf Day was held at Brampton Park Golf Club on 30th July.

With 20 teams taking part the players had to endure all conditions being sun, rain, wind and a torrential hailstorm but despite the weather an enjoyable day was had.

The winners on the day were a team from Super Seal based near Wisbech. The runners up were DG Maintenance Services who were only one point behind.

The aim of the event was to raise money for the two nominated charities of Sue Ryder Care St John's Hospice based at Moggerhanger and Keech Hospice Care based near Luton.

We are pleased to announce that in total £6,000 was raised which is an incredible sum for our first Golf Day. The partners of George Hay would like to thank all those who took part for their generosity and for making the event a great success.

CONGRATULATIONS!



Congratulations to Fiona Boughton and her husband Gordon on the safe arrival of their son, Alex on 1st October 2009.

Fiona is based at our Letchworth office where she is a tax manager.

THE FINAL

The Companies Act 2006 has, at long last, reached its final stage with the following being implemented from 1st October 2009:

Forms

All Companies House forms have changed from 1st October 2009, even if it is only to change to the new section numbers of the Act.

The new forms include all new legislation implemented under the Act and must be used for all company events which take place on or after 1st October 2009. For any events which took place before 1st October 2009 an old form should be used.

All new forms are available Online.

Incorporation

From 1st October 2009 all new company incorporations will need to be submitted using form IN01. This will need to be accompanied by the new Memorandum and Articles of Association and the correct fee.

The new style memorandum is much shorter and merely serves the purpose of evidence that each subscriber intends to form a company. The company's articles will now include details of the company's objects and liabilities.

On incorporation the need for a solicitor to make a statutory declaration of compliance has been removed and replaced with a statutory statement of compliance from the company which does not need to be witnessed and can be made in either paper or electronic form. This is intended to make incorporation much simpler

Change of Articles

As well as the introduction of a new style of articles for new companies there is a requirement that any company which makes an amendment to its articles must notify the registrar within 15 days, otherwise you could be liable to a criminal offence and civil penalty of £200.

Change of Name

The Companies Act 2006 introduces four methods by which a company can change its name:

- Resolution
- Conditional resolution
- Resolution from directors
- Means provided in the company's articles

A notice will need to be filed along with the appropriate fee for each method and is only complete once all documentation has been received.

Rules surrounding the change of name have become much stricter particularly where the name is similar to that of another company.

Directors' Addresses

From the 1st October a director will have registered with Companies House a service address and a residential address. Only the service address will be publicly available with the residential address being made available to public authorities and credit reference agencies only.

A director's current residential address will automatically have become their service address at 1st October, this can be changed to a different address easily online.

SAIL

Under the Companies Act 2006 a company can register a Single Alternative Inspection Location (SAIL) where it keeps its company registers for inspection. A company could have as many as 13 registers which should be located at either the Registered Office or SAIL.

Statement of Capital

From 1st October 2009 a company limited by shares must complete a statement of capital either as it is incorporated or when filing its next annual return.

The statement of capital is a "snapshot" of the company's issued share capital at a given time.

ONLINE FILING

HMRC are continuing their trend towards electronic filing with both VAT Returns and Corporation Tax Returns shortly facing mandatory online filing.

VAT RETURNS

HMRC are gradually phasing out the filing of paper VAT Returns. From 1 April 2010 it will be mandatory for all VAT registered businesses with an annual turnover of £100,000 or more to file their VAT Returns online and to pay electronically. It will also become mandatory for any businesses newly registered for VAT to file electronically from 1 April 2010 regardless of the level of their turnover.

The paper filing of VAT Returns for remaining VAT registered businesses is being reviewed in the run up to 2012

CORPORATION TAX RETURNS

From April 2011 all companies, clubs, societies, associations and other unincorporated bodies who are required to complete a Corporation Tax Return will have to do so online, HMRC will no longer accept the filing of paper returns. This will apply for all returns delivered after 31 March 2011 for accounting periods ending after 31 March 2010.

Companies can already file their returns electronically should they wish to do so and do not have to wait until April 2011 to start. At George Hay we are already well ahead of the game and have been filing returns electronically on behalf of a number of our clients for some time. All of our clients can be assured that we will be able to help them meet the latest online filing obligation.

NEW DISCLOSURE OPPORTUNITY - OVERSEAS ACCOUNTS

HMRC has yet again given a New Disclosure Opportunity (NDO) to those who have not declared all of their income derived from offshore accounts.

There has often been a misconception that interest earned from an offshore account does not need to be disclosed and does not form part of a person's taxable income, but this is not true for anyone who is resident and not domiciled in the UK. Any income derived from an offshore account should have been disclosed.

The latest NDO runs from 1 September 2009 to 12 March 2010. It allows a more favourable penalty rate providing disclosure is made prior to 12 March 2010.

A person must notify of their intention to disclose by 30 November 2009 and make their disclosure by 12 March 2010.

A penalty rate of 10% will apply to anyone who now makes a disclosure who had not been written to by HMRC under the original Offshore Disclosure Facility. For anyone who had previously been written to and who now makes a disclosure a 20% penalty will apply.

Anyone who ignores this final opportunity will face at least a 30% penalty and possible criminal prosecution should their non-disclosure be discovered in the future.

The original Offshore Disclosure Facility (ODF) was introduced back in 2007 following a ruling by the commissioners which meant that the UK banks were asked to make available to HMRC offshore account information

If anyone considers they may have a disclosure to make it is worth seeking advice to help keep potential penalties to a minimum, as this is your final chance, we think!!

