

Don't let the sky fall on your head ... plan for tomorrow!

If you're a fan of the Asterix comic books, you'll remember the maxim of Vitalstatix, chief of the village of indomitable Gauls: "The sky may fall on your head tomorrow, but tomorrow never comes."

Unfortunately, in the world of business, tomorrow comes round all too quickly – and while the sky may not fall on your head, you need to be prepared if you want to keep your profits up and your tax bills down.

It's always a temptation to work IN your business, rather than ON it, but as we enter the New Year and face significant changes to the corporate taxation regime, we thought that it would be helpful to devote this issue of Clarity to preparing for the challenges of tomorrow.

First, we take a look at the changes to taxation that will apply to Limited Companies.



In the Summer Budget, the Chancellor announced that only the first £5,000 of dividends will be tax-free; a significant drop which (if you are trading via a Limited Company) will have implications for your income and this may affect what you currently take out of your company. Depending on the size and turnover of your business, you may now be better off leaving more money in your company, setting up separate ventures for more risky projects, or even un-incorporating and becoming a sole trader. There are pros and cons to doing any of these, so we strongly recommend you ask us for a **Tax & Income Planning Review** to make sure you rearrange your affairs in the best way to help your business thrive and minimise your tax bills.

On a related theme, we look at perhaps the most vital measurements of your business's success – **Key Performance Indicators (KPIs)**. Often talked about, but less frequently put to work effectively, we help you look ahead and choose the right measurements for your business's future success. Running a business without these is akin to a General conducting a battle without access to signals or communications – only a miracle can prevent him losing the war.

(continued overleaf)



ISSUE



News Round-Up

ACCOUNTANCY AND FINANCIAL NEWS AND UPDATES FOR THP CLIENTS

CONTINUED FROM THE COVER

We also draw on over 40 years' experience of working with companies of all sizes to share our

Top 10 Tips for Business Success. Whether you're planning a new venture or want to improve your existing business, these tips are practical, informative and useful for anyone who wants their business to grow and flourish. If you have further tips of your own that you'd like to share, please let us know and we'll include them in the next issue.



Finally, we meet another THP client with a business we've helped to nurture throughout the years.

NeosCreative specialises

in exhibition planning, design and logistics primarily for the global oil and gas industry. We're sure you'll find their story inspiring.

And remember, tomorrow is almost here. Make sure you're prepared for it – read this issue of Clarity thoroughly today!

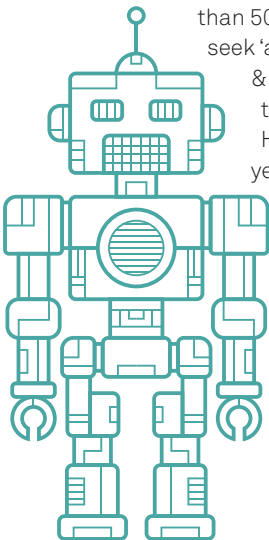
Jon Pryse-Jones

"EVEN IF I KNEW THAT TOMORROW THE WORLD WOULD GO TO PIECES, I WOULD STILL PLANT MY APPLE TREE." MARTIN LUTHER



R&D TAX RELIEF CHANGES FOR SMES

If your turnover is under £2m and you employ fewer than 50 people, you will now be able to seek 'advance assurance' on Research & Development tax relief. Essentially this will give you 'assurance that HMRC will allow your first three years of R&D tax relief claims without further enquiry'. This could be very valuable – R&D relief allows you to reduce profits liable to corporation tax by 230% of your qualified spend on research and development. To learn more about this scheme, please talk to your account manager.



TAX INVESTIGATIONS TAKING YEARS TO SOLVE

A quarter of tax probes are taking over a year to conclude, with about 3,800 out of a total of 115,000 taking over three years to resolve. Regardless of the outcome, each business or person selected has to shoulder the burden of being investigated, covering the extra costs, time and red tape involved. To make sure you're not hit by the expense of an unwelcome tax investigation, talk to your account manager about our **Professional Fee Protection** scheme or visit www.thp.co.uk/pfp (the special section on our website). This inexpensive protection covers your accountancy fees in the event of an investigation and allows us to complete the work without you worrying about the cost – no matter how long the investigation takes.



