

# Winter 2008

# the BIZ

## EDITORIAL

Welcome to the latest edition of the The Biz newsletter. And one thing's for sure, there has been no shortage of material for this 12th issue of the Raffingers Stuart bi-annual mix of useful information, tips, advice and just a hint of fun.



Before we begin, I have just re-read our last newsletter - produced a mere six months ago - and I can find no mention whatsoever of credit crunch, recession, turmoil in financial markets or the near collapse of centuries old institutions. Which in case you have been on Mars recently is a sign of just how quickly the world has changed in a few short months.

And whilst it would be impossible to ignore the downturn, likewise it would be a pretty depressing edition if that was all we focused on this time round. Truth is you really don't have to look that far to find plenty of businesses that are still doing fine - either weathering the storm or even perhaps still flourishing.

So I will be using my editorial discretion to keep the mood upbeat, the tone positive and with one eye on the upcoming festive season, full of goodwill to all men (and women)! And with that in mind I would push you towards our new feature - the partner's rant - which should give you a chuckle if nothing else.

Anyway, without further ado, it just remains for me to thank all of you for yet another year's support and wish everyone a happy and healthy 2009. If you have any comments about this newsletter, I would be delighted to hear from you at the e-mail address below.

**BARRY SORAFF**

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## News

- The deadline for filing paper tax returns passed on 31 October. If you have not already filed your tax return then you have until 31 January to file online to avoid a fine of up to £100. This has been the first year in which an earlier deadline has been imposed for paper returns and to be fair to the Revenue they have helpfully publicised this new deadline extensively. Any of our clients who have not yet submitted returns will avoid the fine by virtue of our status as electronically filing agents. There has been no change in the payment date for outstanding income tax which remains 31 January with interest accruing from that date.
- Another year, another IT failure at HMRC. Worse this time as it has been an almost exact replica of a fault from the previous two years where P35s - employers' annual returns for PAYE - filed electronically have failed to register properly resulting in huge numbers of fine notices being issued to businesses that filed on time. Worse still, once again it took more than four months to raise the fines meaning that the requested amount quadrupled at a rate of £100 per month to £400 in most cases. If you have received one of these fines - and many of our clients did - chances are that it is incorrect.
- One of the most widely used HMRC booklets - IR56 "Employed or self-employed?" - has been withdrawn and replaced by two separate factsheets ES/FS1 (aimed at workers) and ES/FS2 (aimed at employers/contractors). These are designed to help decide whether workers are employed or self-employed for tax and National Insurance purposes. As with their predecessor, they are useful as a basic point of reference but specialist advice should always be sought in this highly technical and ambiguous area.
- As usual 1 October has seen yet another rise in the national minimum wage (NMW) to £5.73 per hour for workers aged 22 years old and over. The "development rate" for 18-21 year olds rises to £4.77 and 16-18 to £3.53. This is the 9th successive year of increase in the NMW resulting in a rise of 59% over that period from £3.60. Any employer who has employees earning below this threshold should be aware of the harsh penalty regime. Restaurants in particular should be aware of new regulations regarding tips and when these can be included in the NMW.
- At the time of going to press, the pre-Budget Report has just been issued. We have sent out a separate summary newsletter by e-mail to update you on the contents. A copy of this newsletter can be viewed on our website at [www.raffingers-stuart.co.uk](http://www.raffingers-stuart.co.uk).
- A final aside... HMRC have been caught cooking the books and that is official. Until very recently, anyone trying to organise a new VAT registration found themselves waiting months to receive their registration number causing all sorts of administrative problems and costs chasing up registration units who often stopped answering the phone! At the height of these problems in October 2007, the Chief Secretary to the Treasury announced to parliament that HMRC had provided her with statistics showing the average wait as 32-52 days depending on which unit handled the application. It now transpires that the Revenue capped the reported length of the wait for each registration at 60 days when calculating the average, massively distorting the true picture! As they say, there are lies, damn lies and tax inspectors!

