

Welcome to the latest RNS newsletter.

As we return to business there are perhaps two schools of thought. Some will be full of enthusiasm for the opportunities lying ahead, others will still harbour fears and concerns about the climate they are operating in. Two different views, but both very relevant to a lot of people.

As accountants and business advisers to a wide range of clients, we have seen first hand the problems that people have had to work through. What we also see however is that through hard work and informed decision making there are frequent success stories, and very often stronger, better managed businesses can emerge out of the other side.

A new year is traditionally a good time to take stock and lay down some objectives to work towards. These objectives can be wide and varied from working harder than ever to grow your business and increase its profitability across to the other end of the scale, perhaps taking a step back through delegation and management to achieve a better work life balance.

Joining a gym is also a popular resolution at this of year. So with that in mind perhaps working that extra hour or two on your business in the coming weeks is the best excuse going for getting out of another session on the treadmill.

What ever your objective, everyone at RNS hopes 2011 can be a successful year and each member of staff is ready to play their role in helping you achieve what you set out to.

Partner profile

John Heeney BA (Hons) ACA, Partner, Scunthorpe Office

Tell us a little about your background. I guess you would call me a "Cod-head", as I was born and brought up in Grimsby. I went to university in Sheffield, stayed in the city after graduating and trained to become a Chartered Accountant with a large independent firm. I then moved to Birmingham to work for a top 10 national firm of accountants. After 5 or 6 years there, we wanted to move back to this area and I joined RNS.

What work do you do? Everyone thinks that an accountant's job is all about recording the numbers, but that is only a small part of what we do. We help our clients to grow their business and by being involved and advising, we can have a positive impact on our clients' business.

I have very wide portfolio of clients, which keeps me on my toes and makes everyday different and interesting.

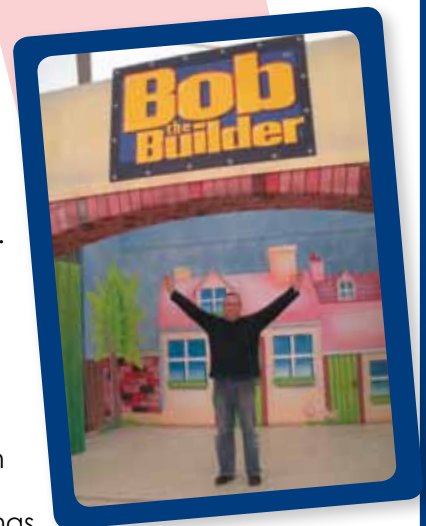
Which business leader do you admire most? I do admire Simon Woodroffe, who was the guy who founded the Yo-Sushi business, for his vision and bravery, setting up that business. However, my very favourite business leader is maybe a little unusual.

If you have small children or grand-children, you will have heard of him, he's called Bob, Bob The Builder to give him his full title. Before you dismiss this as childish nonsense, think about this.....Bob is a true leader, always at the forefront of any project, he invests in the latest technology, with new machines joining his crew regularly, he has developed a real team to work for him, he delegates all the boring paperwork stuff to Wendy, leaving him to do what he does best, but most of all, he has a real "can do" attitude.....
"Can we fix it ?.....Yes we can !".

What do you do in your spare time? Well, apart from watching too much children's TV, I enjoy playing guitar and listening to all kinds of music. I go and watch Grimsby Town whenever I can and I like watching movies.

What do you enjoy most about your work? I guess it's when you can see you have made a tangible difference to someone's business or their life. Whether it's sorting out a tax problem that has been really worrying someone or helping a business obtain finance for a new project or building.

Contact John on 01724 842713 or email jph@rnsca.co.uk



Government News

On 9 December 2010 the government issued the majority of the clauses, in draft, of the Finance Bill 2011 and an update on consultations that it has undertaken over the summer. The Chancellor has also confirmed that the next Budget will take place on Wednesday 23 March 2011.

Personal tax

The personal allowance for 2011/12

For those aged under 65 the personal allowance will be increased by £1,000, from £6,475 to £7,475 for 2011/12.

