

Spring 2006

EDITORIAL

Welcome once again to the latest edition of Raffingers Stuart's The Biz newsletter. You'll



notice that we've had a bit of a re-design after many of you took the trouble to email some suggestions to me on how we could improve the look of the newsletter. Once again, your feedback was much appreciated. Please keep it coming.

We have introduced a guest article slot which for this edition was written by Neil Carson of solicitors Huggins & Lewis Foskett. Thanks to Neil for his efforts. If you would like to write a guest article for future editions, please feel free to ask.

Since our last edition, there have been plenty of very important developments across a whole range of different topics. Most notable was the Revenue's defeat at the Court of Appeal in the Arctic Systems case, the ultimate outcome of which will affect the huge number of small companies that pay dividends to husband and wife shareholders. Naturally we have included a full update.

Finally, it's competition time and I have three MP3 players to give away to the first correct entries received by e-mail. And the question – who is Virgilio Rigoli? (Hint: Check out the Autumn 2005 edition of The Biz which can be viewed at our website www.raffingers-stuart.co.uk/Autumn2005_Newsletter.pdf)

All the best.

BARRY SORAFF
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the BIZ

More Tax Chancellor?

Anyone letting Houses in Multiple Occupation (HMO) must pay a fee set by your local authority and obtain a licence to continue letting by 6 April 2006.

Generally, if you let a single building to more than 3 tenants, you will need to check the definition of HMO to see if you require a licence. For more information visit the website of the Office of the Deputy Prime Minister at www.propertylicence.gov.uk. Being cynical - and it's pretty hard not to be - this has the feel of a new way to raise some money despite protestations to the contrary all over the website.

Apparently the fees are limited to the costs of running the scheme but who decides what they are and how long will this limit remain in place?

It's Official.

Many of you will be aware that the Revenue took something of a pounding in the Court of Appeal as the taxpayers' appeal against the decision of the High Court - that dividends paid to a spouse (the wife in this instance) should in certain circumstances be taxed on her husband - was allowed. It was hoped at the time that the significant uncertainty in the Arctic Systems case had brought to companies with husband and wife shareholdings was at an end.

Unfortunately the Revenue have been given leave to appeal the decision to the House of Lords and intend to do so. We will of course be advising all affected clients on an individual basis but if you would like to speak to someone, please feel free to call your usual contact at Raffingers Stuart. Naturally we will update you in future newsletters - including our monthly e-mail tax newsletter - as more information becomes available.

Time please!

If you have 50 or more employees, you must file your 2005/06 Returns online by 19 May 2006. If you have fewer than 50 employees, you are a 'small' employer and do not have to start filing online until later. But you can get tax-free payments for filing online now - for this year the payment is £250. A number of businesses experienced great difficulty in obtaining their payment for last year so please ensure that you claim it. If we are preparing your payroll for you, we will be filing online on your behalf and you will qualify for the payment.

Read all about it...

In what was a relatively low key Budget, there were as usual a few nasty surprises hidden away in the small print. In particular a proposal to bring forward the self-assessment filing deadline in 2008 from January to November for online returns and to September for paper returns was met with no small amount of shock as completely out of the blue! For more information about the contents of the 2006 Budget, visit www.raffingers-stuart.co.uk/budget06.asp.

USEFUL LINKS



As has been our custom, here are a few useful and interesting websites we've come across recently:

Pricerunner

www.pricerunner.co.uk

This site is an online shopping must. You simply tell the website what it is you are looking to buy – and you can select specific models if you wish – and they will immediately scour the web across dozens of retailers to find you the best deal and link you through to it.

The service is completely free and we have heard of examples where people have saved literally hundreds of pounds in a few seconds.

Simplydocs

www.simply-docs.co.uk

Includes over 850 useful standard documents to download and use. Many of these deal with employment law, business agreements and statutory documents which can be incredibly useful.

An annual subscription starts from only £35.

