



LAMBERT ROPER & HORSFIELD LIMITED

CHARTERED ACCOUNTANTS

Specialists in Business Development and Corporate Finance

LRH WEALTH MANAGEMENT LIMITED

INDEPENDENT FINANCIAL ADVISERS

LRH NEWS - January 2012

WELCOME

Welcome to the latest issue of LRH News, the newsletter for Lambert Roper & Horsfield and LRH Wealth Management, which brings you updates and practical advice on issues that may affect you financially.

This bulletin looks at topics including the benefits of working with a professional payroll bureau, getting ready for work place pensions and the value of audits.

We hope you enjoy reading LRH News

and that you find it useful. We would welcome your feedback on the content, or ideas for topics that you'd like to see featured in future, so if you would like to comment please email mail@LRH.co.uk or

call us on 01422 360788.

For detailed, professional financial advice, tailored to your individual circumstances, on any of the topics covered in LRH News, please contact us.

INSURANCE A WISE INVESTMENT AS MORE FIRMS FACE TAX CHECKS

Thousands of small and medium-sized businesses could have their financial records scrutinised by tax officials over the coming months as HM Revenue & Customs (HMRC) steps up its Business Record Checks initiative.



By Nick Frost

HMRC announced at the end of September that following pilots of the scheme earlier this year in eight areas in England and Scotland, it will boost the number of full-time staff working on the programme

from 30 to 120, with the aim of carrying out up to 12,000 checks by the end of the current financial year. Provisional plans are for 20,000 checks in 2012-13.

The pilots revealed that 44 per cent of businesses visited had issues with record-keeping and around 12 per cent had seriously inadequate records. HMRC has said that it will initially levy penalties for poor record-keeping in only the most extreme cases but that in the longer

term, it intends to issue penalties of up to £3,000 for serious inadequacies.

HMRC says that keeping good records enables businesses to comply with their tax obligations, but with research suggesting that poor record-keeping leads to an underassessment of tax, the government could be missing out on tax payments from up to two million small and medium-sized enterprises each year.

The Business Record Checks initiative is another example of why professional advice is so valuable in ensuring that you do not fall foul of the taxman. Although the penalties for poor record-keeping are relatively modest, they have the potential to lead to more complex tax investigations, which can be both costly and time-consuming, particularly for smaller businesses.

At Lambert Roper & Horsfield, we can provide expert advice on all aspects of your business record-keeping – and provide outsourced bookkeeping, accounts and VAT support if you prefer – to help you make sure you are not paying too little, or too much, tax.

We also offer insurance that will cover the cost of our fees when acting on clients' behalf in an HMRC enquiry. As with any insurance, we hope it will never have to be used but taking out insurance cover with us could prove to be a wise investment – potentially saving thousands of pounds – if the taxman does come calling.

For more information on any area of taxation, including tax investigations, or to find out more about our tax investigation fee protection, please contact us.



CORPORATE FINANCE DEALS TOP £200M

Lambert Roper & Horsfield has contributed to more than £200 million in business deals completed by a national network of corporate finance specialists in just four years.



By David Roper

The Corporate Finance Network – a group of accountancy firms specialising in raising finance for, and buying and selling, small and medium sized enterprises and owner-managed

businesses – has revealed that since it was founded in 2007, it has completed deals totalling £209 million. Lambert Roper & Horsfield, which has particular expertise in deals up to £10 million, joined the network in October 2008.

In the 12 months to August 2011, the value of deals handled by members of the network totalled £87.5 million, with an

average value of £1.75 million, up from £1.5 million the previous summer. Deal volumes also increased by 60 per cent on the previous year.

Kirsty McGregor, founder and chairman of The Corporate Finance Network, said: “I am delighted with these statistics, especially when the rest of the corporate finance world is continuing to experience a slump.

“Hitting the figure of £200 million total deal value is a milestone for us. Our firms have worked extremely hard to assist their numerous SME clients with their various buy and sell transactions and funding requirements.”

The Corporate Finance Network’s success

in achieving this figure underlines the depth and breadth of corporate finance experience at Lambert Roper & Horsfield and fellow member firms.

For local SME and owner-managed businesses considering corporate finance transactions, it is reassuring for them to know that they have our expertise in this specialist area on their doorstep.

It is also interesting to note that corporate finance deals don’t have to be multi-million pound transactions – the lowest deal size reported by a member of The Corporate Finance Network in the new figures was £25,000.

If you’d like to know more our corporate finance services, please contact us.

AUDIT CHANGES REQUIRE CAREFUL THOUGHT

The government has unveiled plans that it says could save more than 100,000 smaller UK businesses, including construction companies, millions of pounds each year.



By Nick Frost

The Department for Business, Innovation and Skills launched a consultation on 6 October on its Audit Exemptions and Change of Accounting Framework, which sets out plans to

allow more small companies and subsidiaries to decide whether or not to have an audit.