However a new concept of withdrawing the personal allowance for those with adjusted net income over £100,000 was introduced in 2010/11 and will continue for 2011/12. The reduction in the allowance is by £1 for every £2 of adjusted net income above the income limit. Adjusted net income for these purposes is broadly all income after adjustment for pension payments, charitable giving and relief for losses.

Take Note

If income is £112,950 or above in the current tax year or £114,950 or above next tax year, there will be no personal allowance. If adjusted net income can therefore be reduced to below these figures, some personal allowance will be given, so the tax saving is rather more than the 40% higher rate of tax. For the current tax year, consider:

- whether you can defer income to a later year (for example if you are a director/shareholder of a company)
- paying pension contributions

it falls within the basic rate band, 32.5% where liable at the higher rate of tax and 42.5% where liable to the additional rate of tax.

Tax bands and rates for 2011/12

The basic rate limit will be reduced from the current £37,400 to £35,000. Therefore an individual will pay 40% tax rather than the basic rate of 20% when their total income exceeds £42,475.

The new rate of income tax of 50% (the 'additional rate') will continue for 2011/12. This applies to taxable income above £150,000.

If dividend income is part of total income this is taxed at 10% where

Take Note

As the basic rate limit has been reduced more individuals will pay tax at the higher rate increasing their overall liability.

National Insurance Contributions

Changes to the rates of NICs had been announced by the previous government and the current government confirmed that the rate changes would be made. From April 2011 a 1% increase will apply to the rates applicable to employers, employees and the self-employed. Changes to the thresholds for next year have now been announced and the point at which NICs are payable will increase from April 2011. The increase in the threshold at which employers and employees will start to make contributions will offer some protection for those at the lower end of the earnings scale from the increased contribution percentages.

Business tax

Corporation tax rates

As previously announced the main rate of corporation tax, which generally applies to companies with profits of more than £1.5 million, is to reduce from 28% to 27% from 1 April 2011. There will be further graduated reductions so that the main rate will be 24% by 1 April 2014. Legislation will be introduced to reduce the main rate of corporation tax to 26% from 1 April 2012.

The small profits rate of corporation tax, which generally applies to companies with up to £300,000 of profits, is to reduce from 21% to 20% also with effect from 1 April 2011.

The effective marginal corporation tax rate for profits between £300,000 and £1.5 million will therefore be 28.75% from 1 April 2011.

Capital Gains tax

A new rate of CGT of 28% (currently 18%) is introduced from 23 June 2010. This higher rate will apply to individuals with total taxable income and gains above the upper limit of the basic rate income tax band (£35,000 for 2011/12), trustees and personal representatives of deceased persons. Otherwise, for individuals, the rate of CGT will remain at 18%. The rate change will apply to all gains arising on or after 23 June 2010.

The Annual Exempt Amount currently remains unchanged at £10,100.

The rate of CGT on gains qualifying for entrepreneurs' relief remains unchanged at 10% but the lifetime limit on gains will increase from £2 million to £5 million.

Move benefits two firms

Our software and IT business has made a connection and hit the highway.

RNS Computer Services bought software specialists Soltec, with its premises in Flixborough, 18 months ago.

Now, both companies have moved to larger premises, securing 13 jobs with ambitious plans for the future.

Technical director Phil Rudd said the move to Castlethorpe, just outside Brigg, would enable them to provide an even better service.

““ We always intended bringing the two firms together and we're delighted to have found and moved into suitable premises, said Phil.

It means we no longer have the half-an-hour drive time between the offices. RNS Computer Services was struggling for space at RNS Chartered Accountants in Brigg and there were big problems with the speed of the internet connection to Soltec.

When you're in the IT business, you need the best connectivity possible. We have that now in Castlethorpe.””

The business would continue to utilise the RNS CS and Soltec names because each had established excellent reputations with clients.

““ It is about consolidating the two businesses and then growing into a larger company than we started out with, said Phil.

The move has seen us use our in-house skills, setting up the network and internet connectivity.

Working together is a very positive move and it will help both firms grow.””

RNS

COMPUTER
SERVICES

SOLTEC

RNS Chartered Accountants' senior partner Ian Pounder said:

““ We are delighted to see the computer services division grow and establish itself in new premises.