Clearlybusiness

www.clearlybusiness.com

Clearlybusiness is a division of Barclays Bank and provides a range of different services to the small business. The website includes a huge library of useful documents and advice on a range of business topics. Highly recommended for the small business.

Pandora

www.pandora.com

Are you fed up with the adverts interrupting your favourite song? Well, this website may be just what you're looking for. Taken from the Music Genome Project you create your own radio station based on your favourite music track or artist. Pandora then searches the database and plays a constant stream of music in a similar style - with no adverts! Not sure when the 'Air-Guitar' feature arrives though!

A BRIEF HISTORY OF...TIMESCO

Let's take a look at one of Raffingers Stuart long standing clients

Timesco is a truly, family-owned company and is run by two brothers Shah and Sohail Fayyaz. The business was founded by their father Capt. Fayyaz Bhatti when he arrived in Britain from his native Pakistan.

Timesco has grown swiftly into one of the UK's leading suppliers of surgical, anaesthetic and healthcare products. Of course it wasn't always like that. Capt. Bhatti began in humble surroundings renting a small office opposite the Middlesex Hospital in London supplying unbranded, surgical instruments to trade houses across England. Sohail joined the company at the tender age of 20 in 1979 and Shah at 18 three years later.

By the 1990s, Timesco had embarked upon a campaign to build its own direct sales force and establish awareness of the company brands to the end user. As a result, today Timesco products are supplied directly to virtually every hospital across the UK and Ireland, and the company employs more than 70 staff at its HQ in London Docklands.

According to the brothers growth has been sustained by the company ethos of building customer loyalty through the highest level of customer care and a commitment to the design of high quality, innovative products of which there are now more than 10,000 in use.

Shah says: "We see the patient as our ultimate customer. We deal with a very wide spectrum of clinicians and healthcare professions but we see them as our partners to ensure the

highest level of care to the patient. If we can provide them with the optimum products and deliver an unquestionable service then it is the patient that benefits in treatment and care".



The company has agents and distributors in over 70 countries with key contracts in Europe, the Middle East and China.

The company has also recently been awarded two very prestigious prizes at the 2005 Thames Gateway Business Awards and were the only company in the history of the awards to be nominated in three separate categories. The company walked away with the Business of the Year and Innovation Awards. The Innovation Award recognised the massive contribution Timesco have made to the prevention of cross infection between patients during surgery with the development of the revolutionary Europa and Callisto airway products.

Timesco continues to grow and is planning a move into new, bigger premises later this year. A little different to where Capt. Bhatti started though I'm sure.

For more information visit Timesco at www.timesco.com

TAX TIP

Business property relief at 100% is usually available for inheritance tax on an interest in an unincorporated business and shares in most unquoted companies. However, shares in companies quoted on the AIM and Ofex markets are not treated as quoted for these purposes. This means that a portfolio of these shares could be IHT free once they have been held for at least two years.

Of course the shares on these markets usually have a different risk profile to those on the main market and proper investment advice should always be taken. However, risk can be mitigated by investing in a range of companies or in a specialist fund.

ITs BACKUP TIME!

I regularly ask clients whether they are backing up their IT data. Almost without exception the standard reply is that they are. However, when I delve a little deeper to find out about their methods and procedures for carrying out this business critical task, I discover that their back-up routines are in fact seriously flawed.

There are several ways in which a backup can be performed and I thought it may be useful just to go over the most common types and consider some of the critical issues associated with each method:

1. Floppy disc

This is the traditional method of backing up data, typically in fairly small quantities. There are however a number of problems with floppy disc back-ups. The quality of the disc itself varies plus, many modern machines do not have floppy drives and with the size of most data sets these days, it is also often necessary to use more than one disc. This means that someone needs to sit through the back-up run to change over discs.

2. Copying files to a network drive or alternative PC

A very common error with this method is to discover that clients are in fact backing up data (this is particularly true of accounting software data) to their PC hard drive rather than to a network or different PC. As a result, a hard drive failure (which is eventually inevitable) will cause the loss of the data and the back-up which has been saved to the same hard drive.

