

RNS

The Little Blue Book

Issue 30 | Summer 2012

-
- News
 - Information
 - Our Business
 - Your Business
-



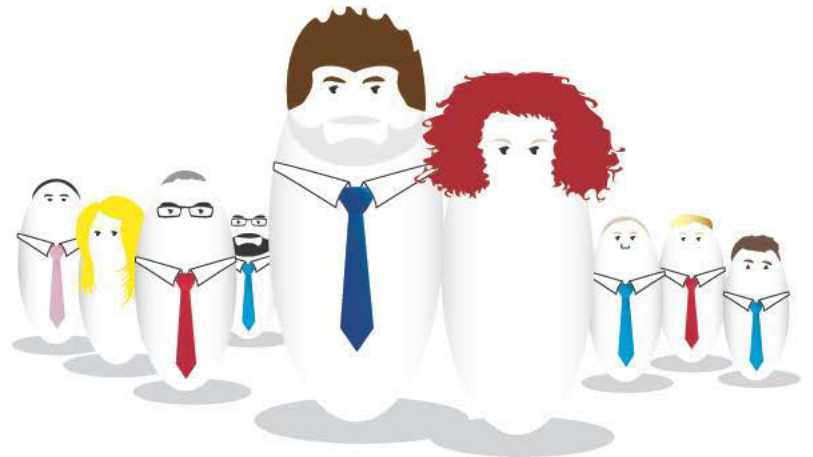
Chartered Accountants
Independent Financial Advisers

www.rnsca.co.uk

www.rns-ifa.co.uk

New Partners

Jenny Camm and Andrew Clayton have become equity partners at RNS Chartered Accountants in the latest in a line of coincidences.



Jenny and Andrew both grew up in the Old Brumby area of Scunthorpe. Starting at Priory Lane Juniors together, they were classmates throughout their education at Thomas Sumpter Comprehensive School (now Mellior Community College), and both went on to study at John Leggott College.

Their paths separated when Jenny left to take accountancy at the University of Sheffield, while Andrew joined RNS's in house programme as a trainee accountant. Then their careers coincided when Jenny graduated and took a position at RNS as well. Andrew, an associate partner for the past four years, said:

"It was funny when I heard Jenny had returned and joined the firm after completing her degree."

"We've been associate partners and now we've both become equity partners, having been brought up and educated in Scunthorpe together. It is quite a coincidence."

"I am delighted to have taken up a full partner position at RNS. Having been involved with the business and its clients since the start of my career, it is the natural progression for me, and one which I am very enthusiastic about."

"I can now continue to develop and enhance the business proposition we offer our clients, and bring further benefits to companies and people in our area."

- Andrew Clayton

Andrew, with existing partner Bob Marris, is responsible for RNS Independent Financial Advisers. He also remains involved with accountancy and taxation, servicing a portfolio of local clients.

He is a governor at Mellior Community College, a keen car enthusiast, and enjoys health and fitness.

Jenny, an associate partner for two years, was "highly delighted" with the appointment.

"The firm continues to move forward and this succession planning is very much part of that."

"There are challenges being faced by the local economy but we're here to help businesses with a range of specialist services."

- Jenny Camm

Jenny continues to live in Scunthorpe. A lifelong Iron fan and a regular visitor to Glanford Park, she is also treasurer of Heslam Park on Ashby Road, the home of Scunthorpe Rugby Club.

Senior partner at RNS Ian Pounder welcomed Jenny and Andrew as equity partners.

"Having both been born and raised in Scunthorpe, Jenny and Andrew know Northern Lincolnshire, its people and its businesses quite well."

"It is always pleasing to reward home-grown talent and I'm confident they will continue to make a significant impact on this firm in the future."



Andrew Clayton

ACA, Dip PFS

andrew.clayton@rnscsca.co.uk

T: 01724 842713



Jenny Camm

BA, ACA

jennifer.camm@rnscsca.co.uk

T: 01724 842713

Bright Booklets

Help for start-ups

Essential tips needed when starting up a business are included in an innovative booklet. The illustrated 16-page guide on entrepreneurship has been put together in house by RNS Chartered Accountants. John Heeney, a partner from the Scunthorpe office and new associate partner Alex Douglas have been focusing on start-up businesses and were behind the easy to follow guide.