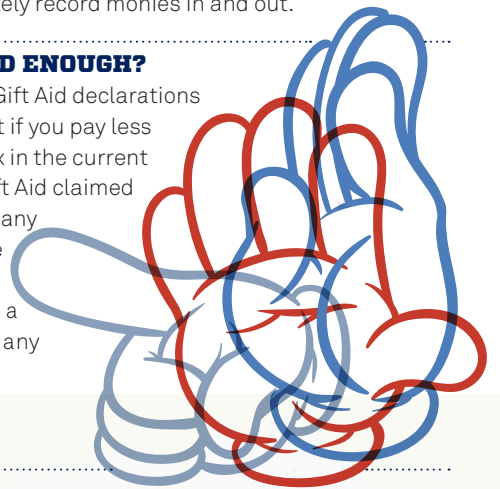
EXPENSIVE

MICRO-BUSINESSES STRUGGLING WITH EXPENSES

A poll of UK accountants who work with micro-businesses has found that 53% of respondents cited expenses to be the area in which mistakes by their clients was most common. Around 29% of accountants found micro-businesses tried to claim expenses against tax that they weren't entitled to, while 24% said firms failed to claim expenses that were allowable for tax purposes. Other common areas for mistakes were reconciling bank balances and failing to accurately record monies in and out.

GIFT AID: HAVE YOU PAID ENOUGH?

After recent changes, HMRC's Gift Aid declarations now require you to confirm that if you pay less Income Tax or Capital Gains Tax in the current tax year than the amount of Gift Aid claimed on your donations, you will pay any difference. While we encourage you to give to charity, we don't want you to be out of pocket as a result – let us know if you have any worries about this change.



TAX GAP NARROWS

The UK's tax gap – the difference between tax owed and tax collected – has fallen to 6.4%. Despite this, the missing money amounts to a huge £34bn.



Service of the Quarter: Income & Tax Planning Review

Act now or risk being out of pocket!



When Chancellor George Osborne delivered his Summer Budget in early July, alarm bells started ringing at THP. Very quickly we realised that nearly all of our clients would urgently need to review their income and tax planning.

Until now, any competent accountant would have told you that if your business gives you an income of £40,000 or more you would usually be better off trading as a limited company instead of a sole trader – that’s because of the amount of tax-free and low-tax dividends you could take out of the company.

That’s all about to change. The minute you take more than £5,000 in dividends you’ll now be hit by a 7.5% tax levy. That means you’ll need to make some pretty quick decisions about the next financial year. Will it be more profitable to wind up your limited company and become a sole trader? Maybe you could invest in

appreciating assets instead of taking so much out in dividends? Would it make sense for you to set up a separate company for risky ventures and benefit from R&D tax reliefs?

The problem is that every business is different, and what might work for one might not give the same benefits to another. The road you need to take depends on your circumstances and the amount of money you want to take out of your business or invest in it.

One thing’s for certain: if you sit still and make no changes, you’ll be landed with a heftier tax bill. Don’t make that mistake. Call us today to arrange a personalised **Income & Tax Planning Review**. Together we’ll talk through your aims, your ambitions for yourself and your business and create a strategy that helps you achieve them – while making sure you don’t give the taxman a penny more than you should.

Cut through the noise – and achieve your goals

THP’s Andy Green shines the spotlight on KPIs

Key Performance Indicators, or KPIs, may not be the most exciting business topic in the world – but the results they can give you most certainly are. When chosen wisely and used well they are one of the most powerful tools you’ve got to assess your business’s performance and steer it to new successes.

Or as we like to put it, KPIs show you whether your hard work is working.