Current European Union rules mean that to qualify as “small” for accounting purposes, a company must comply with two out of three criteria relating to their turnover, balance sheet total and number of employees.

But to obtain an audit exemption in the UK, small companies must fulfil both the

balance sheet and turnover criteria. Under the new proposals, UK companies would be eligible for audit exemption by meeting any two of the three criteria, which the government says could save them an estimated £206 million per year.

Edward Davey, the Minister responsible for Corporate Governance, said that an audit was “very valuable” for many companies but that the proposals were a response to businesses calling for more flexible rules.

Although the introduction of these proposals is likely to be welcomed by some businesses as an opportunity to reduce costs, this may well prove to be a short-sighted approach.

Previous reductions in audit requirements may have led to some initial savings, but

also to a realisation that the audit process is there for a reason, which is that it can act as a key tool to help businesses do better.

Our approach to audits is to add value to the process by going beyond a straightforward report on a company’s accounts. We’ll dig a little deeper, looking at all aspects of the business, its financial controls, management systems and objectives.

This enables us to identify areas of the business that can be improved or made more efficient. The process will also help to inform your decision-making process and shape strategies for moving the business forward.

If you would like to know more about our audit services, please contact us.

REAL TIME TO CHANGE TO PAYROLL PROFESSIONALS?

A pilot scheme to test a major change in the way HM Revenue & Customs collects PAYE information is to be launched early next year.



By Sam Mitchell

Real Time Information (RTI) is a new initiative that will see employers and pension providers tell HMRC about tax, national insurance contributions and other payroll deductions when, or

before, the payments are made, instead of after the end of each tax year.

RTI is designed to ensure that more employees pay the right amount of tax and national insurance during the tax year and reduce the number of end of year recalculations HMRC has to carry out to decide what underpayments or overpayments have occurred.

HMRC has announced that it will launch a 12-month RTI pilot, working with volunteer employers, pension providers and software developers, in April 2012. It plans that employers and pension

providers will begin to use RTI from April 2013, with all employers using the RTI service by October 2013.

Employers will be able to report via the Government Gateway website and, until at least 2014, through Electronic Data Interchange. HMRC is also working with the banking and software industries to develop a service that will enable automatic RTI reporting through Bacs, which most employers use to electronically pay employees.

In the meantime, HMRC is already recommending employers to start preparing for RTI by checking the employee information they hold. HMRC says more than 80 per cent of problems in matching information to its records are caused by incorrect details about an individual's name, date of birth or national insurance number.

The introduction of RTI is yet another example of the challenges facing

employers in staying on top of their ever-changing payroll obligations.

So for businesses wondering if there is a better, more cost-effective way to dealing with payroll in-house, Lambert Roper & Horsfield's payroll bureau offers a real alternative.

Our payroll professionals work with businesses of all sizes to deliver fast, efficient, confidential payroll services. Our payroll clients can be sure that we're always up-to-date on the latest payroll requirements and software, saving them valuable time and resources to use elsewhere in their businesses.

In a tough economic climate, when you need to be sure that you're getting value for money for every penny you spend, we are confident that the cost of our payroll bureau services will compare very favourably with existing in-house arrangements or other providers. For more information, please contact us.

GROOM FOR IMPROVEMENT WHEN YOU WANT TO SELL

When you want to sell your house, it makes sense to take a few simple steps to improve your chances of finding a buyer, like clearing up clutter, tidying the garden and picking the right time to put it on the market.



By David Roper

The same principles apply to selling a business – and a good place to start is asking yourself who might want to buy your enterprise.

At Lambert Roper & Horsfield, we're ideally placed to help you answer that key question. Alongside our in-house corporate finance experience, we also offer the extra benefits of our membership of The Corporate Finance Network, a group of accountants with particular experience in transactions under £3 million involving small and medium-sized enterprises and

owner-managed businesses.

We'll use our expertise to help you explore a viability of the sale, without large, upfront fees and with no pressure to proceed with a sale unless it is the right decision for you.

If you do decide to go ahead, we can also provide tailored advice to help groom your business for sale – to show that it is financially sound and capable of consistently good performance and growth, to make it as attractive as possible to potential buyers and assist with discreet marketing designed to target a large number of potential purchasers.

We'll also identify the best timing for the sale and identify and advise on any tax planning and other issues involved, at every stage of the sale process.

A business is a valuable asset, which you may have spent many years building into a profitable enterprise. So when you choose to exit, it makes sense to do as much as possible to maximise the proceeds from the sale – and in this tough economic climate, it's more important than ever to prepare your business properly.

For more information on our exit planning and business disposals services, please contact us.





IS YOUR PRIVATE MEDICAL INSURANCE IN THE BEST OF HEALTH?

When you're spending money, it makes sense to make every penny count. That includes getting the best value from private health insurance arrangements for you and your employees.



By Duncan Crossley

At Lambert Roper & Horsfield and LRH Wealth Management, we offer a bespoke service to our clients called Health Advisor, which guarantees a saving of at least ten per

cent – and potentially significantly higher – on your existing renewal premium.