This may sound obvious but you would be amazed how many times I have seen this mistake. If you have a server which is itself being backed up then transfer the data there provided the server is subsequently backed up onto outside media held off-site. Otherwise if you have a burglary or fire, your back-up is useless to you.

3. Tape backup

This is probably the most common form of backup. The tape itself can take several forms but the principles are the same. The most common error with tape back-ups is forgetting to take them off-site each day.

4. USB Key

These have taken over from floppy disks as the most useful medium for backing up as well as transferring data from one machine to another. As well as being small, USB keys also have the advantage of being able to store huge amounts of data. The cost of a USB key has plummeted in recent months and a 512MB key (with the storage capacity of approximately 350 floppy discs) costs only £20.

5. External storage site

There are now many companies who will accept files transferred over the internet and charge by the megabyte for backup storage. This has the advantage of being inexpensive as well as providing the peace of mind that comes from knowing that the data is held off-site. Normally your software is programmed to send the data over the internet each night so that it does not disturb your working day.

My final message - please don't forget to check and verify your backups on a regular basis to ensure that they are actually working! If you aren't sure or would like to discuss this further, please feel free to contact me.

Alex Stuart
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ARE YOU BEING PAID?

written by Neil Carson of solicitors Huggins & Lewis Foskett

In the spirit of prevention being better than cure, there are a number of simple golden rules to follow when considering offering credit terms to customers.

My firm always suggests that you complete a standard questionnaire requesting personal and/or company details before dealing with someone for the first time. Bank references are commonly used but their effectiveness is sometimes questionable. A trade reference may be of more use, particularly if the customer is himself a trader or has contacts in your field of business.

You may also want to consider using a credit reference agency who will supply information on the creditworthiness of a company including details of any County Court Judgments. Limited companies can also be investigated via a search of the Companies House register at www.companieshouse.gov.uk or through a reputable company agent. However, despite all the best preventative measures, eventually you are going to experience some

difficulty obtaining money from a customer. When that happens, one of the most common difficulties we encounter is the absence of any terms and conditions of trading.

I cannot overstate the importance of effective terms and conditions that are produced to the customer at the time they confirm their order.

For the record, effective terms and conditions should include:

- 1. Price and payment clauses.*
- 2. Provision for payment of contractual interest in default of payment within a specified period.*
- 3. Specific credit terms.*
- 4. Preservation of title clause where ownership of the goods will not pass until such time as the Customer has paid for the goods in full.*

Of course, a good solicitor can help you to draft your business terms and conditions.

Often, a simple and cost effective letter from your solicitor threatening legal action is all that may be needed to demonstrate your resolve in obtaining payment.

If all this fails your solicitor can pursue the matter through the courts on your behalf. Remember, if you are successful in court, your debtor will often be ordered to pay your legal costs.

One service we offer at Huggins & Lewis Foskett is designed to find your debtor even if he has moved. We are able to produce tracing reports through our network of agents and obtain up-to-date status enquiries on your behalf.

*So remember. Get it right at the beginning and problems may be averted later. But if you do end up needing legal advice and assistance, please feel free to get in touch on **020 8989 3000** or e-mail me at ncarson@huggins-law.co.uk.*

Practice Update:

• The next highly popular Business Builder Forum (BBF) will be held on Thursday 18 May at London City Airport at 6pm. The theme will be "Value Pricing". For more information or to reserve a place at either event, visit the events section of our website at <http://www.raffingers-stuart.co.uk/events.asp> or call Susan Kew on 020 8551 7200.

• We were delighted to reach the final of the 2005 Growth Business Award in the prestigious Thames Gateway Business Awards. The awards dinner was held in November and it was a successful night all round for Raffingers Stuart with 2 of our clients scooping a total of 3 separate awards with 2 others being highly commended. Special congratulations to Timesco of London (Business of the Year Award and Award for Innovation as well as 2nd place for the Growth Business of the Year), Acumen Design Consultancy (New Business of the Year), Darshan Sunger of Ideal Property Consultants (2nd place - Businessman of the Year) and T Cribb & Sons (3rd place - Customer Care Award).