## USEFUL LINKS

Our regular look at some of our favourite websites includes some useful business tools:



**Compare the Market**  
([www.comparethemarket.com](http://www.comparethemarket.com))

One of a growing number of comparison sites allowing you to obtain multiple quotes for insurance, loans, gas and electric as well as other products and services. You can usually find significant savings and do so much more quickly than you otherwise could.

**Companies House**  
([www.companieshouse.gov.uk](http://www.companieshouse.gov.uk))

Still the first port of call for information about UK companies. Basic information is available free of charge with small nominal charges to obtain documents such as accounts.

**Raffingers Stuart**  
([www.raffingers-stuart.co.uk](http://www.raffingers-stuart.co.uk))

Just a reminder that our own site is full of useful tools, resources and information. And you can win prizes in our Fantasy Football League.

### TAX TIP

*If you have a holiday home that you would like to give away to your children seven years before death to avoid inheritance tax, consider making the property available as a "furnished holiday let" for a period to meet the criteria for making this gift without any capital gains tax becoming payable.*

*There are a number of stringent conditions for the property to qualify for furnished holiday let status and thus for gift relief exemption from capital gains tax. Please speak to us if you think this may be an option for you.*

# Underused Tax Breaks

## ...a useful guide to little known reliefs

In an age when it is increasingly difficult to understand the complexities of the tax system and the authorities enforce the letter of legislation rather than the spirit in a desperate attempt to squeeze revenue from taxpayers without raising tax rates, it is worth remembering that there are still some useful - not to mention underused - tax breaks available.

And when I was giving thought to what to say in this article, I was reminded that there are a whole range of quite specific, targeted tax reliefs which apply in only the most limited of circumstances but are often overlooked even when those conditions exist. It would be totally impossible to list them all or provide much detail in such a short article. I have therefore just selected a few - call it my personal top ten (or nine actually) - and if you think one or more of these may apply to you, please feel free to contact any of us here at Raffingers Stuart to discuss. So in no particular order of preference - cue Fluff Freeman:

- R & D relief - Recently extended by the Budget, qualifying expenditure on research and development now obtains up to 175% tax relief for small and medium sized companies and 130% for large companies.
- Capital allowances on the "cost" of commercially used property - Although a new reduced rate of 10% now applies, it is still possible to claim capital allowances on the part of the cost of commercial property that can be allocated to "integral features" of a building e.g. electrical systems, lifts etc that form of the price paid on purchase.
- Vehicle refuelling equipment - 100% tax relief is available on the cost of converting vehicles to run on natural gas, hydrogen or biogas.
- Low emission cars - 100% tax relief is available on the cost of vehicles which

emit less than 110g/km of CO<sub>2</sub>. The list of cars on this list is growing quickly and includes some surprising names such as some VW Polos, Toyota Aygos and Citroen C1s.

- Energy and water saving equipment - 100% tax relief is available on qualifying investment in technologies that reduce energy consumption, save water or improve water quality. There is a designated list of technologies published and updated regularly.
- Capital allowances tax credits - Loss making companies that have invested in the above energy saving equipment can surrender that part of the loss attributable to the 100% allowances in exchange for a cash payment rather than carrying forward the loss.
- Non domiciles - An amendment to the original much publicised legislation exempts individuals with offshore income and gains below £2,000 per annum from the £30,000 annual tax charge or the need to pay UK tax on the income.
- Investing in small companies - Income and capital gains tax relief is available under the Enterprise Investment Scheme (EIS), the Corporate Venturing Scheme (CVS) and the Venture Capital Trust (VCT) scheme for investing in small companies that meet the requirements of the legislation.
- Gift aid - Tax relief continues to be available to charitable donations made by companies and individuals.

I hope that gives you a flavour of what kind of non-contentious relief is out there. Of course there are others and there are also still some more high risk and contentious tax planning opportunities available to those with the appetite and the right circumstances and we will continue to make you aware of these as they become available.