Health Advisor is provided by Independent Health Care Solutions (IHCS), a firm authorised by the Financial Services Authority and which has specialised in private medical insurance (PMI) for more

than 15 years. The service includes:

- a whole of market review and report service for PMI, cash plans and travel
- specially negotiated rates from leading providers such as Aviva, Axa and Prudential
- a price guaranteed to beat your existing renewal premium by ten per cent.

Lambert Roper & Horsfield client Greenfield Polymers recently used the service to make sure its PMI scheme was still delivering value for money and the right cover for its members.

Technical director Tim Blundell said the review “highlighted not only a saving of 32 per cent but also some significant benefit improvements including wider hospital choice, no limits on specialist fees and a health and well-being package for all the scheme members.

“Overall, Greenfield Polymers now has a much improved and lower cost company medical insurance scheme, expert advice on hand and, in addition, we have the peace of mind that our premiums are comprehensively reviewed on an annual basis.”

To find out more about Health Advisor, please contact us.

GET READY FOR WORKPLACE PENSIONS

A year-long countdown is underway to when new workplace pensions legislation will require all employers to automatically enrol their workers into a qualifying scheme.



By Keith Lyons

For the first time, it will also be a requirement under law for employers to contribute to employees' pensions as part of the government's action plan for combating the

problem of millions of people not saving enough for an appropriate income in retirement.

First to be affected by the automatic enrolment initiative will be the largest employers, in late 2012 and early 2013. Other employers will follow in a phased programme beginning in 2013 and by 2016, all employers will have to enrol into a qualifying workplace pensions those workers who:

- are not already in a workplace pension scheme
- have not yet reached state pension age

- are aged at least 22
- earn more than the minimum earnings threshold (likely to be £7,475 a year) and
- work or ordinarily work in the UK (under their contract).

A detailed timetable for employees will be published in January 2012 and following changes announced on 28 November, no small business (including those with less than 50 employees) will be affected before the end of the current parliament in 2015.

Qualifying schemes must meet certain government standards and a new pension scheme, NEST (National Employment Savings Trust) has also been established. This will enable all employers to provide a pension scheme for their workers, using NEST, another pension provider or their own scheme.

Workers will be able to opt out if they

wish to, up to a month after the day they were enrolled into a scheme, but employers will also have a duty to automatically re-enrol those who qualify every three years.

With the changes representing biggest to pension legislation for decades, every employer needs to seek impartial business advice to decide the best way forward for meeting the requirements of the Pensions Act 2008.

Businesses need to devise a strategy and put in place the most appropriate pension arrangements, as failing to prepare properly could leave them facing real difficulties in the future.

At LRH Wealth Management, we are experienced in company pension arrangements and can provide expert advice in this specialist area. Although the date when your business will be affected may be a long way off, it makes sense to start planning now, so please contact us if you would like more information on workplace pensions.

DON'T MISS OUT ON NATIONAL INSURANCE HOLIDAY

New businesses across the North West of England could be missing out on a national insurance saving that could make a real difference to their enterprises at a crucial early stage.



By Sam Mitchell

Under a government initiative, businesses in UK regions outside London, the South East and East of England that have been set up since 22 June 2010 are eligible for the regional employer national insurance contributions holiday.

It means they can deduct up to £5,000 from the employer national insurance contributions that would normally be due, for each of the first ten employees hired in their first year of business. The scheme ends on 5 April 2013.

Government figures show there 1,094 businesses in the North West took advantage of the scheme to save an average of just over £2,000 each in 2010, but many more are likely to qualify.

Setting up a new business is challenging,

so it makes sense to take advantage of all the help available at a time when every penny really counts.

The savings on national insurance under this scheme could free up money for investment in the business and help to make it more cost-effective to take on extra staff, who could make a significant

difference to the business's capacity. Eligible new businesses can also apply for a refund of national insurance contributions that they have already paid, so they don't need to miss out.

For more information on this, or any other aspect of our services for start-up businesses, please contact us.



REMINDER ON VAT CHANGES

VAT-registered businesses need to be getting ready for a major change for filing returns and paying bills that will take effect in just a few weeks.



By Nick Frost

From 1 April 2012, HM Revenue & Customs (HMRC) will require all VAT-registered businesses to send VAT returns online and pay their VAT electronically.

Currently, only the newly-registered

businesses, and those with turnovers of more than £100,000, must file and pay their VAT online.

The new rules will cover VAT returns filed for accounting periods beginning on or after 1 April 2012.

Businesses that deal with their own VAT will need to register at www.online.hmrc.gov.uk and also set

up a preferred electronic payment method. More information on the options is available by visiting www.hmrc.gov.uk/payinghmrc/vat.htm.

Alternatively, this latest change may provide an ideal opportunity for outsourcing their VAT to our professional team as a cost-effective and efficient way to deal with a notoriously complex issue. For more information, please contact us.

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