"We're really pleased with its look and feel," Alex said.

"We wanted it to be different and easy to pick up and read. We hope the use of cartoons and humour engages potential entrepreneurs and effectively communicates key messages to those thinking about starting up their own business."

John said, *"An entrepreneur is not necessarily a multi-millionaire running international businesses. They can be traders living down the street making their living from plumbing, child-minding, web design or a host of other things. But what they all need is the right financial and tax advice when they start a new business."*

Alex said the booklet was much more than details about tax and book-keeping. It includes sections on selling, takings risks and some inspirational and funny business quotes. *"Becoming a successful entrepreneur is not only a rewarding and self-fulfilling experience, it's also great fun. The booklet reflects this side of business."* Alex added.

The booklets will be of interest to existing clients in the early stages of their business, and also friends and contacts that may be looking to establish a business of their own.

Free copies of the booklet are available from all reception staff, and your existing point of contact.

Networking

RNS partners John Heeney, Andrew Clayton and Robert Smith continue to be actively involved in two key regional networking groups. John and Andrew helped found Network Scunthorpe in early 2011. The group's fortnightly breakfast meetings provide a relaxed but professional opportunity for businesses to get together and refer work. The group has just celebrated a milestone £250,000 of completed trade with one another and the guests and contacts the group has introduced. Robert attends fortnightly meetings of the Business Friends Lincs group which meets in Grimsby. Both groups are open to visitors. The partners would be happy to accompany anyone who is interested in coming along to a meeting.

New Appointment

Alex Douglas has been appointed a new associate partner at RNS Chartered Accountants. Alex lives in Scunthorpe with his wife Hannah. He joined RNS after graduating from The University of Hull over 7 years ago, qualifying as a Chartered Accountant in 2007.

Alex's time is now spent split across all three RNS offices in Scunthorpe, Barton-upon-Humber and Brigg, whilst specialising in start-up businesses and social clubs. Previously, he attended John Leggott College and Winterton Comprehensive.

His interests include running – having completed several half marathons – football and cycling.



“ Alex is a local lad who has trained and qualified with RNS, and his addition to the partner team re-emphasises our commitment to investing in our staff to maintain the high level of service we provide to our clients. ”

- John Heeneey



The Gender Directive

The European Court of Justice has ruled that from 21st December insurers won't be able to use a person's gender as a factor in calculating the cost of their insurance. Statistically, because women live longer than men, they've typically had lower rates for life insurance. The directive means that this will change.

Rates for women taking out new insurance will increase. Although we won't know for sure how big this increase will be until after 21st December, the Treasury is estimating that it could be up to 15%. There is, therefore, an opportunity to avoid the increase by taking out a new policy now.

Life Insurance

Life insurance and other protection products are fundamental financial planning tools. Often overlooked because they do not provide a return on investment in the conventional sense, they provide many other very important benefits.

Losing anyone close to you is a traumatic experience. At a time of loss the last thing a family needs is their daily routine to be upset because of financial worries. If you have a suitable life insurance policy it means that you'll leave your family with the financial security to be able to afford all of the every day things they are used to.

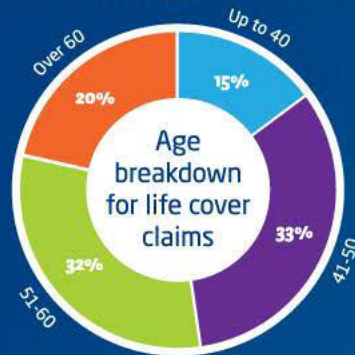
We can see the impact if a breadwinner dies unexpectedly, or is unable to work. But the contribution of a stay at home parent or partner can often be overlooked.

The truth is that their loss through death or illness could prove very costly, financially as well as emotionally.

Around half of stay at home mums have no life insurance. £100,000 of cover for a thirty year old female currently costs from just £5 a month.



When we are fit and healthy it is easy to think we don't need protection. Unfortunately statistics tell a different story. The good news is that the healthier you are the less insurance costs.



Life insurance is probably never going to be at the top of your shopping list but cutting back on a little treat here and there could make a massive difference to your financial security.

