

# NEWSLETTER

**GardnerSteward** 

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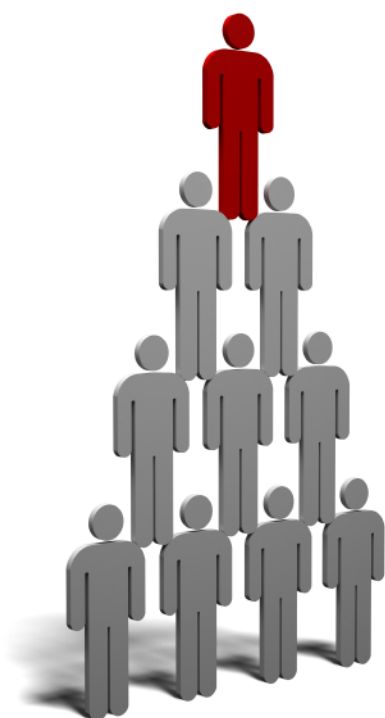
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## THE KEY TO BUSINESS SURVIVAL IN TOUGH TIMES

Times are tough and they are likely to remain challenging for many businesses. It's always been the case that only when things are difficult does genuine quality rise to the surface.

So what do businesses have to do to ensure that they succeed in the economic environment of the next few years?

The prospect for the next few years is one in which the economy will be less dependent on government, with spending to be cut aggressively and with one recent forecast predicting a decade of weakness in consumer spending. Exports and investment in new and innovative products and services have to be the engines of recovery.

The changing nature of the economy presents a whole series of questions for any business:

- How can it manage its workforce through the peaks and troughs of activity?
- What finance will it need, short term and to invest?
- What are the challenges of entering and maintaining export and / or new markets?
- How does it develop new and innovative income streams?

There is no 'one size fits all' answer to these questions. Different businesses will have different requirements but here are a few tips from quality businesses that have succeeded in past tough times:

### Put Your Customers First:

For the next few years, arguably more than ever, companies need to understand their customers, be able to respond to their needs and the pressures they are facing. Household income has been squeezed, which some experts predict will continue to be the case until 2013. For most consumer-facing businesses, that means offering value for the customer. The key here is to invest time in understanding your customer spending patterns and their needs.

Take some time out to research these needs; look at how you satisfy these currently and what you could do to improve your offering. Think of ways you can change the delivery of your product or service:

Simple things like discussing your offering with the customer before providing it, letting them know how things are progressing, calling them up to make sure everything went OK after delivery.

Constant communication with your customers before, during and after the sale is a key factor for successful business in tough times. Ask yourself what you could do to improve this in your business.

Also take time to seek out new revenue streams. Consider rebranding some of your offerings and selling abroad or on the internet. What new income streams are available to you and how can you take advantage of them?

### **1. Control your Costs**

Keeping the cash coming is fundamental but so is controlling the rate at which the cash flows out.

Take some time to think about your costs and what you could do to improve the way you manage your business. Regular review of targets to actual costs on a monthly basis is paramount to good control of your business.

Look at the way you do things - are there alternatives? Consider alternative suppliers, alternative payment schedules, better use of electronic point of sale, stock management and quality control.

Sit down with your accountant and discuss your strategy for controlling costs and the management of these. Brainstorm how you can do things more quickly and more efficiently and formulate a strategy for the next year.

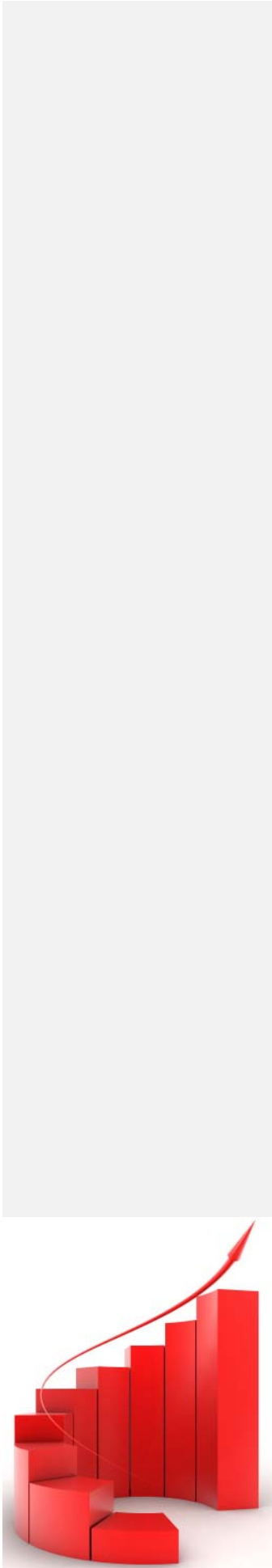
### **2. Manage your Employees**

One of the biggest costs for firms is the cost of employment. Taking on new staff is expensive, equivalent to fresh investment in the business. Many successful businesses are reviewing the value they get from their employees and are taking time to discuss how they can be more customer focused and efficient in their roles.

Look at alternatives to salary rises, the use of performance related pay and a bonus structure that rewards both good service to customers and increases in sales. Get all employees involved in how the business can improve and do this regularly.