It will continue to look after our clients while the purchase of Soltec and the move gives the business more freedom to establish itself in new and expanding markets.””

Software specialists Soltec has expertise in cloud computing, which replaces office-based servers with others in secure data centres.

It is the equivalent of the electricity grid for the internet, with resources provided on demand and proving more cost-effective.

The business also has a web design team; expertise in computer hardware' and provides technical back up for businesses across northern Lincolnshire.

For more information, call Phil Rudd on **08444 150099** or go to www.rnscs.co.uk

new office



pictured above from left to right:
RNS Chartered Accountants Partner Ian Pounder with RNS Computer Services Directors Phil Rudd & John Robinson.

VAT News

CHANGE IN VAT RATE

You should charge VAT at the new rate of 20 per cent on your sales of standard-rated goods or services that take place on or after 4 January 2011. If you currently calculate VAT using the VAT fraction of 7/47, from 4 January 2011 you must use the new VAT fraction of 1/6.

From the 4 January 2011 new rates will apply to the Flat Rate Scheme too. If you use that scheme please go to www.hmrc.gov.uk/vat and enter Flat Rate Scheme into the Search box to check your new flat rate.

Cheques sent to HM Revenue and Customs are only classed as received when HM Revenue and Customs receive cleared funds in their bank account. Cheques can take 3 days in the post to arrive and 3 days to clear. This means if you are still sending cheques they need to be sent about a week before the due date. We recommend that you pay your VAT electronically as it is quicker. If you are filing your returns online then you must pay VAT electronically; we recommend you do this by Direct Debit.

To pay by Internet, telephone banking or BACS Direct Credit you need the following details:

account number 11963155 sort code 08-32-00 quote your VAT Reference Number (no gaps). If your bank asks for an account name, tell them it is HMRC VAT.

REVERSE CHARGE

Since the introduction of the new rules on the place of supply of services since 1 January 2010 businesses with overseas customers have been able to take advantage of the

new basic rule. That is that VAT on business to business (B2B) transactions will be accounted for in the country where the customer belongs by use of the reverse charge mechanism.

What a lot of businesses in the UK are missing however is the point that if they are receiving services from overseas suppliers on a B2B basis then the UK business as the customer must account for the VAT on their UK VAT returns under the reverse charge. This is often known as the 'tax shift'. You simply credit your VAT account with the amount of output tax calculated on the full value of the supply you have received and at the same time debit your VAT account with the same input figure. This is VAT neutral to you unless you are a partially exempt business. As a partially exempt business if you cannot reclaim all your input the effect is to make you pay VAT on the supply at the UK rate.

This reverse charge VAT accounting has from 1 November 2010 also come into effect for trading in emission allowances along the lines of the rules already in place for certain supplies of mobile phones and computer chips.

CORRECTING MISTAKES

Many of the VAT mistakes sent to HM Revenue and Customs could have been self corrected by the tax payer on the next return. Disclosure of errors is causing a 6-8 week backlog at HM Revenue and Customs. HM Revenue and Customs are aware people make mistakes and HM Revenue and Customs do not expect perfection. Errors below a certain threshold can simply be corrected on your next return. The threshold is the greater of £10,000 and 1% of the box 6 figure on the VAT return for the period where the error was found, subject to an upper limit of £50,000.

VAT ON ENTERTAINMENT OF OVERSEAS CUSTOMERS

A new HM Revenue and Customs policy now accepts input VAT incurred on entertaining of overseas customers can in some circumstances now be reclaimed.



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Staff News

New arrivals

Everyone would like to congratulate Jo Northing of the Brigg office on the birth of baby William. William was born on 17 November weighing in at 7lbs 10oz. Jo is now on maternity leave and until she returns to work any queries can be directed to your usual partner.

Scunthorpe partner Rob Smith has also welcomed a new face into his family, joining wife Nicola and his daughter, Lucy. Overdue arrival Hannah Elizabeth finally popped out on 27th Dec a mere 10 days late weighing in at 7lb 6oz. Rob came back very excited, however he did later realise 'I now have three girls to negotiate with to secure a pass out for football!'



