



The Little Blue Book

Issue 32 | Autumn 2013

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Chartered Accountants
Independent Financial Advisers

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Celebrating 80 Years Of Quality Service

Established in 1933

Welcome

Welcome to Autumn 2013's Little Blue Book, a special edition as it marks our firm's 80th anniversary. We are proud of our history, steeped in providing a quality service to businesses and individuals across northern Lincolnshire and beyond.

As well as celebrating the milestone, we are using it to help raise money for two excellent local causes, Lincolnshire House, which supports disabled people, and Lindsey Lodge hospice. Congratulations to partner Robert Smith who cycled more than 100 miles in one day from his home to our three offices, raising £1383. Thank you to everybody who supported him. Other members of our team have opted for a more relaxing way of raising cash, with a 1930s-themed casino night.

This Little Blue Book features those efforts, reflects on our 80 years and details our modern-day success at the Northern Lincolnshire Business Awards.

It also looks at national issues, including changes to VAT and PAYE. But it can't cover everything. Whether you are an existing client or new to RNS, if you have any questions about the issues raised or other financial matters which may be bothering you, please don't hesitate to get in touch.

We hope you enjoy this edition.

Ian Pounder

Senior Partner



Ian Pounder
FCA
imp@rnsca.co.uk



Business Awards Finalists

Our commitment to training staff to ensure they deliver a quality service to our clients was recognised in the Northern Lincolnshire Business Awards.

We were delighted to be a finalist for the Grimsby Institute's Training Excellence Award.

Organised by the Hull and Humber Chamber of Commerce, the prestigious awards night was hosted by television presenter Helen Fospero at Scunthorpe Baths Hall. Partner John Heeney said the award category was significant.

“First class customer service is something we at RNS pride ourselves on.

“But we can't deliver that without excellent, highly motivated staff. And, to retain those people, they need continuous support.

“Staff training and development is our lifeblood.

“We are very proud of our staff and how so many have made their career at RNS.



Partner Robert Smith with the award, collected from Helen Fospero, with fellow partners John Heeney and Bob Marris, and Northern Lincolnshire Chamber chairs Amanda Austin and Paul Gouland.

Picture courtesy of www.martinsteelp photography.co.uk

“It is always pleasing to employ home grown talent and I'm confident they will continue to make a significant impact on the firm in the future”



John Heeney

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

Real Time Information Update

Most employers were required to start reporting in Real Time from 6th April, 2013. The biggest change is if a PAYE scheme is required because one employee is over the PAYE/NI thresholds, then all employees need to be reported. These include those working just a few hours a week earning literally a few pounds, such as Saturday and casual staff.

This move has been particularly onerous for small employers, especially those who pay weekly. It may be worth considering simplifying your payroll arrangements by moving weekly pay to fortnightly or monthly payments. This will reduce costs and eliminate mistakes, although you must agree this with your employees before implementing any changes.

HMRC have relaxed the RTI rules for small businesses with less than 50 employees who pay their staff manually weekly or fortnightly but then take their wages to a payroll provider to process the payroll for the month. HMRC is allowing the employer to pay weekly but submit the payroll report once a month until April 2014.

However, during this time, the employer must put in place a system for paying and reporting weekly or moving to monthly pay.

These arrangements DO NOT apply to small employers who can run their payrolls weekly or fortnightly and can report payroll information at the time of the payment. It makes sense to sort these issues out sooner rather than later.

On the plus side, regular reporting means that any errors are picked up much earlier than the old P35 system, therefore avoiding a large or unexpected underpayment at the end of the year.

HMRC has made it clear that there will be no penalties for late filing of PAYE returns under RTI until April 2014, which will allow all businesses to get used to the new regime without being penalised for mistakes.

Finally, due dates for the payment of PAYE remain unchanged. Cheque payments need to be received by 19th of the month following the end of the tax month and cleared electronic payments by the 22nd.



Karen Lyth
ACCA
karen.lyth@rmsca.co.uk

Staff Profile

Name: Andrew Clayton

Title: Partner

Specialism: Pensions and investments, owner managed businesses

Interests out of work: Cars, Formula 1, home cinema and Hi-Fi

Favourite television program: Megafactories

Favourite book/author/website: Pistonheads

Favourite holiday destination: America and Las Vegas

Favourite music: Internet radio

Favourite food: Steak. But in 2013 to date, probably Hash House a Go Go

Orlando's Sage Fried Chicken Eggs Benedict!

Favourite drink: After 15 years working in the office I just discovered coffee!