The trick to choosing successful KPIs is to ask yourself what success actually looks like. Is it more clients? Larger profits? Greater margins? Or other goals specific to your business?

Once you’ve analysed this question, you’ll be able to choose goals that cover all key aspects of your business. One KPI on its own tells you nothing – your sales might be increasing, but that won’t help you if

your margins are getting smaller or your customers aren’t paying.

So my advice is always to talk to your account manager at THP before you start measuring anything. They can take an objective view of your business and help you choose the right KPIs. They might, for example, suggest measuring like for like turnover, debtor and creditor days or gross profit by department, product or service. Whatever they suggest will be tailored to your business.

When you are clear about what you need to achieve, KPIs give you clear, concise and indisputable measures of the progress you are making. So if you haven’t got them in place now, why not mark the beginning of the New Year by adopting them? We’re happy to help you do it – just give us a call!



SO YOU WANT TO START A BUSINESS? WE SHARE OUR TOP 10 TIPS FOR CREATING A FIRM THAT WILL SUCCEED

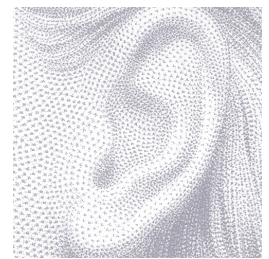
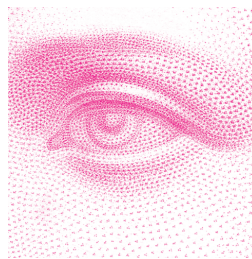
If Napoleon saw us as a nation of shopkeepers, there's little doubt that these days we're a country of small business owners. There are currently 5.4 million businesses in the UK – 99% of them are SMEs and 95% are micro-businesses employing nine people or fewer.

The only fly in the ointment is the sad fact that over half of start-ups fail within five years, with owners citing the tax system and problems securing bank loans as the main reasons.

At THP we've seen businesses both fail and thrive, so if you're thinking of starting up a new enterprise we'd like to share our top 10 tips for success. And if you'd like to discuss them further, just give us a call – we'd be happy to talk through your plans.

1. DO YOUR RESEARCH

Whether you have existing knowledge and experience of a particular industry sector, or you think you've spotted a gap in the market, make sure you do your research and that your products and services really will be in demand. Talk to companies and people who don't know you – friends and family will usually tell you what you want to hear!



2. DON'T FAIL TO PLAN

Put together your business plan, even if you are the only one who will ever see it. If you don't have a map of where you want to go, supported by methods of achieving the journey, you're simply planning to fail.

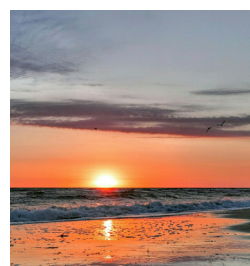


3. CHOOSE THE RIGHT ENVIRONMENT

Don't work from home unless you can cope with feeling distracted or isolated. Check out affordable office or workspaces, and if the budget won't stretch to that, at least look into hiring a virtual reception service.

4. GET THE NAME RIGHT

Choose a straightforward name you won't grow out of that gives a good reflection of what you do. If at all possible, avoid clichés or jargon that make you indistinguishable from your competitors. And when you've got your name, make sure you can get an appropriate domain name and think carefully whether your brand or straplines need to be trademarked. It's best to choose a shorter domain name that's easy to remember, especially if you are using that domain name for your email addresses.



DID YOU KNOW? THE WORD 'TOMORROW' DERIVES FROM THE OLD ENGLISH TO MORGENNE, MEANING "ON (THE) MORROW".

5. CHOOSE THE RIGHT STRUCTURE

This is essential, especially given upcoming changes to the amount of money you can pay yourself tax-free from a limited company. Talk to THP about whether you should start your business as a sole trader, limited company or partnership – there are advantages and drawbacks to all three, and different types of regulations you must comply with.