Wedding bells

Sharon Holmes of the Brigg office married Neill on the 9 October. She had a wonderful day becoming Mrs Holmes-Barber.

Natalie Wilson who is based in the Scunthorpe office married Robert on the 30 October. The new Mrs Gourley enjoyed a honeymoon in Venice.

All the best to the married couples!

Rob Smith
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email:
rob.smith@rnsc.co.uk



Exam success

Exam success is being celebrated by three of our staff.

Mark Hutchinson of the Scunthorpe office has qualified as a chartered accountant while colleague Amy Ogden has passed her final Association of Accounting Technicians' exams.

Mark, who lives in Scartho, Grimsby, has been training at RNS for three years now. He studied A levels at Tollbar Business and Enterprise College before graduating from the University of Sheffield with a degree in accounting and financial management.

Amy, who lives in Scunthorpe, has worked for RNS for just over two years and will now study for the chartered accounting qualification. She is a former student at Frederick Gough School in the town and took A Levels at John Leggott College.

Kaman Tsang at the Brigg office is also well on the road to completing her Association of Accounting Technicians' exams. She has completed her Personal Tax exams and sits the final Accounting Technician papers in May 2011.

We are very pleased with their achievements and will continue to invest in the training and development of our team. This has always been an important part of the culture at RNS.

Seconds out: Round 2

Following on from last year's hard fought quiz night the RNS offices assembled in the Scawby Village Hall for a second bout of quiz action.

Word in the room was that last years champions, Mike and The Don't Panics, were the ones to beat. And beaten they were because as events unfolded, whilst The Don't Panics put up a good show, they were unable to fend off the challengers and the team of Nick Reed, Jo Northing, Leslie Denny and Amy Kirkham were crowned as champions. The Spy Pups, as they like to be known, are available at the Brigg office to help with any trivia related queries you may have.

Business Friends Lincs

Partner Robert Smith has found an increase in client enquiries in the Grimsby and Cleethorpes region.

Robert has recently taken a seat at the Business Friends Lincs group which is a fortnightly meeting of well regarded businesses in the region where attendees are able to network and present on topics that are of relevance and interest to the other visitors.

Held at Lucarly's in Cleethorpes, the meetings are open to visitors and Robert would be happy to accompany anyone who feels that that it may present an opportunity for them to give and receive business in the North East Lincolnshire region.

www.businessfriendslincs.net

NEST >>>>>>>>>>

A MAJOR PENSION CHANGE FACING BUSINESSES.

Under new legislation all employers will have to enrol their workers into a pension scheme. The enrolment process will be automatic after three months service. The starting date for enrolment is October 2012, however smaller employers will not be required to comply until later.

- Businesses with 50 – 249 employees will need to be compliant in April 2014
- Businesses with less than 50 employees will be phased in between August 2014 and February 2016

The important point to plan for is the extra cost to your business. For the first time it will be a requirement in law for employers to pay into a pension scheme for their employees. The required rate of contribution will be 3% of the employee's pensionable earnings. To take advantage of this the employee will be required to contribute 5% of earnings into the pension as well.

The NEST (National Employment Savings Trust) will be a government built pension scheme. Employers can either use this, or they can

KEY POINT

For the first time it will be a requirement in law for employers to pay into a pension scheme for their employees.

opt to choose their own pension scheme to comply with the regulations.

- Businesses with an existing scheme will have to make sure it is compliant with the new rules.

We are working with a number of employers in preparation for the changes, looking at the impact of the increased wage bill and what pension scheme is appropriate for them. In some cases the NEST pension is suitable however because NEST is a no frills basic scheme with restrictions it is not always the best option. In these situations we are able to set up an alternative pension so that you can retain more control over your retirement and benefits package.

This is a summary of the current legislation. It will be important for employers to understand the specifics for their own business.

Please contact Andrew Clayton for more information.

ISA

The current tax free ISA year will close on 5 April 2011. The new tax year will start on 6 April 2011. This period is traditionally a busy time for savers as they rush to put what savings they can into a tax free environment, either using up their entitlement before the tax year ends, or filling up the new year's allowance to get maximum benefit from it.