Person you'd most like to spend time with and why: Jay Leno, to take a look round his garage

Best thing about North Lincolnshire: The 'local feeling amongst the towns and villages



VAT Questions Answered

What's the position on the extra charges to customers paying by credit card?

Some businesses charge a customer an extra amount of money if they pay by credit card rather than a debit card or cash. This extra charge follows the VAT liability of the main supply and is not a distinct supply of exempt financial services.

Is the recharge of expenses taxable?

If, for example, a consultant adds expenses e.g. travel costs to his management fee, these are usually taxable at the full VAT rate if you are VAT registered.

This is irrespective of whether the travel - be it flights or trains - does not have VAT on it when bought. This recharge of expenses also counts towards turnover costs in determining whether you are over the VAT registration threshold.



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

What are the pros and pitfalls of the flat rate scheme?

Small businesses with a turnover less than £150,000 can apply for the VAT flat rate scheme. It simplifies accounting for VAT by the application of a sector percentage to your gross income. There is no input VAT claim to make.

Pros

Input VAT can be reclaimed on capital goods costing more than £2000 including VAT.

Pre-registration expenses input VAT can be claimed on the first VAT return.

A newly VAT-registered business can claim an extra 1% discount off its flat rate percentage.

Outside the scope VAT is excluded from the calculations.

Pitfalls

Input VAT cannot be reclaimed on capital expenditure for the supply of building services as this does not fall under capital goods (it is services).

All business income is included in the calculations, including exempt and zero-rated income. For example, this means rental income and goods sold to a VAT-registered business in an EC country outside the UK are included.

Life Insurance For Company Directors

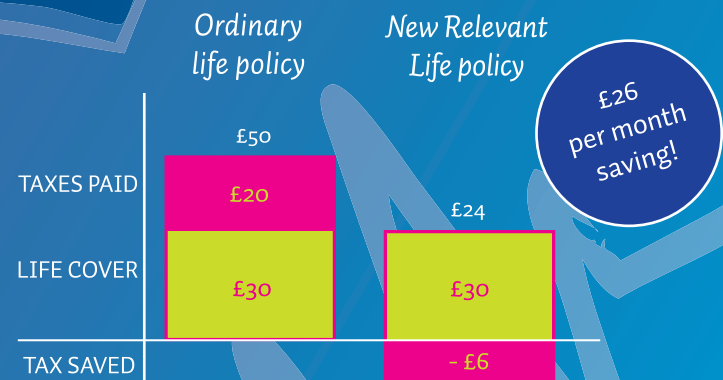
As well as pensions and investments, RNS advises on and arranges life insurance. The Relevant Life Policy is a recently introduced tax efficient way for company directors to pay for life insurance.

- Company able to claim corporation tax relief on payments ✓
- Payments made by the company will not be treated as a P11D benefit ✓
- Benefits payable tax free to the directors' dependants ✓

Because many life insurance policies were set up a long time ago they will likely be conventional personal contracts, pre-dating the Relevant Life Policy rules. This means you would be paying premiums out of post-tax income instead of pre-tax income. Now is certainly a good time to review your existing life insurance.

For further details and to request an illustration please get in touch by the usual methods, or contact Andrew Clayton directly.

Example of a £30 per month Policy



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

Auto Enrolment Update

Auto Enrolment is now live for larger employers. It will filter down to all employers over the next 5 years. You will be notified of your start date by the Pension Regulator 18 months before you need to go live. At this point we recommend that you begin to familiarise yourself with your new duties.

We anticipate that some clients, especially those who currently use RNS for their payroll services, will want

to take a more hands off approach and in this case we would recommend that you contact us as soon as you are notified of your start date so that we can discuss the solutions that are available. We will also be staging a seminar later in the year to provide further advice and information.

80 Years Of RNS

It was in 1933 that two forward-thinking individuals formed a partnership operating from an office in Grimsby.

