

RNS

The Little Blue Book

Issue 33 | Spring 2014

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Chartered Accountants
Independent Financial Advisers

www.rnsca.co.uk
www.rns-ifa.co.uk



Welcome

Welcome to the Spring 2014 edition of our Little Blue Book.

I hope you find our newsletter a valued source of information and a useful catch up on all things financial.

In this issue, we have a special look at the 2014 Budget. The Chancellor had a few surprises up his sleeve, including positive news for savers and big changes to our pensions system.

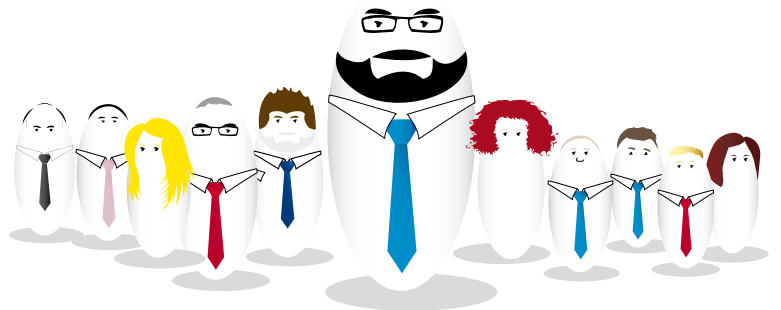
We highlight the impact of the reduction in the Humber Bridge tolls to our Barton office, report on events in the farming community and also bring you up-to-date with our staff news, including a new associate partner.

But the Little Blue Book can't cover everything that has happened over the last six months. Whether you are an existing client or new to RNS, please don't hesitate to get in touch should there be an issue you feel we can help you with.

Ian Pounder
Senior Partner



Ian Pounder
FCA
imp@rnsca.co.uk
T: 01724 842713



Bridge Tolls

A reduction in the Humber Bridge tolls is being credited with a marked rise in business at our Barton office.

The High Street premises, which also incorporate a Yorkshire Building Society branch, has seen 25% year-on-year growth following the halving of the toll two years ago.

Manager Sarah Johnsen said the business growth was highlighted following an assessment of RNS' time in Barton. It adopted the Stephenson Smart and Co offices when it took over the firm in October 2011.

"I live in Barton and know the reduction in the toll has changed my habits.

"Now, you don't really think about paying £3 to go across and back like you did when it was £6."

Sarah, a former pupil at Barton County Junior School (now Castledyke Primary) and Baysgarth, has worked at the offices from leaving school 30 years ago.

Colleague Carol Clayton started at the office before that so, between them, they are extremely well known in the town.

"Hopefully, we're seen as friendly faces and both enjoy providing a quality service. I think that sets us apart and we've not looked back since the RNS takeover."

Partner Jenny Camm, who works out of the Barton office, said the growth was welcomed.

"Nobody knew what the impact of reducing the tolls would be but we are experiencing a clear pattern of increased business from North Bank clients," she said.

"We know we compete favourably with larger city firms and the word is clearly spreading. It may only be a small office in Barton but it offers a big range of services."

- Jenny Camm



Manager at RNS's Barton office Sarah Johnsen (second left) and Carol Clayton (right) with partners Alex Douglas and Jenny Camm.



Jenny Camm

BA, ACA

jennifer.camm@rnsca.co.uk

T: 01724 842713

Seminar Success

Auto enrolment was one of the focuses of our most recent seminar. Held at Scunthorpe Rugby Club, the successful event also looked at property investment and current changes in the mortgage market.

One of the organisers, RNS partner Robert Smith, said the vast majority of businesses knew about the auto enrolment changes to pensions.

“However, the seminar highlighted the amount of intense planning that needs to happen within a business to roll it out,” Rob said.

“A lot of issues apply to businesses as a result of the changes.”

His advice for those at the seminar and those who weren't was to check when auto-enrolment applied and to get in touch.

“Businesses just can't plan soon enough, particularly with the changes to pensions announced in the Budget.

With regards property investment, the audience was told that HMRC was utilising a suite of resources to track those not declaring property income.

“It's an area where we have seen significant tightening up,” said Rob. “You can't hide property under your pillow!”

For more details, email autoenrolment@rns-ifa.co.uk

Programme helps out

Advice given by RNS Chartered Accountants and paid for by the Government is available to small businesses via a new scheme.