£100,000 of life insurance until retirement costs a 40 year old male just £11 a month

RNS Independent Financial Advisers are able to review the premiums offered by all leading insurance providers to ensure best value. As well as the right price, we also make sure you have the right cover. Our usual comprehensive advice and administrative processes apply to all of the financial advice that we give.



Andrew Clayton

ACA, Dip PFS

andrew.clayton@rnsca.co.uk

T: 01724 842713

Types of protection that we arrange

Personal Protection

- Life cover pays out when the person(s) covered dies.
- Mortgage protection pays off a mortgage when the person(s) covered dies.
- Income protection pays out a monthly income if the person(s) covered is unable to work because of an illness or injury.

Business Protection

- Key person insurance for death or sickness pays out a lump sum or monthly income if the key person(s) in your business dies or is unable to work because of an illness or injury. It helps prevent loss of profits.
- Shareholder or partnership protection insurance provides a lump sum to the surviving shareholders or partners if the person(s) insured dies. This enables the survivors to purchase the deceased's share of the business from their representatives. It provides security for the deceased's family and also for the surviving partners as they keep control of their business away from inexperienced non-executive stakeholders.
- Business cessation protection provides a lump sum for the business if the person insured, usually a sole proprietor dies. The death of a sole proprietor will often mark the end of a business and at this point costs include redundancy payments for staff as well as taxes and other bills.

“ Protection prices have been dropping for a decade. If you have existing insurance have you considered reviewing the cover to make sure it is still meeting your needs, and if it is that it is still priced competitively? ”

Cash Accounting

The Chancellor announced that, from 6 April 2013, small businesses will have the option of calculating their taxable profits on a cash basis, as cash received less payments made in the year. This will apply only to sole traders and partnerships, not to companies or LLPs, and the definition of ‘small’ will be trading below the VAT registration threshold (currently £77,000).

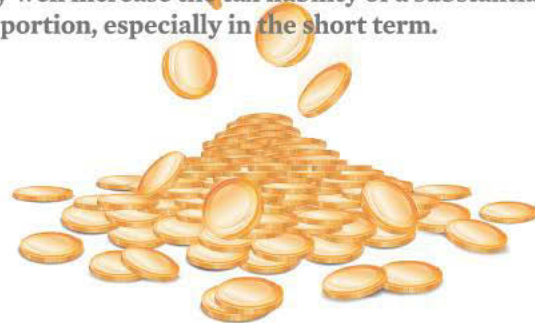
HMRC expects most traders who are eligible to use cash accounting to join the scheme, because it will simplify their record-keeping and ensure that sales or earnings do not count towards taxable profit until the money is received. We are not so sure, because we think the benefits have been overstated and the drawbacks largely ignored.

For example, if goods are sold or services supplied without immediate payment, the trader will in any case have to keep copy invoices or other records of sale, in order to be able to chase up non-payers.

Then it is said that the trader will not have to prepare capital allowance computations, because the cost of (say) a new van will simply be deducted as a trading expense when it is paid – but in many cases, more benefit can be obtained by spreading the available allowances over several years.

Furthermore, other conditions will apply to traders adopting cash accounting. For example, the tax-deductible cost of business journeys by car will be limited to a mileage allowance calculated at a maximum of 45p a mile, which has to cover both running expenses and the original purchase of the vehicle. There is also the strong likelihood of a one-off increase in taxable profits for 2012/13 where an existing business changes to cash accounting for 2013/14 (or similarly for a change in any future year).

We should be better able to advise clients, on an individual basis, when the final details of the new scheme have been worked out and published. Cash accounting will no doubt be advantageous for some traders, but will be of no benefit for others, and may well increase the tax liability of a substantial proportion, especially in the short term.