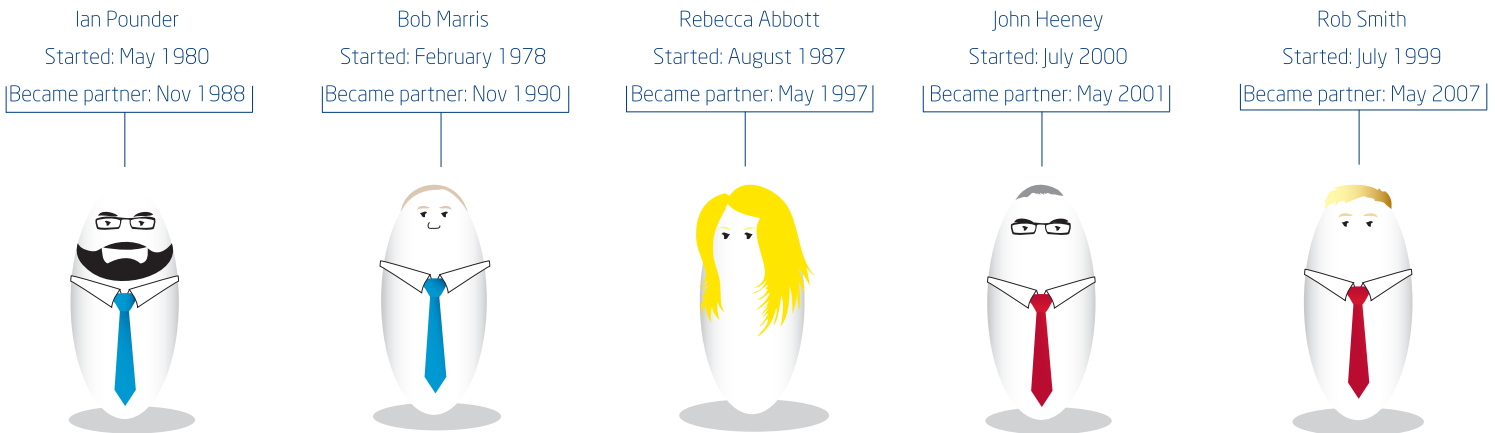
Robert Norman Store and George Rhoades Smith steadily grew the business and were joined, in 1940, by another partner, John Bernard Harrison. Cyril Inkpen was admitted to the partnership in 1958 and an office at Brigg was opened two years later.

In 1967, the practice of Percy Taylor was acquired in Scunthorpe. This was followed by the acquisition of Harrison Duncan & Toplis in Gainsborough in 1972. The firm continued at the four offices until 1989 when the decision was taken to 'demerge'.

The present firm operated from Brigg and Scunthorpe until 2 years ago, when, following its acquisition of Stephenson, Smart & Co, it opened a third office in Barton. The firm has grown in size to 10 partners and more than 50 staff.



Partner Timeline



Charity Cycle Challenge

Partner Robert Smith completed more than 100 miles on his bike in less than six hours to raise more than £1,383 for charity. He made the journey from his Cleethorpes home to the firm's offices in Scunthorpe, Brigg and Barton. The challenge helped mark RNS's 80th anniversary.

Robert (35) said: "We'd estimated the challenge at around 80 miles but, in the event, I took a longer, safer route away from the main roads. I regularly complete distance rides but have not done this amount of miles in such a short space of time before."

Robert completed 102.7 miles on his bike in 5 hours, 59 minutes and 16 seconds.

"Being under the six hours was important to me. I'm really quite competitive when I get on my bike. It's all about times and speed."

The aches and pains over the couple of days following the ride were worthwhile, said Robert.

All monies raised are going to Scunthorpe charities Lincolnshire House, which supports disabled people, and hospice Lindsey Lodge.

"I was fortunate to pick a decent day, weather-wise, and colleagues encouraged me along the route. They had thought I was a little mad when I said what I intended to do but I wanted to do something different to celebrate the firm's anniversary. But I won't be cycling to work on a regular basis!" Robert added.

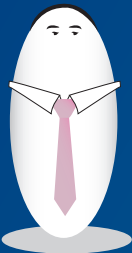


"I've had a wonderful response on the sponsorship front from family, friends, colleagues and clients. So far, £1,383 has been raised and the money is still coming in. I'd like to thank everybody who has contributed. The ride was tough, at times, but actually not as bad as I thought it would be."

Adrian Ingleton

Started: July 1980 (left 1986)

Rejoined as partner: April 2008



Andrew Clayton

Started: September 1998

Became partner: April 2008



Jennifer Camm

Started: August 2001

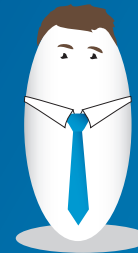
Became partner: May 2010



Alex Douglas

Started: September 2004

Became partner: May 2012



Karen Lyth

Started: January 2000

Became partner: May 2013



RNS Quiz Team

The RNS All Star Quiz Team, left to right John Heeney, Adrian Ingleton, Mike Llewellyn, Bob Marris and (front) Nick Reed after taking part in the Brown & Co rural charity quiz near Elsham. It was a great evening, said John, and while they didn't win, they weren't last!



Farming

Adrian works out of our Brigg office and heads up the agricultural team. He specialises in working with farmers, utilising his years of experience in the industry.

The fluctuation in the weather is likely to give averaging opportunities to reduce tax or payments on account. In particular, there has also been a complete loss of crops planted in Autumn 2012 for the August 2013 harvest and the profits last year can be reduced by writing off the costs.