CASE STUDIES

RESEARCH AND DEVELOPMENT

Many businesses carry out research and development (R & D) in one form or another and either do not realise that they are eligible to claim a tax credit in respect of the costs they incur in doing so or even do not realise that the work they are doing constitutes R & D.

Could you be such a business? We have helped a number of businesses instigate a claim or even helped them ascertain that the work they are carrying out is of an R & D nature.

To be eligible to claim R & D Tax Credits the main criteria which you need to fulfil is that you must be trading as a company, you must of course be carrying out some form of R & D and you must have incurred qualifying R & D costs of more than £10,000 p.a.

What is R & D?

A project which seeks to do one of the following will generally be considered as R & D and so be eligible for R & D Tax Credits:

- a. achieves an advance in overall knowledge or capability in a field of science or technology; or

- b. creates a process, material, device, product or service which incorporates or represents an increase in overall knowledge or capability in a field of science or technology; or
- c. makes an appreciable improvement to an existing process, material, device, product or service through scientific or technological changes; or
- d. uses science or technology to duplicate the effect of an existing process, material, device, product or service in a new or appreciably improved way.

Quite often companies do not realise they qualify, and this is where our expertise can assist.

Case Study 1 – We have helped a new client to instigate a claim for R & D Tax Credits after our discussions with them regarding the nature of their work established that they were actually carrying out development work in the technological improvements they were making to their product.

They had never been advised to claim.

We helped them to identify the costs of the project and lodge a claim as well as to submit a back claim. The overall result was a £35K payment to the company.

Case Study 2 – In another example we assisted a company where HMRC were trying to disallow their claim. An application had been made and was rejected by HMRC. They were not convinced the project was truly innovative.

We took up the case and arranged meetings with the Revenue. They then agreed we could claim but disputed the level of the claim. Again we were able to demonstrate this to the Revenue's satisfaction and a refund of £61K was made.

As you will see from the above examples some quite considerable sums can be involved in making a claim. A small company is entitled to deduct 175% of any qualifying expenditure when calculating their profit for tax purposes and a large company 130%.

If you think work you are carrying out could constitute R & D speak to your adviser you might be missing out on a sum which could assist your business greatly.

PROTECTING VULNERABLE PEOPLE

Do you work with children or vulnerable people? If so are you aware that a new scheme is introduced from 12 October 2009 to help prevent unsuitable people from working with children or vulnerable adults both on a paid or volunteer basis.

The new scheme is to be called the Vetting and Barring Scheme (VBS) and will be regulated by a new body the Independent Safeguarding Authority (ISA) who has been set up to implement the new measure introduced by the scheme. The ISA will make decisions as to who is barred from working with vulnerable people where it is considered they may pose a risk and any decisions they make will be legally binding. Failure to comply with the measure by both employers and employees could result in prosecution or even imprisonment.

The new measures start coming into effect from July 2010 from which time all new employees, those moving jobs and volunteers who work with children or vulnerable adults can register with

the ISA. From November 2010 it will be compulsory for all new employees and volunteers to be registered and will be illegal to employ a new person who is not ISA-registered.

For an employee applying for registration there will be a one off application fee of £64, however those in unpaid voluntary work will be able to register for free. An individual's record will be continually updated. An employer will register an interest in a person and will be automatically notified should the person become barred. Employees will register via the CRB however ISA registration does not replace CRB disclosure as the ISA has decision making powers.

As an employer you cannot legally employ the person until they have been registered. You will be required to check whether they have which will be able to be done Online for free. The new legislation will affect any organisation which works with children or vulnerable adults such as playgroups,

children's nurseries, hospitals, charitable organisations etc. The scheme does not affect existing employees, however it is planned to be phased in over the next five years to include all employees.

RATE CHANGES

As in previous years the new rates came into force from 1st October 2009, these include:

- **Redundancy**
The cap for calculating statutory redundancy payments increased from £350 to £380.
- **National Minimum Wage**
The increases to the National Minimum Wage rates took effect. Details of the new rates were given in our last newsletter or can be found on our website.

If you have any queries regarding the preparation of your payroll our in-house payroll bureau PayScheme will be happy to help. Contact a member of the team on 01767 220199.



OUR SERVICES:

- Raising Business Finance
- Tax Planning
- Investment Strategy
- Business Start-ups
- Cash Flow and Budgeting
- Management Accounts
- Accounting and Audit Services
- VAT and PAYE Planning and Advice
- Payroll and Bookkeeping Services
- Inheritance Tax Planning
- Business Loans
- Management Consultancy
- Independent Financial Advice for Investments, Pensions and Life Assurance

OFFICES:

Biggleswade

Brigham House, 93 High Street,
Biggleswade, Bedfordshire SG18 0LD
Tel: **01767 315010**
Email: biggleswade@georgehay.co.uk

Letchworth

Unit 1B Focus 4, Fourth Avenue,
Letchworth, Hertfordshire SG6 2TU
Tel: **01462 708810**
Email: letchworth@georgehay.co.uk

Huntingdon

St George's House, George Street,
Huntingdon, Cambridgeshire, PE29 3GH
Tel: **01480 426500**
Email: huntingdon@georgehay.co.uk



George Hay has offices in Bedfordshire, Cambridgeshire and Hertfordshire and is registered to carry on audit work and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales. This newsletter is for general guidance only. No responsibility for loss occasioned to any person acting or refraining from actions as a result of any material in this publication can be accepted.