Rob Smith
BSc (Hons), ACA
rob.smith@rnsca.co.uk
T: 01724 842713

Pensions: Auto Enrolment

Revised Staging and Phasing Dates Released

The government has announced it is putting back automatic enrolment for small employers, so no company with fewer than 50 staff will have any obligations before the next General Election, due in May 2015. There's no change to the dates for companies with at least 250 staff. The revised windows for smaller companies are:

50 - 249 members | 1/4/14 - 1/4/15

Test tranche for less than 30 members | 1/6/15 - 30/6/15

30 to 49 members | 1/8/15 - 1/10/15

Fewer than 30 members | 1/1/16 - 1/4/17

National Minimum Wage Rates

The Government has announced that the national minimum wage (NMW) will rise by 11p to £6.19 an hour in October 2012. The full list of changes which will come into effect on 1st October 2012 is:

- The adult rate will increase by 11p to £6.19 an hour.
- The hourly rate for 18-20 year olds will remain at £4.18
- The hourly rate for 16-17 year olds will remain at £3.68.
- The rate for apprentices will increase by 5p an hour to £2.65.

Employers without PAYE schemes, or who established one from April 2012 onwards, will have staging dates between April 2017 and February 2018.

The rate of employer contribution is being phased in as follows:

Employer contribution

1% Up to 30/9/17

2% 1 October 2017 – 30 September 2018

3% From 1 October 2018

These revisions will be welcomed by employers who oppose the changes. For employers who look more positively on the auto enrolment system as a staff incentive and benefits package, we recommend continuing to look at the options for establishing a compliant scheme ahead of the statutory dates. RNS Independent Financial Advisers deal with the full range of Pension Schemes on the market.



Andrew Clayton

ACA, Dip PFS

andrew.clayton@rnscs.co.uk

T: 01724 842713

Internal Affairs

The achievements of a number of RNS staff have been recognised through successful exam results and on going professional development.

Sinead Hill has achieved Accounting Technician accreditation, completing her final exams in February. After the success, she has embarked on a further three years of training to become a fully qualified Chartered Accountant.



Sinead Hill

Catherine Mitchell completed more professional exams in Pensions and Retirement Planning. She will now study other areas of Financial Planning to gain Diploma Accreditation with the Personal Finance Society.

Pardeep Hayre has complete specialised SAGE training. She is now able to train staff and clients on SAGE line 50 products.



Stacey Hare

Stacey Hare completed her final Accounting Technician exams. This achievement opens up a number of future professional development options for her.

VAT

REGISTRATION LIMITS

- From 1st April 2012 the registration threshold has increased to £77,000 [was £73,000].
- The de-registration threshold has increased from £71,000 to £75,000.

BUDGET 2012

In the March Budget the main changes to VAT were to address differences in cross border treatments with other EC laws. Although still in consultation, it is expected that from 1 October 2012 the following matters will be addressed:

- Clarify the treatment of catering to ensure that all hot takeaway food is taxed and to clarify the meaning of premises.
- Tax sports nutrition drinks to ensure that all sports drinks receive the same tax treatment.



Rebecca Abbott

BSc, FCA, ATII, AIIT
rja@rnscs.co.uk
T: 01652 655111

- Remove exemption from self storage to ensure all supplies of storage receive the same tax treatment and to counter avoidance.
- Remove the anomaly whereby approved alterations to certain listed buildings are zero-rated whilst alterations to other buildings, and repairs and maintenance to all buildings are standard rated.
- Put beyond doubt the fact that VAT applies to the rental of hairdressers' chairs.



HMRC Campaign Update

HM Revenue & Customs (HMRC) provides opportunities for those working in targeted trades and professions to make voluntary disclosures of undeclared income.

HMRC publicises the campaigns in advance and opens a disclosure window during which time people can notify HMRC of their intention to make a disclosure and pay any outstanding liability.

Whilst the disclosure window is open, HMRC conducts its own background research into the targeted trades and professions and serves formal notices on connected third parties to obtain information.

The Electricians' Tax Safe Plan

HMRC has invited electricians and electrical fitters, who have under declared income, to disclose.

HMRC regards an electrician to be anyone who installs, maintains and tests electrical systems, equipment, and appliances, under stringent safety regulations, as falling within the scope of the campaign.

At the same time, HMRC has also confirmed its intention to serve formal notices, on a total of 17 different organisations expected to include electrical associations for their member lists and electrical wholesalers and trade suppliers for the names and addresses of electricians holding trade accounts.

There is still time to make a disclosure under the ETSP. The final deadline is 14 August 2012.

14 August 2012

E-Marketplaces

HMRC has launched a campaign aimed at those using e-marketplaces to buy and sell goods as a trade or business without disclosing their income and paying the taxes that are due.