They are two types of ISA. The Cash ISA and the Investment ISA. The Cash ISA is a bank deposit where capital is guaranteed (subject to the failure of an institution). However savers may find that interest rates are unattractive. In a low interest rate environment it is important to shop around and make the best of what is available. Better rates can often be found using internet managed accounts, or by having a notice period which must be served before you can withdraw your money.

The Investment ISA provides an outlet for savers who are happy to take on a little more risk in return for a better return on an investment. Savings are typically placed into investment funds. These funds group together savers' money and through the economies of scale the money can be managed full time by a team of

investment professionals. They research and invest in a range of assets designed to meet the aim of the fund and suit the profile of its investors. Investments may be made in stocks & shares, bonds and property, as well as alternative assets such as gold.

In view of previous volatility in the investment market there has been a marked increase in funds that aim to provide a better than cash return in all conditions by using a diverse range of asset types. This makes them less dependent on rises and falls in the stock market. This sector has become known as the absolute return space. There are literally 1,000's of different funds managed by hundreds of different institutions designed to suit each individual investor's particular requirements. It is important to take full independent advice when making investment decisions to ensure that you are given the opportunity to invest in the one that suits you the best.

Bob Marris and Andrew Clayton are available to discuss any of your requirements.

Financial Services Compensation Scheme: The amount safeguarded in deposit accounts has risen to *£85,000* per person per institution. Visit www.fscs.org.uk for full details.

Pensions tax relief relaxed

We have received details of the Coalition Government's proposals on limiting tax relief on pension contributions. The new proposals centre on retaining tax relief for all tax payers at their marginal rate.

What does this mean for tax payers? Everyone will continue get relief on pension contributions at their marginal rate of tax: 20% basic, 40% higher & 50% additional.

This is a welcome development on the previous proposal to restrict relief for higher rate tax payers. The amount that can be paid in a year has been tightened, reduced from £255,000 to £50,000, however there is the introduction of a useful carry forward facility for unused relief.

KEY POINT

Everyone will continue to get relief on pension contributions at their marginal rate of tax: 20% basic, 40% higher and 50% additional.



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Bob Marris
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Credit card payments

RNS' offices in Scunthorpe and Brigg are currently undergoing infrastructure and technological improvements to increase network efficiency and the speed and quality of links between the two offices through new telephone systems and broadband lines.

As part of the improvements we have installed a card payment facility for clients. Payments can be made free of charge on debit cards and with a 2% surcharge on credit cards.

Telephone payment should be directed to the Brigg office, available on 01652 655111. Alternatively payments can be made in the reception at your local RNS office.

Network Scunthorpe

Network Scunthorpe was founded by John Heeney and Andrew Clayton from RNS and two other businesses from Scunthorpe. They had been members of various networking groups and believed passionately in the real benefits of networking and word-of-mouth referrals, but had become increasingly frustrated by the nature of other networking groups and so decided to start a new group.

Network Scunthorpe, pulls together all the positive features from other networking groups, leaves out the negative, thus striving to create a truly enjoyable and effective networking experience.

Key Features

Fortnightly breakfast networking meeting – This provides a regular and professional environment for businesses to get together.

Only one person per profession/trade can join – This ensures that no member has any competition in the group.

All membership funds are held within the group for the benefit of the group – This means that all membership funds are paid into the group's bank account and used for purposes decided upon and agreed by the group itself.

Annual membership fees only £150 – Because the group is run on the above basis, membership fees can be low.

A relaxed and friendly approach to networking – We understand that for new-comers to networking, attending a meeting can be a daunting prospect. You may have been to visit another networking group and found the experience a turn-off. We can assure you, Network Scunthorpe is very different.

No pressure – Network Scunthorpe has no interest whatsoever in pressurising members to come up with referrals. Our experience from other networking groups is that members do not respond positively to this sort of approach.

An open invitation

Come along and visit a meeting – This is the best way to get a flavour of Network Scunthorpe and there is genuinely, absolutely and categorically no obligation or pressure to join. We will be delighted to see you and you can count on a very warm welcome.

Just so we know you are coming, if you can email us at the address below or call John or Andrew on the normal Scunthorpe office number, we can then make the catering arrangements.