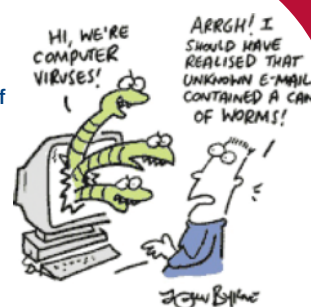
## Anti-Virus and SPAM Matters

Most people who use computers regularly are aware that anti-virus software is an absolute necessity. We all know of people who have not had this software and suffered as a result. Anti Spam software can also be extremely useful to filter out some of the more unwanted junk mail although you must still check the spam box from time to time as usually the software will need some educating to include mail from some senders that will still find their way, for one reason or another, into the junk box.

The methods used by the perpetrators of viruses are getting increasingly clever and complex in order to get us past anti-virus software and the software suppliers make updates available daily which should be routinely downloaded.

One of the latest ones is where an email has a zip file attached which when opened does the damage. Recent examples of this are emails appear to have come from UPS (United Parcel Service) but obviously don't. The moral of the story here is that if there is an email from someone who you do not know, even with anti virus software installed, you can if you must open the email itself, but NEVER open the attachment. Take care out there!

Alex Stuart



# A Client's Story - Carter Allen PLC



**Daniel Allen was never one to hang about. The chairman and owner of Carter Allen became the youngest senior account manager in the history of Charterhouse Voice And Data plc then added millions to the turnover of Morgan Brookes plc in his first year as sales director all by the tender age of 23.**

So it's no surprise that Carter Allen, the information technology company he founded in 2006, is one of the fastest-growing in this dynamic sector. It started with a simple but bold vision - to provide the best hosted telephony and communication services in Britain. And that meant competing against some of the biggest, most profitable companies in the world! Daniel takes up the story: "I knew that if I was to get anywhere I had to have a good support team around me. My first move therefore was to assemble a team of unrivalled expertise and I am proud to say that between us, Carter Allen's senior staff have more than 100 years of experience in high end voice and data solutions. You can imagine that those kind of people are much in demand so I really needed individuals that bought into my vision and were desperate

to escape the shackles of a large corporate environment."

"My team and I then went out and demonstrated to businesses that Carter Allen could save them a small fortune, first by rationalising their information technology providers, then by providing a no up-front cost, fast, flexible telecoms system that would drastically cut their bills. And because there are plenty of people who tell you that, we had to make sure that Carter Allen delivered on every promise."

Within a year the company was turning over £2 million and the decision was made to invest almost all of its initial profits and resources in its own VoIP (Voice over Internet Protocol) platform to host telephony services. As well as driving down costs, this technology makes re-routing calls to satellite offices, mobile phones or even home lines a breeze. So now the company could offer a product that all but the largest of its competitors could not. As a result of all this, Carter Allen has expanded rapidly without relying on external funding, a factor which has become ever-more crucial in light of the credit crunch. It has also opened its new technology centre at the Royal Arsenal in South East London and it has launched a subsidiary, SIPcom, to resell hosted telephone services to other voice and data installation companies. "We're always looking ahead. The VoIP platform demonstrates our determination to be at the cutting edge delivering the future of business communications," said Daniel, now almost a pensioner at 27!

Carter Allen also supplies mobile business services, internet access and office equipment. More than that, Daniel believes the company's commitment to continuous support is fundamental to its achievements. "We work very closely with customers to understand and meet their needs. From an initial health check, where we audit an organisation's existing services, through installation, staff training and ongoing support, we earn their trust and become very much part of their team."

It is an ethos which works. Carter Allen is currently implementing what is believed to be the largest contract for a hosted telephony service in the industry providing a well known charity with hosted telephony services over more than 800 sites. Other familiar names in its client base include Raffingers Stuart and a number of nationwide construction companies and high street banks. This success has been recognised by the company being shortlisted in two categories of the 2008 Thames Gateway Business Awards - fastest growing company and Daniel personally as business person of the year. At the top of going to print the awards ceremony is yet to take place. Daniel's next target is to develop Carter Allen into a global player. In 2009 it will expand its services into Canada, Venezuela, Columbia and the Middle East. This fast-moving business is accelerating into an exciting future.