HMRC includes sites such as e-bay, Auto Trader, Amazon, Craig's list and Gumtree within its definitions. Disclosure and payment must be completed by 14th September 2012. HMRC has served online auction houses with notices that require the sites to disclose names and addresses (of members/users) that they maintain on a register to HMRC via a spreadsheet.

The e-marketplaces campaign is aimed at those who are actively trading and so individuals selling off surplus second hand household items, toys, clothes etc and not actively trading will not be targeted by this campaign.

14 September 2012



John Heeney

BA (Hons), FCA

jph@rnscsca.co.uk

T: 01724 842713

Campaigns are part of HMRC's strategy to close the tax gap and collect an additional £4 billion for the treasury before next April

Tax Return Initiative (TRI)

HMRC has recently announced its next campaign will start on 3 July 2012 and run through until 2 October 2012.

The TRI is for people who have failed to submit completed Self Assessment Tax Returns for 2009/2010 and earlier and who are liable to pay tax at the highest rates - 40% and 50%.

Any person who falls within these two criteria is invited to submit their outstanding Tax Returns and pay what they owe by 2 October.

As an incentive, HMRC has said it will not charge a tax related late filing penalty, although it may consider charging fixed penalties of £100 per return, plus interest and surcharges on any tax paid late.

Professional Advice Needed?

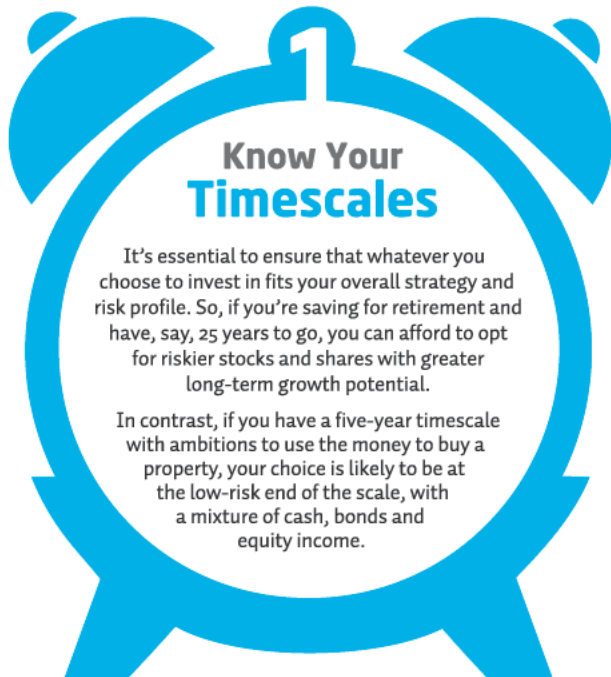
Those effected may find it an advantage to obtain professional advice before making a disclosure. They will need to work out how far to go back. HMRC indicates up to six years, but there may be reasons for disclosing fewer years.

HMRC has not finished yet. They have indicated they intend to 'sweep up' other skilled trades such as roofers, carpenters, brick layers, joiners, window fitters, and what else?

5 Things to Remember When Investing

RNS Independent Financial Advisers deal in all forms of investment using a range of vehicles such as investment ISAs, unit trusts, and investment bonds. These are able to suit a wide range of investor profiles from early stage savings to established investment portfolios.

As independently authorised advisers, funds are available from the whole investment universe.



2 If Possible, take a long term view

The roller coaster stock market ride over the past year should have reminded investors of the risks attached to investing in share-based funds. If you're not prepared to lose any money, the stock market may not be the right place for you – although by taking a longer view you're likely to do better there than in cash.

Thankfully there are also a range of alternatives that can still offer good growth prospects with less risks than the stock market.

“ The key to investing in shares is that you have to be willing to leave your money invested for the long term – which means a minimum of five years. ” - Bob Marris



3 Global Themes

One investment theme often trumpeted by asset managers these days is the shifting power balance from West to East, with Eastern economies set to become the new global titans.

To invest in this you could spread your risk by picking a fund spanning a range of emerging economies, such as the BRICs: Brazil, Russia, India and China.

Technology is another example of a popular worldwide investment theme, with a number of specialist funds to choose from.