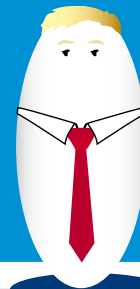
The Growth Vouchers programme is a research project to test how best to help them grow through the use of subsidised business advice. Associate partner Alex Douglas said RNS was pleased to sign up to the scheme.

“It aims to distribute vouchers to around 20,000 small businesses in England, focussing on small businesses who have never sought business advice before,” he said.

The Growth Voucher programme will match businesses seeking advice with firms such as RNS who give in-depth strategic advice in raising finance and managing cash flow.

The Growth Vouchers programme, which offers up to £2,000 to help pay for support, is available to small businesses in England who have been trading for at least one year, have 49 employees or less and have not sought strategic business advice before in the last three years.

For more details go to <https://marketplace.enterprisenation.com/about>



Rob Smith

BSc (Hons), FCA

rob.smith@rnscs.co.uk

T: 01724 842713

Partner Profile

Name: Robert Smith

Title: Partner

Specialisms: Owner managed businesses in many sectors including construction, food, manufacturing, automotive and engineering.

Interests out of work: Football (playing and watching), cycling and beer.

Favorite TV programme: With my out-of-work interests, social life, and family life I don't seem to watch much TV these days but I always try and catch the BBC News each day. I can't go out the door without my fix of the BBC Weather in the morning. I always wanted to be a weatherman but took the wrong degree course!

Favorite Book/author/website: Again, I don't get much time to read books, but I do read the local newspaper religiously and also The Sunday Times. Website-wise, the GTFEC fanzine Cod Almighty gets a daily read as does my Twitter timeline which keeps me up-to-date with all things beer, football and cycling!

Favorite holiday destination: With the kids you just can't beat Wells, next the sea, in Norfolk or Alnvaith in Northumberland. Five years on the trot we have done Alnvaith. With the wife or friends it's Belgium for the beer and architecture.

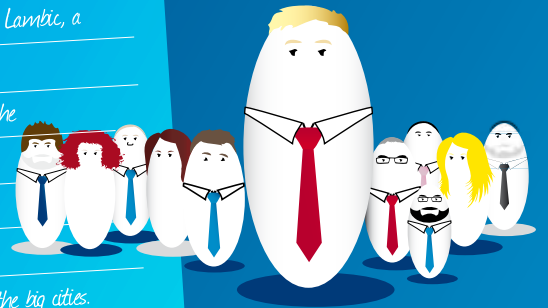
Favorite Music: My music tastes have remained firmly stuck in the 1990s. Although, recently I have stumbled upon Florence and The Machine and London Grammar, I'm still set in my ways.

Favorite Food: A creature of habit I can't go a day without at least one apple, or start the day without cornflakes with a sprinkling of raisins on top! My favourite meal would have to be a homecooked roast beef Sunday lunch with all the trimmings or a curry from my favourite curry house, "Jannals" in Cleethorpes.

Favorite Drink: I am really passionate about beer (probably annoyingly so for some people). My favourite is a style called Lambic from Belgium. It is, however, very rare in England, let alone Cleethorpes! If I can't get hold of some Lambic, a real ale from one of the increasing numbers of independent UK brewers usually quenches my thirst.

Person you'd most like to spend time with and why: From history, probably Winston Churchill to see how he coped with all that WW2 threw at him and the country. From modern times, I'd like to spend a few days with Bradley Wiggins to experience life as a professional cyclist.

Best thing about living in Cleethorpes?: The family friendliness, beach on the doorstep, Lincolnshire Wolds close by, the leisure facilities and the people, the transport links and the cost of living compared to the big cities.



The VAT Page

Threshold Change

From 1st April, 2014, the VAT registration threshold increased to £81,000 from £79,000. The de-registration threshold increases from £77,000 to £79,000.

VAT Q&A



Q. Are You Completing EC Sales Lists?

If you supply general rule services or Schedule 4A services (electronically supplied services) to businesses in other EC countries and the place of supply is the customer's country, you should be completing an EC sales list. This is the case where you do not charge UK VAT on your service invoice and the customer accounts for VAT under the reverse charge.

Q. Are you Accounting for Reverse Charge VAT?

If you buy in services from another VAT registered country and the place of supply is deemed to be the UK, your supplier will not charge VAT from their country. But you need to account for VAT under the reverse charge. It is your responsibility to record the UK VAT equivalent of this transaction on your VAT return. If you are a fully taxable business this is VAT neutral. However there could be a VAT cost to you if you are a partially exempt business.