The weather for farming has caused problems with a wet 2012 and dry 2013 and the last thing needed is an unexpected tax bill in January 2014. Completing your accounts early gives advance notice of liabilities and opportunities to reduce the tax.



Adrian Ingleton
FCA
adrian.ingleton@rnsca.co.uk



Karen Lyth

Karen Lyth has become the latest associate partner at RNS. Brought up in Scunthorpe, she is a former student at Brumby Comprehensive and John Leggott College. She started at RNS in January 2000, part way through her professional training.

She moved from our Scunthorpe office to Brigg in 2003 and qualified as a Chartered Certified Accountant in 2005. Karen was “delighted” to become an associate partner.

“I’ve been fortunate to progress throughout my career at RNS and I’m grateful to the partners for the faith that’s been shown in me.”

“I’m looking forward to getting to know new clients and expanding my portfolio.”

Married to Fraser, they live in Bottesford and like to travel. She also enjoys motorsport - on two wheels and four - and has spectated at several motorbike meetings, including the MotoGP at Silverstone and the British Superbikes Championship and hopes to go and watch a Formula 1 race in the near future.

RNS senior partner Ian Pounder welcomed Karen to her new role.

“We’re delighted to see Karen’s progress through the practice,”

Said Ian Pounder

“We’re committed, through our comprehensive training programme, to employing and nurturing young, local talent.

“Karen’s another example of that commitment being put into practice. We wish her well in her new role.”

“I’m really excited about my new role within the practice I’m really looking forward to the challenge.”



New associate partner Karen is welcomed by senior partner Ian Pounder



Karen Lyth
ACCA

karen.lyth@rnsca.co.uk

Staff

New Starters

Abigail Wilmore started in July at the Scunthorpe office after completing her A levels at John Leggott College. She has joined to train for her Association of Accounting Technician (AAT) qualification.

Michelle Navin started during September at the Scunthorpe office in bookkeeping and payroll while Simon Atkinson joined the same department in Brigg. Sarah Dennie joined us in March as a graduate trainee chartered accountant. She went to the University of Hull and studied History and Economics and is based at the Scunthorpe office. Prior to university, she studied at Sir John Nelthorpe, and lives in Barton.



Sarah (left) and Abbi – new trainees at Scunthorpe.

Leavers

Pardeep Uppal (nee Hayre) married Amarit a police officer in the Metropolitan Police on 28th July. Pardeep has moved to London and is working in practice there.

Mark Hutchinson has left to pursue a career in industry while Roisin Kirby-Smith has relocated to Aberdeen.

New Arrival

Kaman Hye has had a baby girl Zara, born 29th July, weighing 7lb 4oz.

Exam Success

Amy Ogden has passed her final exam and is now a qualified chartered accountant.

Sinead Hill, from the Scunthorpe office, is now part qualified as a chartered accountant after passing her most recent set of exams while Cheryl Waites has completed her AAT qualification.



Midsummer Fun Walk

An RNS team was proud to take part in Lincolnshire House's annual Midsummer Walk and Fun Run.

The event raises money to improve facilities at the Scunthorpe charity, which supports the disabled. The walk started and finished at the Three Horseshoes in Scotton.

Eight members of the RNS team completed the eight-mile route as part of the firm's 80th anniversary.

“In the event they raised over £250 and the firm was delighted to support their efforts” Said Partner Jenny Camm

Lincolnshire House is using the money for an iMuse room, designed to give a unique sensory experience to people with cerebral palsy and similar disabilities.

It involves the use of computer-generated graphics projected onto a wall, music, and a vibro-acoustic sensation caused by the user sitting on a sound-box sunk into the floor.

The colours and shapes can be altered by the user either by physical movement or vocally-generated sounds. The vibrations can be experienced when sitting on a bean bag, in a wheelchair, or in an ordinary chair.

It is an extremely relaxing experience, and has been developed following several years of research into audio-visual intervention therapy.

It has been shown to alleviate stress, and proved positive in calming agitated behaviour in individuals.

For more details about the charity go to www.lincshouse.com; call 01724 844168; or email dawn@lincshouse.com



Pictured with Lincolnshire House resident Timothy Overton and organiser Dawn McCool (third right) are RNS staff preparing to go on the walk and fun run (left to right) Sarah Dennie, Amy Ogden, Cheryl Waites and Pardeep Hayre.



Jenny Camm

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

Apprenticeship

The alternative to normal employment and minimum wage rules is to take someone on as an apprentice. This means employing them full time, i.e. 38 hours a week at £100.70 per week for the first year of their apprenticeship, which equates to £2.65 per hour.