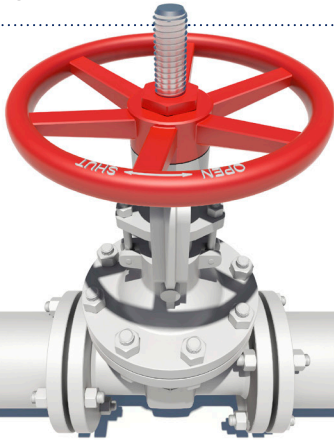


6. STAY LEGAL

Tell HMRC you have started a business – if you don't do so within three months you can be fined £100 and lose benefits. If you plan to hold data on customers or prospects, you must register with Data Protection at a cost of £35 per year.

7. GET MARKETING

Hide your light under a bushel and you won't win clients or customers. Work with experienced marketers to create a strong message and to get it out there via networking, direct mail, inbound web marketing, display advertising or other appropriate methods.



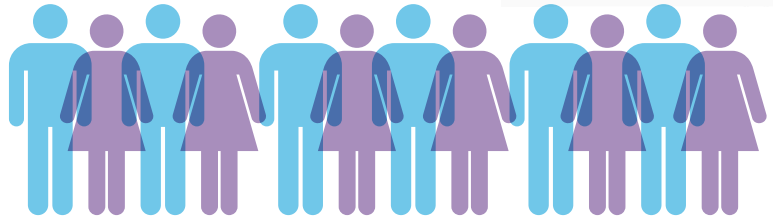
8. KEEP YOUR CASH FLOWING...

Cash flow is the lifeblood of every business – so make sure you have a regularly updated forecast in your business plan. Where possible, ask customers for cash upfront or to pay via direct debit. Late payers have wrecked many a business. If you have to pay VAT, talk to THP to make sure you choose the most efficient scheme for your business.



9. CHOOSE THE RIGHT PEOPLE

Employing others is a huge responsibility and significantly adds to your workload. If possible, get established before becoming an employer – and if you do need to hire others, use an outsourced payroll bureau to take care of some of the red tape.



10. TECHNOLOGY

Use technology to make your work simpler and more efficient wherever possible. In particular, choose an accountant who offers cloud accounting software so both you and your accountant can keep on top of your bookkeeping and accounts. You'll also need adequate IT support and it's a good idea to start building up your social media profile from day one.

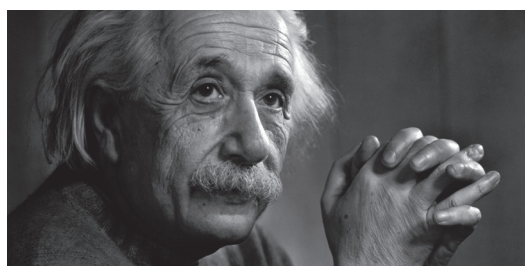


We hope these tips help steer you in the right direction. Starting a business is hard work and often daunting, but if you succeed it usually becomes the best decision you ever made.

Good luck!



"A GOOD BATTLE PLAN THAT YOU ACT ON TODAY CAN BE BETTER THAN A PERFECT ONE TOMORROW."
GENERAL GEORGE PATTON



"LEARN FROM YESTERDAY, LIVE FOR TODAY, HOPE FOR TOMORROW. THE IMPORTANT THING IS NOT TO STOP QUESTIONING."
ALBERT EINSTEIN



Oil, Gas & Electrifying Design – introducing NeosCreative

“We always end up saving money by working with THP”

WHEN THE OIL & GAS INDUSTRY NEEDS TO STAGE AN EXHIBITION ANYWHERE IN THE WORLD, THEIR GO-TO COMPANY IS THP’S CLIENT NEOSCREATIVE.

Specialising in exhibition stand design, video production, pre- and post-show marketing, graphic design, return on investment assessment and much more, the firm has spent 15 years carving out a top-flight offering that now attracts clients from a variety of different sectors.

NeosCreative’s story stretches back to the late 1990s when founders Ian Chinnock and Tom Doumasiou were working together for a similar company.