VAT Helpline

It is being reported that if you are frequently contacting the VAT helpline for guidance this could trigger a VAT visit. Similarly, if you ask a specific detailed question you may get a visit in this area.

VAT Opportunity

There is a great opportunity for clients, particularly sole traders who are VAT registered and also rent out residential property.

This is often overlooked as many think that rented property is separate from the main business. Remember it is the "person" and not the "trade" that is registered for VAT so any business activities carried on in the same legal entity that is registered for VAT is automatically part of that registration.

They can therefore possibly achieve input VAT recovery on the rental property repairs and expenses as long as they don't breach the de minimis level or cause such a breach for the main business.

The opposite effect happens, however, if a client is on the flat rate scheme. Urgent steps should be taken in this case so VAT does not become payable on the rental income.



Rebecca Abbott

BSc, FCA, ATII, AIIIT
rja@rnsca.co.uk
T: 01652 655111

Farming Corner

A farming pioneer was the special guest at a northern Lincolnshire breakfast briefing organized by the National Farmers' Union and sponsored by the agriculture team at RNS. Keith Norman has dedicated his 25 year career to seeking out scientific solutions and conducting independent farm trials to determine the best methods of crop production. The event was held at the Hickman Hill Hotel in Gainsborough. The technical director of Velcourt Farming, Mr Norman addressed the issues facing farmers around agronomy, the science and technology of producing and using plants for food and fuel. His appetite for exploring new science and harnessing its potential in practice has not diminished, setting him apart as one of the country's leading influences on arable production.

“It was a successful, informative event that we were delighted to sponsor.”

- Adrian Ingleton



Guest Keith Norman (third from left) at the event with (left to right), Nick Reed, Adrian Ingleton (both representing RNS Chartered Accountants) and organiser from the NFU Michael Anyan.

Annual Investment Allowance

Farmers will have noted Chancellor George Osborne raising the amount of Annual investment Allowance (tax allowance on capital additions) available at 100%. It will be increased from £250,000 to £500,000 until December 2015. This still leaves uncertainty after December 2015.

“While the temptation might be to spend when you see new machinery at the agricultural dealers, the key decision before tax allowance comes into the equation is does the business need the machinery and can it afford it? If not needed for this harvest, then it may be worth waiting until the harvest is in and budgets are revised. If machinery is purchased on finance, it must be on the farm before the year end, or allowances will be restricted.”

- Adrian Ingleton

£250,000

£500,000

????

Annual Investment Allowance



Adrian Ingleton

FCA

adrian.ingleton@rnsca.co.uk

T: 01652 655111

Pensions Shake-up

Pensions were given a radical shake-up in the 2014 Budget.

The key change was to abandon the need to buy an annuity, giving the individual the power to manage their own pension payments.

The Chancellor George Osborne said the annuities market was not working in the best interest of all consumers.

“More choice after Budget highlights the need for informed advice.”

In conjunction with the removal of the requirement to buy an annuity there will be a relaxation of the rules governing drawdown and commutation and lower tax charges on withdrawals above the limits. Partner at RNS Financial Services Bob Marris welcomed the changes.

“In all my time at RNS, this is the biggest change to pensions I have seen.

“The scrapping of the need to buy an annuity will give individuals more flexibility,” he said.

“The power is in the hands of the person retiring. While clients may no longer need an annuity, they do need proper advice on what to do with their pension pot.”

His fellow partner Andrew Clayton said:

“This is a new challenge for us that we welcome.

“It offers a good opportunity for clients to refresh their thoughts and plans in terms of ISAs and pensions.”

Drawdown of pension funds can either be capped or flexible. Capped drawdown was restricted to 120% of the basis amount (the equivalent annuity). This limit was increased to 150%.

Under flexible drawdown there is no cap, provided the individual has other income of £20,000. This income threshold was reduced to £12,000.

Where an individual over age 60 has total pension rights under all registered pension schemes of less than £18,000 a trivial lump sum commutation can be paid of the full amount. The limit of £18,000 was increased to £30,000. It used to be that two pension pots with a value of less than £2,000 could be taken as a lump sum; the limit was increased to £10,000 and now applies to three pension pots.

In future full withdrawals of the pension pot will be taxed at the marginal rates of the pensioner rather than at the flat rate of 55% as and there will be consultation with regards to the 55% rate applied to certain pensions on the death of the pensioner.

RNS IFA offers a free initial assessment. It can be appropriate whether you are a long way off retirement or coming up to it.



Bob Marris

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



The 2014 Budget in Brief

As well as the radical changes in pensions, Chancellor George Osborne's fifth Budget included good news for savers and others.