After the first year they would be entitled to receive the full national minimum wage rate applicable to their age (currently £6.19 if over 20). They would attend college on the given days and work on the other days. An employer would pay for all their training but can apply to the National Apprenticeship Service for funding.

Generally, where the apprentice is between 16-18 years old, an employer will receive 100% of the cost of the training. If they are 19-24 years old, they can get up to 50%. Employers cannot simply choose to do this, they must get approval from the National Apprenticeship Service. For further information, contact the National Apprenticeship Service on 08000 150 600.

Young people wage incentives

As well as the Apprenticeship scheme, to encourage employers to take on new workers, they may be eligible for wage incentives of up to £2,275 per young person. These incentives are available if an employer recruits an 18-24 year old who has been receiving benefits for at least six months through Jobcentre Plus.

For part time workers between 16 to 29 hours a week this is £1137.50. For full time workers of 30 or more hours per week it is £2,275. Small business with less than 50 employees can claim part payment eight weeks after the employee starts work.



Rebecca Abbott
BSc, FCA, ATII, AIIT
rja@rnsca.co.uk
T: 01652 655111

Approaching Financial Advice

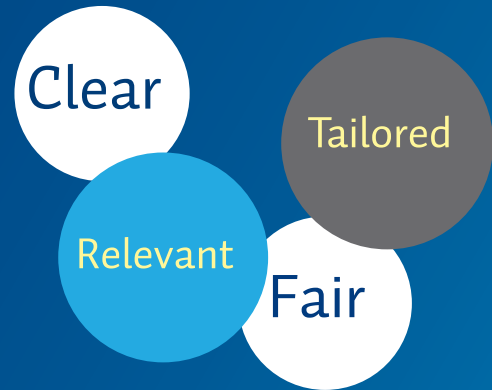
The Right Way

Our Client Approach

As well as being independent financial advisers we also strive to be approachable financial advisers.

RNS arrange and manage investments for a broad cross section of people. Some are experienced investors, while some are new to us and investing in general. As a result of low interest rates on the high street we have seen an increasing number of savers looking beyond their normal cash deposits for better returns.

Client needs are rarely the same. Investment into stock market funds may be right for one client, whilst no risk investments may be right for another. Our advice is unrestricted across the whole of market so a relevant solution can always be found.



Our Investment Approach

Our investment approach at RNS Financial Advisers is and has always been based on long term performance over short term gain.

Attempting to constantly pick the best performing stocks and assets over any particular short-term time period (such as a week, month or quarter) is the equivalent of trying to play a winner on every point – you may shoot the lights out on a few occasions but this is likely to come at the cost of a number of failures.

We have seen a number of short-term swings in the market and this reaffirms our belief that a lower turnover, lower volatility approach to the management of assets is likely to deliver superior long term returns.

An initial meeting is free of charge. Not just for RNS clients but for family, friends and colleagues also.



Bob Marris

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

PARTNERS



Ian Pounder

FCA
imp@rnscs.co.uk



John Heeney

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



Bob Marris

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



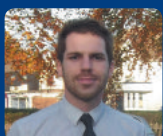
Rebecca Abbott

BSc, FCA, ATII, AIIT
rja@rnscs.co.uk



Rob Smith

BSc (Hons), FCA
rob.smith@rnscs.co.uk



Andrew Clayton

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



Alex Douglas

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



Jenny Camm

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



Adrian Ingleton

FCA
adrian.ingleton@rnscs.co.uk



Karen Lyth

ACCA
karen.lyth@rnscs.co.uk

Income tax rates and bands 2013/14

Basic rate - 20%¹
Higher rate - 40%
Additional rate - 45%

£ a year

0 - 32,010
32,010-150,000
Over 150,000

¹ There is a 10% starting rate for savings income only. The starting rate limit is £2,790 for 2013/14. 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 37.5% additional rate.

Income tax allowances 2013/14

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

£ a year

9,440
10,500
10,660
100,000
26,100

National insurance rates 2013/14

Lower earnings limit £109 a week
Primary threshold £149 a week
Secondary threshold £148 a week
Upper earnings limit £797 a week
Employees rate on earnings between £149 & £797 per week 12%
Employees rate on earnings over £797 per week 2%
Employers' rate on earnings above £148 per week 13.8%
Upper profits limit £41,450 a year
Lower profits limit £7,755
Class 4 self-employed rate on profits between £7,755 and £41,450 9%
Class 4 self-employed rate on profits over £41,450 2%
Class 2 self-employed national insurance £2.70 per week

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



e: action@rnscs.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

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