It was the time of the dot.com boom, and Ian and Tom were keen to take the reins themselves – so they offered to buy out the owner. He refused, so they left to set up their own business.

The early days of NeosCreative were hard work. Ian became Managing Director, Tom took the role of Creative Director and Ian Hamilton later joined them as their Logistics Director. No longer part of a 100-strong team, they had to run the business with only five people and a large network of subcontractors.

Fortunately, most of Ian and Tom’s original clients followed them to NeosCreative and right from the outset there was never any shortage of work. Over the years they have grown to a team of 15 people and have won many competitive tenders on the strength of their work.

“We won one competitive tender to stage 18 shows per year,” Tom recalls. “We came up with a scheme for the life of the show, demonstrated how we’d maintain brand consistency and then ultimately went on to make a real success of the programme.”

Because NeosCreative specialises in working for a global industry, their work takes them all over the world. As Ian says: “At the current time, we’re working in Ireland, Australia, Norway, Russia, Australia and the United States. In any year, we are working for clients across all continents.”

Working across the globe makes well-oiled logistics absolutely essential. In the early days, NeosCreative would have to buy in the services of external logistics companies, but as it grew it opted for a much better solution – setting up its own. Both NeosLogistics, based in Surrey, and Ant Logistics in the West Midlands are now thriving. Not only do they support NeosCreative’s work, they are also used by competitors who don’t have a logistics arm of their own.

Offering logistics is, Ian believes, one of the four things which make NeosCreative stand out from its rivals. “Having our own logistics means we can guarantee the right things get sent to the right place in the world at the right time – and our reputation isn’t dependent on the performance of a third party. There’s also the significant financial advantage gained by not having to buy in logistics from elsewhere.”

Secondly, Ian says, “Creatively and practically we make our clients very happy. We are one of a few select firms with years of top-level experience working for the oil and gas industry, and that is now attracting big players in other sectors as well.”

Thirdly, NeosCreative can always offer something new or extra. “We can do really specialist things like measuring footfall to exhibition stands by using time-lapse photography. This helps us to demonstrate a return on investment, how effectively staff are operating, how many people walk past and what percentage of people come in. Our clients know what they are getting in return for their money.”

Finally, the company combines all these things to offer high, measurable standards. “Unusually in our area of work, we’re ISO 9001 accredited,” says Ian. “When it comes to quality control, we pretty much wrote the rulebook for our sector.”

THP has had a valuable role to play from the early days of NeosCreative and the advice given has evolved as the company has grown. The relationship began when their original accountant died and Ian Chinnock’s father-in-law introduced him to THP founding director Adrian Hart.

“Adrian was always on the end of the phone when we started,” recalls Ian. “Since then Lee Daley at THP’s Cheam Office has taken over that role, with Tom Brereton’s assistance. What I like about everyone at THP is that they consider things from an accountant’s point of view but don’t communicate or work in the same remote way as most ordinary firms of accountants. These days we consider both Lee and Tom to be part of our team, helping to guide our ideas and schemes in the right direction. We’re pretty blunt in our office, so they get sworn and shouted at as much as anyone, but they take it in just the right spirit. They’re great people.”



Lee and Tom also enjoy working with NeosCreative, which is just as well. “If there’s money involved, THP deal with it,” explains Ian. “They take care of our payroll, VAT, pensions, auto-enrolment, financial planning and much more. They even helped us interview our bookkeeper. What’s best about them, though, is that we always end up saving money by working with them.”

Long may that continue!



Payroll focus

8 Auto Enrolling in 2016 or 2017? Time's nearly up...



So you've got plenty of time to sort out Auto Enrolment? Bad news. You haven't.

Doors are already slamming shut on Auto Enrolment pension schemes. 77% of Independent Financial Advisors (IFAs) predict that more and more pension providers will close their schemes to businesses with under 30 employees. Many pension companies are already adding additional charges for employers.

And when that happens, Auto Enrolment is going to get ugly, competitive – and very, very expensive.