Some of the highlights included:

Taxation

The point at which people start paying income tax will be raised to £10,500 from April, 2015.

The threshold for 40p income tax increased from £41,450 to £41,865 and by a further 1% to £42,285 next year.

Tax on homes owned through a company was extended from residential properties worth more than £2m to those worth more than £500,000.

Savings

Cash and shares Isas are to be merged into a single new Isa with an annual tax-free savings limit of £15,000 from 1st July.

The 10p tax rate for savers was abolished. The cap on Premium Bonds was to be lifted from £30,000 to £40,000 in June and £50,000 next year.

Business

Direct lending from government to UK businesses to promote exports was doubled to £3bn and interest rates on that lending was cut by a third.

Business rate discounts and enhanced capital allowances in enterprise zones was extended for three years.

Others

- Beer duty was cut by 1p a pint.
- Duty on spirits and ordinary cider was frozen.
- Tobacco duty raised by 2% above inflation.
- Fuel duty rise planned for September will not happen.
- Help to Buy equity scheme for new-build homes extended to 2020.



Andrew Clayton

FCA, Dip PFS

andrew.clayton@rnsc.co.uk

T: 01724 842713

10 years on...

On 1st May, 2004, R N Store & Co (as we were called back then) merged with Coleman & Co. Partner John Heeney said:

“Richard Coleman and his staff integrated fantastically with our existing business, creating a stronger and more vibrant accountancy practice. “While Richard has retired, we have been lucky enough to retain some great members of staff, who are all now key members of our RNS team.”



John Heeney
BA (Hons), FCA
jph@rnsc.co.uk
T: 01724 842713



Current staff who joined RNS when it merged with Coleman & Co celebrate the anniversary. They are (left to right) Lynn Anderson, Di Hawksworth, Gary Makinson, Debra Hare and Helen Webster.

Networking

Network Scunthorpe is a networking group for businesses throughout North Lincolnshire.

RNS partners John Heeney and Andrew Clayton helped to establish the group in January, 2011. The group is in its fourth year and goes from strength to strength, having passed over £450,000 of business between the members.

John said: “The group is successful because, while we deal with each other professionally, there is none of the strict formality that you can find in other networking groups.”

Andrew, who is the treasurer, said: “Network Scunthorpe really works for local businesses as the figures show.

“A word-of-mouth recommendation is nearly always the best sort of referral and that’s what our members provide for each other”.

If you want to do more of this sort of business, why not go along and see for yourself. Give John or Andrew a call for more details or visit www.network-scunthorpe.co.uk for more information.



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

Gary Makinson

A familiar face has been promoted to associate partner at RNS Chartered Accountants. Gary Makinson joined the firm 10 years ago and is looking forward to his new role.

“I will become involved with the actual running of the firm and have a greater responsibility to get out there and promote RNS and generate more business.”

“I, like the firm in general, am always looking to improve service to clients. RNS is not a business that rests on its laurels; it doesn’t stand still and is always open to innovative ideas and approaches.”

His new position will not affect his day-to-day involvement with existing clients.

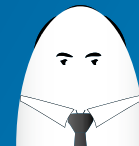
“It is very important for an accountant to be approachable and easy to talk to and since day one I’ve been encouraged to meet with clients face-to-face and build strong business relationships.”

“Meeting with clients, learning about them and their businesses and helping them improve their businesses is undoubtedly the best part of the job.”

“Gary brings plenty of experience to the table as well as new ideas on growing the business. “He’s also very focused on the service to our clients, which is central to everything we do. We wish him well in his new role.” – Ian Pounder

Background Information

Born in Doncaster, the 37-year-old miner’s son grew up in the nearby mining village of Bircotes. He joined a small accountancy business in Worksop upon leaving sixth form college and gained his Association of Accounting Technicians (AAT) qualification. He moved to Scunthorpe in 2002 and joined Coleman & Co and, when it merged with RNS, he studied to become a chartered accountant, qualifying in August, 2011. He is married to Kerry and they have two children, Olivia (7) and Ben (5). Senior partner Ian Pounder was pleased to appoint Gary.



Gary Makinson
ACA
gary.makinson@rnsca.co.uk
T: 01724 842713

Staff Update

New starter

Jayne Wright joined RNS from another accountancy practice on 2nd January.

Jayne is AAT qualified and continuing her study towards the ATT qualification. She has also started a diploma course in regulated financial planning.