**For further information on Carter Allen visit [www.carterallen.uk.com](http://www.carterallen.uk.com), e-mail Daniel Allen at [daniel.allen@carterallen.uk.com](mailto:daniel.allen@carterallen.uk.com) or call him on 0870 053 7000.**

## The Partner's Rant

***Being the partner in an accountancy practice - yes, even Raffingers Stuart - is not an easy life. So in a new regular feature, we will be giving one of our partners the opportunity to de-stress with a good old-fashioned rant at the world. There's no point to it particularly. Just consider it a service to my colleagues to allow them to function better with the weight seemingly taken off for a few brief moments as they scream at the ensuing madness around us. Our first man on the sofa.... Adam Moody:***

When Barry asked me to write this, my first thought was how much respect I must have amongst my peers that I should be selected to write the first partner's rant. On consideration however it occurred to me that maybe it's not such a great thing that my partners regard me as the angriest with the most pent up aggression!

Still I had accepted the challenge and with so much to be angry about, far be it for me to waste such a glorious opportunity. The hardest part was deciding what exactly to vent on with so many easy targets. So always being one to accept a challenge I settled on a slightly stiffer object of derision. Not for me the soft underbelly of the police state - environmentalists, speed cameras, health and safety, data protection - no, I wish to make clear my utter loathing of a group seemingly much more benign and all the more dangerous for being so.

Pride of place as the first entrants into the Raffingers Stuart Room 101 must therefore go to obesity campaigners! What, I hear you say? How can such a well meaning and inoffensive group warrant that level of disdain?

It's not their name per se - though I must assume that they meant to call themselves "anti-obesity" campaigners for the strict avoidance of doubt. It's not even the fact that they think it's OK to meddle in the dietary choices of a generation or to offer treatment on the health service to counteract people's poor but freely made lifestyle choices.

Or my resentment that by their strict body mass index measure they claim that "87%" of the population is obese - obviously I just made that number up but on the basis they haven't weighed every person in the country then I am only doing exactly what they do. Or that by the same measure I am in fact so fat that I need a sedan chair to be supplied to me by the welfare state. I could detest them for all of these things but I don't particularly.

At this point I should declare an interest. I like chocolate. I don't eat great quantities of it but I find it pleasant in moderation and Cadbury's Dairy Milk in particular is a favourite. So when I read that Cadbury has agreed to plough £20 million of its hard earned profits into sponsoring the 2012 Olympics, I am reassured that a company I provide with occasional but limited revenue has retained its

renowned sense of social responsibility - it having famously built a town (Bourneville) to house its workers in good conditions during the industrial revolution.

And yet the only story I read the next day in every newspaper was a caveat on this good news. "Obesity campaigners" somehow found it inappropriate that the Great Satan confectionary company should be allowed to taint the festival of health and wellbeing that is the London Olympics.

Should they not applaud the fact that the company which produces this hated symbol of occasional indulgence should feel obliged to counter the effects of their ill deeds - call it their own "bar-bon offset" as it were? Are they suggesting that we should ban chocolate for the good of the nation's health? Are they going to start arguing that the NHS should refuse to treat anyone who causes their own illness by an occasional partiality to a Double Decker bar? Should the famous blue packaging be "graffitied" with health warnings? If not then what precisely is the point of these people?

Moreover who exactly are they? Have they not got real jobs to go to? Is the economy now in such bad shape that we have taken to employing an army of cocoa consciences? I think we should be told. And quickly - but in the meantime I do feel much better for that!

**Adam Moody**

## PRACTICE NEWS

- It is with a strange mixture of happiness and sadness that we bid farewell to our senior partner (nay patriarch!) Allen Soraff who finally retires for good on 31 December. This will not come as news to many of you who will have already heard this directly from Allen or those who thought - with the number of holidays - that he had actually retired many years ago! Nevertheless we of course wish him well in his well earned retirement where he tells us that he will be splitting his time between his grandchildren, his football club (Histon FC for those who haven't already been tapped for sponsorship) and his semi-adopted second country (Cyprus).