John Heeney – jph@rnsca.co.uk
Andrew Clayton – andrew.clayton@rns-ifa.co.uk



Income Tax Rates 2011/12 and 2010/11	2011/12	2010/11
Starting Rate for savings 10%	0-£2,560	0-£2,440
Basic Rate		
Non savings & savings income 20%, dividends 10%	0-£35,000	0-£37,400
Higher Rate		
Non savings & savings income 40%, dividends 32.5%	£35,001-£150,000	£37,400-£150,000
Additional Rate		
Non savings & savings income 50%, dividends 42.5%	Over £150,000	Over £150,000
Income is taxed in the following order- non savings, savings, dividends		

Income tax personal and age-related allowances 2011/12 and 2010/11	2011/12	2010/11
Personal allowance	£7,475	£6,475
Personal allowance (age 65-74)	£9,490	£9,490
Personal allowance (age 75 and over)	£10,090	£9,640
Age related allowances are reduced by £1 for every £2 of income over	£24,000	£22,900

National Insurance Rates 2011/12 and 2010/11	2011/12	2010/11
Lower earnings limit	£102 per week	£97 per week
Primary threshold	£139 per week	£110 per week
Secondary threshold	£136 per week	£110 per week
Upper earnings limit	£817 per week	£844 per week
Employees' primary class 1 rate on earnings between primary and upper earnings limit	12%	11%
Employees' primary class 1 on earnings above upper earnings limit	2%	1%
Employers' secondary class 1 rate on earnings above secondary threshold	13.8%	12.8%
Upper earnings limit	£42,475	£43,875
Lower profit limit (for self-employed class 4 contribution)	£7,225	£5,715
Class 4 rate on profits between lower and upper limit	9%	8%
Class 4 rate on profits above upper profits limit	2%	1%

Corporation Tax Rates 2011/12 and 2010/11	2011/12	2010/11
Small company rate up to £300,000 of profits	20%	21%
Full rate on profits over £1.5million of profits	27%	28%
Effective marginal rate between £300,000 and £1.5million	28.75%	29.75%

Recent achievements of RNS Chartered Accountants

- Strategic Business Review report looking at management strengths and weaknesses, business strengths and weaknesses and the age old problem of succession planning for family businesses.
- Purchase of businesses out of administration/liquidation looking at cash flow and business plans moving forward.
- Negotiating in the sale of an established business to new owners overnight.
- Application of the new employers NIC holiday by our payroll department.
- Prestige, low Emission vehicle purchases matching clients vehicle ambitions along with a corporation tax saving.
- Preparing current management accounts in a short time frame to help raise new finance for a new venture.

DATES FOR YOUR DIARY

FEBRUARY 2011

M	7	14	21	28
T	1	8	15	22
W	2	9	16	23
T	3	10	17	24
F	4	11	18	25
S	5	12	19	26
S	6	13	20	27

MARCH 2011

M	7	14	21	28	
T	1	8	15	22	29
W	2	9	16	23	30
T	3	10	17	24	31
F	4	11	18	25	
S	5	12	19	26	
S	6	13	20	27	

01 FEBRUARY - Due date for Corporation Tax payment for periods ending 30 April 2010. £100 penalty if 2009/10 tax return not filed.

28 FEBRUARY - Last chance to pay any balance of 2009/10 tax and Class 4 NIC to avoid 5% surcharge.

01 MARCH - Due date for Corporation Tax payment for periods ending 31 May.

31 MARCH - End of corporation tax financial year. End of CT61 quarterly period. Filing date for corporation tax returns for periods ending 31st March 2010.

Our Offices

Scunthorpe: 01724 842 713

Brigg: 01652 655 111

Computer Services: 08444 150 099

This newsletter is for general guidance only and represents our understanding of law and HM Revenue & Customs practice as at November 2009. Levels and bases of, reliefs from taxation are those currently applying but are subject to change and their value depends upon the individual circumstances of the investor. The value of investments may go down as well as up and you may not get back the full amount you invest. The past is not necessarily a guide to future performance. If you withdraw from an investment in the early years, you may not get back the full amount invested.
Editor: Andrew Clayton

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