Scunthorpe-born Jayne studied at Frederick Gough School and John Leggott College.

Outside work, Jayne has enjoyed dancing since the age of four, focusing on ballroom and latin styles.

Amy Ogden has left to join the P W C Hull office to pursue a career in audit.



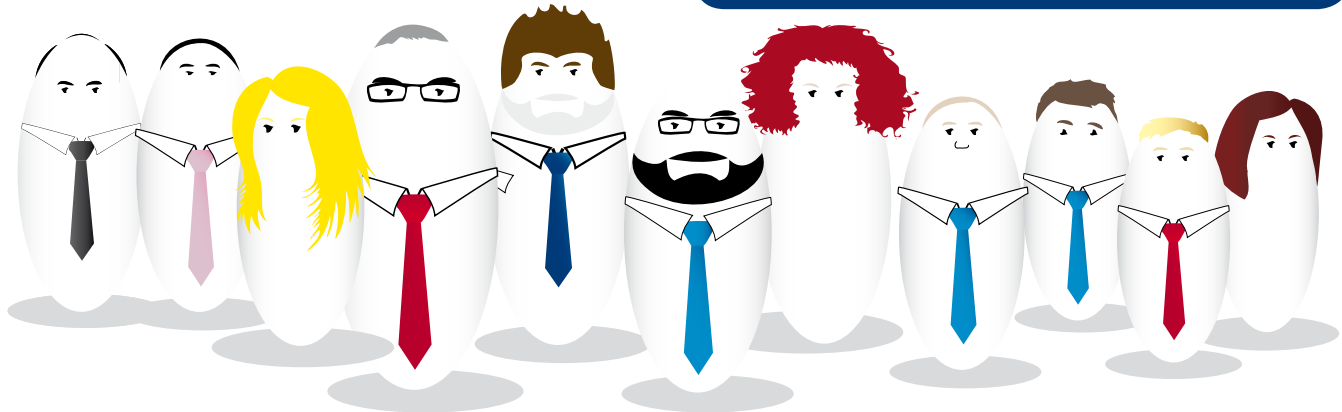
Partner at RNS Bob Marris welcomes Jayne to the business.

Baby news

There have been two new arrivals since the last newsletter.

Lindsay Brown had a baby girl on 7th January named Iris Joy and Hayley Barber had a baby girl on 27th March called Layla Grace.

Congratulations to the new mums and their families.





Exam Success

Catherine Snell has now qualified as an Independent Financial Advisor in addition to her Chartered Accountant status.

Catherine, who has been with RNS for six-and-a-half years, has passed her Diploma in Regulated Financial Planning with the Chartered Insurance Institute.

She will work alongside partners Andrew Clayton and Bob Marris within RNS Financial Services, advising on pensions, investments and protection.

Catherine is enjoying her enhanced role.

“I like the friendly atmosphere in the office and enjoy meeting a range of different clients,” she said.

Lincolnshire born and raised, Catherine joined RNS from Loughborough University after graduating in mathematics.



Partners at RNS Bob Marris (left) and Andrew Clayton congratulate Catherine after her exam success.

Outside of work, she enjoys playing netball and badminton, spending time with her nieces and nephews and has been inspired to take up baking by the Great British Bake Off.

Married to Daley, a navigator in the Royal Navy, they are expecting their first baby in May.

For help with financial planning, she and the team can be contacted on (01724) 842713.



Charity Donation

The money was half the proceeds of a 100-mile plus charity bike ride undertaken by partner Robert Smith.

He had made the journey from his Cleethorpes home to the firm's offices in Scunthorpe, Brigg and Barton to help mark RNS's 80th anniversary last year.



Lindsey Lodge Hospice representative Mel Banham (right) receives a £580 cheque from RNS Chartered Accountants associate partner Alex Douglas.

Employment Allowance Reduction

Changes to Employment Allowance will see a reduction of up to £2,000 per year in an employer's Class 1 National Insurance Contributions.

Not all businesses can claim the Employment Allowance and they should check the excluded employers list on the HMRC website for more information. But more than 90 per cent of the benefit of the new allowance will go to businesses with fewer than 50 employees.

Eligible businesses with an employer Class 1 NICs liability of £2,000 or less each year and who claim the allowance will pay no employer Class 1 NICs.

You can only claim the £2,000 Employment Allowance against one PAYE scheme - even if your business runs multiple schemes.

How does the NICs Employment Allowance work?