• We are now able to offer special rates to any client interested in subscribing for the online services of Beprofessional.com. They supply a whole range of online solutions in particular in the areas of employment law and compliance, health and safety and general business risk management. For more information, visit our website at www.raffingers-stuart.co.uk and click on the Business Builder link on the left hand side.

• As we reach the end of yet another tax year, our clients will shortly receive – if they haven't done so already – their tax return preparation checklist. Please try and ensure that these are returned as early as possible. All returns completed by us before 15 September will be entered into a draw to win one of 3 top of the range DVD players.

• We are delighted to announce that Howard Crammer has recently joined the team at our sister company of independent financial advisers, Charter Mandell. Howard brings a wealth of experience in a whole range of financial matters including pensions, investments and tax-efficient savings to name but a few. He can be reached by phone on 020 8551 5182 or by e-mail to howard.crammer@chartermandell.com.

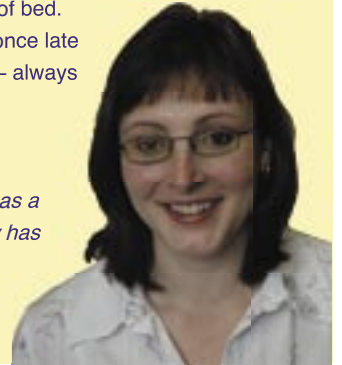
In the spotlight...

This issue's staff profile focuses on one of our longest-serving team members. Say a quick hello to Susan...

Full name: Susan Louise Kew
Nicknames: Cocker
(after Jarvis Cocker the singer. My maiden name was Jarvis) and Jarsu (long and not very interesting story).
Date of birth: 17th June 1972
Status: Married to Jason. One daughter Amy, born August 2005. Recently returned to work from maternity leave.
Career history: Left school aged 16. Has been with us ever since working for Soraff, Nieman & Co, Allen Soraff, Raffingers and now Raffingers Stuart.
Interests: Swimming (with Amy), shopping, cinema, reading.
Greatest achievement: Lasting 18 years working for Allen Soraff.
Favourite destination: Halkidiki in Greece where my husband Jason proposed.
Undiscovered fact: I just simply cannot ever get out of bed. I used to live about 100 yards from the office and was once late every morning for a week despite that. I'm better now – always on time. Amy sees to that!

Partners' report:

Loyal, hard working, reliable, diligent, fun and always has a smile. Also makes a mean cup of tea but unfortunately has been promoted well beyond that particular duty.



Funny Money

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

Sometimes in business, you read something that is actually quite serious but all you can do is laugh. And although employment tribunals are far from a laughing matter – particularly if you've been to one as an employer – every so often a story emerges from a tribunal that makes you want to throw up your hands in despair but since it happened to someone else, for now we'll just laugh.

The story comes to us courtesy of The Times newspaper of 22 March. The paper reported that Mrs Sue Storer, the 48-year old deputy head of Bedminster Down Secondary School is claiming more than £1 million in lost earnings and pension rights against Bristol City Council for constructive dismissal and sexual discrimination.

Nothing too unusual so far. Except that Mrs Storer resigned as she was forced to sit in a chair that made rude noises every time she moved. She claims that her requests for a new chair were ignored and that she was "victimised, harassed and bullied" because she was a woman. Apparently her two joint deputy heads – both men – were given new "executive" chairs without having to ask whereas she continually had to apologise to sniggering pupils, parents and other teachers.

£1 million for a flatulent chair? Think about that next time one of your children takes a whoopee cushion to school!

And the winner is....

Peter Uglow from Uglows (Chingford) Ltd. Your feedback form was drawn out of the hat and your dinner for 2 prize is on it's way to you.