### **3. The Blueprint for Success?**

There is no single answer but there are some general principles. Be flexible, but also be alert to the dangers. The successful businesses of the future will be fast on their feet but also aware of the risks. They will be lean and efficient. They will be the ones who spot and take advantage of the opportunities that are there. Tough as the outlook appears for the coming years, there will still be plenty of opportunities!



## Dual SIM Phones Becoming More Popular!



A dual SIM mobile phone is one which holds two SIM cards. Initially, dual-SIM adapters were made available to use in regular mobile phones to allow them to contain two SIMs, and to switch from one to the other as required. This combination is called a standby dual-SIM phone.

More recently, some phones have been produced that can natively work with two SIMs, both of which may be active at the same time. These are active dual-SIM phones - there are even triple SIM phones now available in China!

Dual-SIM operation allows the use of two services without the need to carry two phones at the same time. For example, the same handset can be used for business and private use with separate numbers and bills; or for travel, with an additional SIM for the country visited. Using multiple SIM cards allows the user to take advantage of different pricing plans for calls and text messages to certain destinations as well as mobile data usage.

These phones seem to be getting more popular with the major phone manufacturers seeing the trend. So if you currently carry two phones, you may want to consider one of these new dual SIM phones, generally around £50 - £200 in price, depending on how "Smart" you want your phone!

## HMRC - NEW SINGLE COMPLIANCE PROCESS FOR TAX ENQUIRIES

There seems to be a never ending stream of initiatives from HMRC relating to how they handle tax enquiries where (rightly or wrongly) they consider that something needs explaining. The last thing we want to do is worry you unnecessarily, as we will always try to minimise the chances of an enquiry into any aspect of your tax affairs, but we can bring you some comforting news in that HMRC's procedures are being streamlined with the aim of reducing the time an enquiry takes.

Specifically there will now be 4 levels of enquiry under the Single Compliance Process (SCP):

**LEVEL 1** - This is where there is no need for a face to face meeting. Maximum time estimated to work the enquiry is 1.5 days.

**LEVEL 2** - A simplified and faster route for those cases where a lower intensity face to face intervention is required. 2 days estimated.

**LEVEL 3** - Cases requiring a greater amount of time because the depth and breadth of the enquiry is more involved. 4 days estimated.

**LEVEL 4** - The most demanding cases such as those indicating tax evasion characteristics or those highly complex in nature. 8 days estimated.

Clearly this is a resource driven initiative, being sold to us on the basis that it will reduce the time, costs and hassle experienced by you and us. We will ensure on your behalf that if you are ever unfortunately selected for an enquiry, the adoption of the SCP approach will not see any of the following happen:

1. HMRC unfairly seeks to obtain agreement to additional taxable profits arising, by encouraging you to settle because you want HMRC to make a speedy exit. We will not allow HMRC to rush things along if we consider it to be detrimental to you.
2. HMRC use SCP but wrongly identify what they consider to be risk areas – perhaps as a result of only a superficial consideration of what they regard as facts but which in reality are nothing of the sort. That may well be derived from a check-list review which we feel shows a basic lack of understanding of how your business operates.
3. HMRC attempts to apply a higher level to the enquiry than we consider is justified.
4. HMRC use the new 4 levels approach to insist on a meeting with you whereas we consider that all can be settled without that.
5. A tax enquiry becomes drawn-out and HMRC seemingly refuses to apply this initiative when it is adopted nationwide (planned to be from January 2012).

**Remember to contact us IMMEDIATELY if you receive any correspondence from HMRC and we will be delighted to discuss this with you.**

## UK VAT DEFAULTERS

If you know of any trader who should be VAT registered but is not for some reason, please do both them and us a favour by suggesting they meet us for an informal chat. That is not meant to sound ominous – the point is that HMRC have just launched a campaign to target what they reckon is 40,000 businesses whose turnover exceeds the annual VAT threshold of £73,000.

We can help anyone in that position by making a disclosure before HMRC come knocking on their door, and that should mean a substantial reduction in the penalty level normally charged. Unusually in this form of tax amnesty, HMRC have not said what the reduced penalty level is, but we would always fight hard to get this set at the bare minimum to reflect the particular circumstances of the case

## WORKPLACE PENSIONS ARE CHANGING FROM 2012

The government estimates that around seven million people are not saving enough to meet their retirement aspirations and the government is making changes to the pension system.

To encourage more people to save in a private pension the government has introduced workplace pension reforms from 2012.

From 2012 employers will be required to automatically enrol all eligible job holders into a qualifying workplace pension and to make minimum contributions into it. Don't panic though, these changes are being phased in with larger employers needing to comply before small firms.

If you employ less than 50 employees you will have until 1 March, 2014 to comply.

See [www.dwp.gov.uk](http://www.dwp.gov.uk) for more details or please talk to us about putting the best scheme in place for your business.

## HUMOUR

A guy in a pub leans over to the guy next to him and says, "Want to hear an accountant joke?"

The guy next to him replies, "Well, before you tell that joke, you should know that I'm 6 feet tall, 18 Stones, and I'm an accountant. And the bloke sitting next to me is 6'2" tall, 19 stones, and he's an accountant. Now, do you still want to tell that joke?"

The first guy says, "No, I don't want to have to explain it twice."