The Employment Allowance will be straightforward to claim. You can do this as part of the normal payroll process through Real Time Information (RTI) within your software package or using the HMRC Basic PAYE Tools.

Your software, if it has the ability to submit an Employment Payment Summary (EPS) will require you to specify, at the start of the tax year, if you wish to claim the Employment Allowance.

The Employment Allowance will be offset against payments of employer Class 1 NICs when they are due to be paid, until the full £2,000 Employment Allowance is used up or the tax year ends, whichever is soonest.

For example, if your employer Class 1 NICs are £1,200 each month, in April your Employment Allowance used will be £1,200 and in May £800, as the maximum is capped at £2,000.

Once made, HMRC will automatically carry your claim forward each tax year. So at the beginning of each year you should check your circumstances haven't changed.

Employers exempt from filing online can claim the Employment Allowance by using the paper EPS. Further information regarding this is available on the HMRC website.

Employers need to be aware of the changes and how they might affect them as an employer.



Karen Lyth

ACCA

karen.lyth@rnscs.co.uk

RNS Helps James Turn Over New Leaf

Redundancy has given a Barton man the chance to fulfill a lifetime ambition – own his woodworking business.

James Griffiths (46) left the cabinet-making trade more than 16 years ago to begin work at Kimberly Clark. But when the plant closed in March 2013 with his one of the 550-plus jobs lost, he decided to take the plunge and return to his roots.

Advised by Alex Douglas, associate partner at RNS Chartered Accountants, Barton-born James established his business, Yellowbelly Woodwork, five months ago. He was given another boost with the award of £900 grant from the Government's Regional Growth Fund through North Lincolnshire Council. Up to £3,000 has been made available to him, should he wish to invest further.

The initial sum was spent on a new wood lathe and its tools for his workshop. He is based at Fibre-form Industrial Estate, Goxhill Airfield after his original premises, at The Old Tile Works on Far Ings Road was badly affected by December's floods.

"The grant meant an awful lot as I was able to invest in machinery I would not have been able to afford otherwise," said James. "I'd got the form but was struggling. I took it to Alex and the result was the £3,000 that has been made available.

"Alex has given good advice and is really approachable." It was a "bit of a shock" when Kimberly Clark announced its redundancy programme but James had already thought that, should anything happen, he would start his business. "I did some decking at home and my partner Karen – who did not know me when I was a cabinet maker – was more than impressed. "She and my 17-year-old daughter Beth have been great, supporting me through the redundancy process and with the start-up."



James Griffiths with associate partner at RNS Chartered Accountants Alex Douglas.

The lathe enables him to turn wood, creating items such as fruit bowls and candle holders. He's also happy to tackle larger woodworking jobs, such as bespoke kitchens and handcrafted furniture. "I'll do anything within reason, but my specialism is carpentry rather than general joinery."

Alex, based at RNS's Brigg office, was pleased to have played a role in starting up Yellowbelly Woodwork and helping James succeed with the grant application. "New businesses have plenty to think about and what we do is help with the essential red tape," Alex said.

"That way, James and others like him can concentrate on what they're good at, knowing the financial side is taken care of."



Alex Douglas

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

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, AIIT
rja@rnsca.co.uk



Rob Smith

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



Andrew Clayton

FCA, 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



Karen Lyth

ACCA
karen.lyth@rnsca.co.uk



Gary Makinson

ACA
gary.makinson@rnsca.co.uk

Income tax rates and bands 2014/15

	£ a year
Basic rate - 20% ¹	0 - 31,865
Higher rate - 40%	31,866-150,000
Additional rate - 45%	Over 150,000

¹ There is a 10% starting rate for savings income only. The starting rate limit is £2,880 for 2014/15. 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 2014/15

	£ a year
Personal allowance	10,000
Personal allowance (age 66-75)	10,500
Personal allowance (age 76 and over)	10,660
Income limit for personal allowance	100,000
Income limit for age-related allowances	27,000

National insurance rates 2014/15

Lower earnings limit	£111 a week
Primary threshold	£153 a week
Secondary threshold	£153 a week
Upper earnings limit	£805 a week
Employees rate on earnings between £153 & £805 per week	12%
Employees' rate on earnings over £805 per week	2%
Employers' rate on earnings above £153 per week	13.8%
Upper profits limit	£41,865 a year
Lower profits limit	£7,956
Class 4 self-employed rate on profits between £7,956 and £41,865	9%
Class 4 self-employed rate on profits over £41,865	2%
Class 2 self-employed national insurance	£2.75 per week

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



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

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