- With Allen's departure we of course have a vacancy and it would be impossible to fill such a huge void - some might say chasm - with just one new partner. Step forward therefore our two new partners, Suda Ratnam and Tej Beeharry. Suda joined us in the mid-1990s as a trainee whilst Tej arrived in 2006. Both have made a strong impact and we are delighted that they have agreed to become partners and wish them all the best for a long career at Raffingers Stuart.

- Our annual charity golf day - this year in aid of the Haven House Foundation - was held on 11 November and was a huge success (although not for me personally as I finished in last place for the fourth year running). The day raised just over £3,500 for this worthy cause.

- The latest in our line of free seminars was held on 18 September in conjunction with law firm Huggins & Lewis Foskett. The subject was collecting customer payments on time and efficiently with good systems and robust terms and conditions. Feedback was very positive. Our next event is scheduled early in the new year and details will be announced on the events section of our website at <http://www.raffingers-stuart.co.uk/events.htm> shortly.

## EMPLOYEE SPOTLIGHT

In this slot we like to introduce you to a valued member of our team so that you can put a face to the name when you speak to them. Kant Nathwani joined our accounts team in September 1997 and has made a huge contribution to the firm in that time. We would have been desperately sorry to lose him at the end of the year when he retires at the age of 56 back to his native India. However he has agreed to continue working in his retirement and is opening a small office for us in India. So who is the real Kant Nathwani?

**Full name:** Kant Liladhar Nathwani

**Nicknames:** Unbelievably he actually doesn't have one. After 11 years no one has ever thought to give him a moniker!

**Date of birth:** 12th September 1952

**Status:** Married with two grown up children (Hiten aged 27 and Nisha, 26)

**Career history:** Originally lived in Uganda where he studied. As part of the mass exodus of Asian Ugandans under Idi Amin, he arrived in the UK in 1972. Careers since then include a short period in the Civil Service before joining John Rowley & Co, a small firm of accountants in Leicester. Various career moves within accountancy followed including 15 years self-employed and part-time "mum". Joined Allen Soraff in 1997 and has been through our various mergers during that period.

**Interests:** Football (supports Crystal Palace!!!!) and cricket, though he hasn't inherited any Indian cricketing genes and can't play for toffee!

**Greatest personal achievement:** Surviving a career in accountancy through to retirement.

**Favourite holiday destination:** India - says he "really loves it there".

**Something you wouldn't know about me:** Used to live next door to former Crystal Palace and Middlesbrough full back Dean Gordon. Still lives next door to Dean's mum!

**Partners' report:** Often repeated at partners meetings - "If only we had 30 Kants working for us, we'd all be millionaires whilst working far fewer hours".



## FUNNY MONEY

The column that proves conclusively that accountants aren't boring!

A couple of topical stories have taken our interest and given us a chuckle this time round. Firstly, in these hard times for us all, it is good to see that beggars have taken up the challenge and found their entrepreneurial spirit. In the US, websites and blogs offer "market research" with tips from "pros" according to the Summer 2008 issue of City Journal. Current begging techniques suggest humour (e.g. "I won't lie to you. I need a drink") and specificity of amount ("I need 43 more cents for a cup of coffee") often produce a larger donation. Perhaps Sir Alan can test a few Apprentices by selling the Big Issue in the next series!

Finally we were particularly taken with the story of Donna and Joel Brinkle of Deltona, Florida. Now Mr and Mrs Brinkle are not the first to try and declare themselves a sovereign nation and stop paying taxes. Indeed a previous edition of our newsletter covered a similar story in Australia. However the Brinkles have taken this idea to a whole new level and we have to confess, the anarchist hidden beneath the professional exterior wants to applaud their tenacity if not their ingenuity.

So far their various actions include filing property liens against government officials (including once famously against President Clinton) for failure to recognise their independent authority not to mention their (albeit failed) attempt to buy a \$700,000 house with a "money order" drawn on their home-made currency. Their intransigence has seen them lose their home - seized by their county authorities - and Joel spending time in prison but according to October's Orlando Sentinel they remain as determined as ever! Funny Money salutes you, Mr and Mrs Brinkle for giving us stupidity at such an extreme that we have some great material to share with our readers!



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