As tens of thousands of businesses start panic buying pensions, those same IFAs will cherry-pick the businesses they want to work with.

And if your business is too small, they won't help you – or they'll put the thumbscrews on with massive hikes in their fees.

It's because they know you will face a stark choice. You can either pay through the nose to set up a compliant pension scheme or you do nothing and face massive fines from The Pensions Regulator.

Businesses are already hitting the rocks over this issue. One major company has been stung for £143,000.

We've heard of a payroll manager for a small firm who was asked to set up

an AE pension scheme. Unfortunately, she signed up with a pension company that wouldn't accept fortnightly contributions to tie in with the company's payroll. She ended up in tears and the only way she could solve the problem was by changing the company's payroll to a weekly one. That took her a lot of extra hours and needlessly pushed up costs.

So make sure you give yourself time to find a pension that meets your business needs and matches your payroll. If you don't, you are storing up major problems. No choice. High fees. No time to solve mistakes.

The longer you leave it, the more pension schemes will be closed to you. And the higher your costs will soar.

It's a minefield out there, but we can help. We can show you how to fix your Auto Enrolment woes in less than 30 minutes. And our advice won't cost you a penny.

After all, you've got nothing to lose by asking for our expert help. You've got a lot to lose if you don't.

So call us today on 0800 6520 025. We're ready to help you.



Get Involved in Growth Our Growth Series of workshops is a real hit with business owners

On 28 October, we ran yet another successful event in our Growth Series of workshops, organised in partnership with Waltham Forest Business Network.

Held on the last Thursday of the month at our Wanstead offices, they're down-to-earth practical sessions designed to help your business grow. In January, CPG Group Chief Executive Helen Roberts will be leading a workshop called **Boost Your Business for Success**, and key areas she'll be covering are:

- Business growth options: organic or acquisition / joint venture.
- Is it true for you and your business, and how do you know?
- Key areas you need to focus on to grow your business – product / service development, Sales & Marketing, Finance, Operations, HR.
- Overall business strategy.
- What business infrastructure is right for you?
- Access to available support.

This session will help you understand where your business is at, and whether it's ripe for growth. It will give you new ideas and an understanding of the core principles you need to know to grow. You'll also learn about the huge amount of support that's out there for entrepreneurs.

Helen is ideally suited to deliver this session because of the company she runs. CPG are business expansion strategists who work with anyone that wants to grow their business. They focus on key strategies that will accelerate growth, either in the UK or overseas, and put the infrastructure in place to make it happen.

CPG also train the business owners and key executives to improve their skills and help them to attract, retain and develop champions in their business. With their help, many companies now have a performance-driven culture that improves overall productivity and happiness. Helen herself has worked with thousands of business owners from every imaginable industry – so be sure to reserve your place at the January workshop. Simply go to <http://bit.ly/1MbBXHx> to book your ticket to any upcoming Growth Series session.

Our Clarity publication is a summary for guidance only, please seek professional advice before acting on any of our articles.
Wanstead 34-40 High Street, Wanstead, London E11 2RJ T 020 8989 5147 E wanstead@thp.co.uk **Cheam** Turnbull House, 226 Mulgrave Road, Cheam, Surrey SM2 6JT T 020 8652 1070 E cheam@thp.co.uk **Chelmsford** Shalford Court, 95 Springfield Road, Chelmsford, Essex CM2 6JL T 01245 251731 E chelmsford@thp.co.uk **Saffron Walden** 24 High Street, Saffron Walden, Essex CB10 1AX T 01799 527478 E saffron@thp.co.uk **City** Clements House, 27-28 Clements Lane, London EC4N 7AE T 020 3207 9078 E city@thp.co.uk **THP** is the trading name of THP Limited registered in England & Wales, No. 04664338, VAT number 249110185. Our registered office is 34-40 High Street, Wanstead, London, E11 2RJ. Our audit registration details are at www.auditregister.org.uk reference number C001012915.