For a more broad-based approach to technology investment, you could invest in a general US largecap fund. It's likely to hold giants such as Apple and Microsoft.

4 Make Regular Savings

Given the dramatic swings in markets, investors may be more comfortable spreading payments over the year or investing monthly to smooth the peaks and troughs. This smoothing effect is known as pound-cost averaging and helps reduce any potential fear that market volatility will wipe out gains.

It's a simple principle. If share prices are rising one month, your contribution will buy relatively few fund units. But then another month you buy at the bottom of the market when share prices are cheap, so that same contribution buys many more units.

5

Spread your investment

.....

Don't put all your eggs in one basket: it's a cliché but an important consideration when investing.

Striking a balance of investments, rather than, for example, investing in one company or fund and relying on that one investment doing well for you, is likely to be rewarding over the long term.

For a balanced portfolio, it's a good idea to invest in more than one asset class. Then if equities fall, for instance, bonds should buffer your portfolio.

.....



Bob Marris
BA (Econ) Hons, FCA, Dip PFS
rfm@rnscsca.co.uk
T: 01724 842713



Andrew Clayton
ACA, Dip PFS
andrew.clayton@rnscsca.co.uk
T: 01724 842713



PARTNERS

Ian Pounder

FCA
imp@rnsca.co.uk



John Heeney

BA (Hons), FCA
jph@rnsca.co.uk



Bob Marris

BA (Econ) Hons, FCA, Dip PFS
rfm@rnsca.co.uk



Rebecca Abbott

BSc, FCA, ATII, AITT
rja@rnsca.co.uk



Rob Smith

BSc (Hons), ACA
rob.smith@rnsca.co.uk



Andrew Clayton

ACA, Dip PFS
andrew.clayton@rnsca.co.uk



Alex Douglas

BSc (Hons), ACA
alex.douglas@rnsca.co.uk



Jenny Camm

BA, ACA
jennifer.camm@rnsca.co.uk



Adrian Ingleton

FCA
adrian.ingleton@rnsca.co.uk

Income tax rates and bands 2012/13

£ a year

Basic rate - 20%¹
Higher rate - 40%
Additional rate - 50%

0 - 34,370
34,371-150,000
Over 150,000

¹ There is a 10% starting rate for savings income only. The starting rate limit is £2,710 for 2012/13. If an individual's taxable non-savings income exceeds the starting rate limit, then the 10% rate for savings is not available. The tax rates for dividends are 10% basic rate, 32.5% higher rate and 42.5% additional rate.

Income tax allowances 2012/13

£ a year

Personal allowance
Personal allowance (age 65-74)
Personal allowance (age 75 and over)
Income limit for under 65 personal allowance
Income limit for age-related allowances

8,105
10,500
10,660
100,000
25,400

National insurance rates 2012/13

Lower earnings limit	£107 a week
Primary threshold	£146 a week
Secondary threshold	£144 a week
Upper earnings limit	£817 a week
Employees rate on earnings between £146 & £817 per week	12%
Employees rate on earnings over £817 per week	2%
Employers' rate on earnings above £144 per week	13.8%
Upper profits limit	£42,475 a year
Lower profits limit	£7,605
Class 4 self-employed rate on profits between £7,605 and £42,475	9%
Class 4 self-employed rate on profits over £42,475	2%
Class 2 self-employed NIC	£2.65 per week

We help and advise start-up businesses every day. Give us a call for a completely free, no obligation meeting.

RNS
1213

e: action@rnsca.co.uk

action@rns-ifa.co.uk

Scunthorpe - 01724 842713

50-54 Oswald Road,
Scunthorpe,
North Lincolnshire,
DN15 7PQ

Brigg - 01652 655111

The Poplars, Bridge Street,
Brigg,
North Lincolnshire,
DN20 8NQ

Barton - 01652 655111

41 High Street,
Barton-Upon-Humber,
North Lincolnshire,
DN18 5PD

This newsletter is for general guidance only and represents our understanding of law and HM Revenue & Customs practice as at July 2012. RNS Financial Services Ltd is authorised and regulated by the Financial Services Authority. The value of investments may go down as well as up and you may not get back the full amount you invest. Past performance is not necessarily a guide to future performance.

Design & print by printing.com @STUDIO55: 01724 282 971