

## NEWSLETTER

### WELCOME

Welcome to a very special edition of the Raffingers Stuart Biz Newsletter. Special because to approximately one-half of the people reading this, it will be your very first time joining us. So for those clients of what was once Freedman Stuart, please allow me to introduce myself. My name is Barry Soraff and as well as being a partner at Raffingers Stuart, I am in my other life given the somewhat dubious privilege of putting this newsletter together.

Don't get me wrong, I actually quite enjoy doing it. When I say that the privilege is dubious what I mean is that the job is something of a poisoned chalice. If the Trojans were wary of Greeks bearing gifts, I'm wary of putting together newsletters in an age when business regulation, tax law and all of the other various issues which affect those of us running our own businesses seem to change as quickly as we can write about them.

Nevertheless we've tried to keep the newsletter as fresh as possible with the usual mix of useful information, news, tips and a touch of fun to lighten the mood. Suggestions for future articles or general improvements to the newsletter are strongly welcomed and can be e-mailed to me at [barry.soraff@raffingers-stuart.co.uk](mailto:barry.soraff@raffingers-stuart.co.uk).

Before I go I just have one more thing. Many of you will be receiving our monthly e-mail tax newsletter direct to your inbox. But I am increasingly aware that some of you are missing out. If you do wish to receive it and you are not already – and most of the feedback I receive tells me how useful many of you find it – you can either e-mail me to put you on the database or alternatively visit our website each month where all of our current and previous newsletters can be found ([www.raffingers-stuart.co.uk](http://www.raffingers-stuart.co.uk)).

Many thanks...happy reading.

**BARRY SORAFF**



raffingers•stuart  
together we take care of business

**Chartered Certified Accountants**

## THE KEY TO BUSINESS SUCCESS – SIMPLE STUFF THAT WORKS

Hopefully by now you will have heard of our latest new offering to clients - Re.Solution. Re.Solution provides a series of added value and advisory services to clients including one we call **Simple Stuff That Works (SSTW)**. Lee Manning will explain a bit more:

SSTW is an interactive software tool divided up into a series of separate modules that supply you with the ideas, experiences, skills, knowledge and expertise to grow your business. And you can have the confidence to take those ideas and make them yours because they have all been tried, tested and proven by some of the UK's most prominent, forward thinking, owner-managed businesses.

In producing the SSTW package, we have taken these ideas and adapted them so that they can be used by any business including yours.

Here are just some of the strategies that SSTW can help you implement into your business:

- Increasing prices whilst attracting MORE customers
- How to work with your ideal customers and lose the others
- Creating, chasing and converting more sales leads
- Reducing your customer defection rate so that you grow even faster
- Getting customers to spend more AND spend more often.
- Discovering your Unique Selling Points (USP's)
- Educating your customers to buy your products/services

When you start to use the SSTW package, one of the first things you do is give the software the figures from your accounts. As you find strategies that you like and want to implement, the software will work out for you the effect that each strategy will have on your profits if successfully implemented – effectively telling you how much the strategy could be worth to your business.

And by far the best part of SSTW is that with each module you buy, Re.Solution will produce a detailed business growth report for you devised from all the information that you have told SSTW and ourselves about your business. Plus of course we will be ready and willing to support you as you put your decisions into action.

But don't just take my word about the kind of impact SSTW could have on your business. What are our clients saying about it? Here's just one.

“When I was first told that I had to work through some software to help me grow my business I thought here I go again.....but how wrong was I! The software, with the guidance of Lee was inspiring and an eye opener. All the ideas that I had forgotten about and the things I had taken for granted were highlighted and with a proper action plan I can make some serious improvements to my business.”

**Michael Pritchett – Clean A Services Limited**

We are so certain that you'll love SSTW and want to keep using it that we will give you a FREE 2 hour session with us and the software. The only condition is that you need to visit our offices. What have you got to lose except 2 hours of your time? To book your appointment, contact me at [lee.manning@resolution-bds.co.uk](mailto:lee.manning@resolution-bds.co.uk) or call the normal office number.

**LEE MANNING**

## PRACTICE NEWS

■ The re-launch of our improved *Business Builder Forum* took place on 10 March at the Prince Regent Hotel in Woodford Bridge. The event was generously sponsored by Barclays Bank with a good turn-out and a theme – What to do when you're competitors are cheaper than you – that generated a great deal of debate and discussion. Keep an eye on the events section of our website for details of future meetings of the forum.

■ The next meeting of our popular *BizReferral Club* will take place on Monday 25 April at London City Airport and will mark exactly one year since the club's launch during which time membership has gone from strength to strength. For more information or to book a place, visit the club's dedicated website at [www.thebizreferralclub.co.uk](http://www.thebizreferralclub.co.uk) or call Karen Hand on 020 8551 7200.

■ Following our recent merger, we are delighted to announce the launch of our new business support and advisory division, Re•solution. If you are worried that your business may not be performing to its full potential, Re•solution can help you to drive it forward with a vast range of products and services designed to be used with just about any type of business – however big or small, whatever the type of trade. To find out more, contact Lee Manning on the normal office number or e-mail [lee.manning@raffingers-stuart.co.uk](mailto:lee.manning@raffingers-stuart.co.uk).

■ We're sure that many of you will join us in wishing our long-standing employee Susan Kew best wishes on the upcoming birth of her first baby. We will naturally miss her when she takes her maternity leave and look forward to welcoming her back as soon as possible.

■ On a slightly sadder note, two of our most long-standing employees have moved on to pastures new. After 25 years of dedication and hard work, Fran Myers has taken early retirement and is planning to spend more time with her family, in particular her grandson. Not far behind with 16 years service is Narinder Virdi who has decided to take some time out to do other things. In thanking them both, we wish them all the best for the future.

■ The Old Cat Boys Golf Society continues to play regularly and now has a hard core of 30 regular members. Membership is open to absolutely anyone of any standard of play as long as they share a passion for the game – or at least a few drinks afterwards at the 19th hole! Rounds are played at various courses in and around the Home Counties including some of the best in the country such as Hanbury Manor and Brocket Hall. For more information contact Lee Manning by phone or e-mail [lee.manning@raffingers-stuart.co.uk](mailto:lee.manning@raffingers-stuart.co.uk).

## CLIENTS STORY - MEDIPLACEMENTS

Mediplacements was co-founded by Ed Simpson and a former colleague in 1995 to provide temporary staff to the healthcare sector with a particular focus on a number of lower profile niche markets. At the time many of Ed's competitors made the decision to target other parts of the market such as nursing and locum doctors which seemed to offer a much quicker if less stable return. So whilst today Mediplacements is about to celebrate its 10th anniversary, employs 30 staff and is expecting to turnover £15 million this year, many of those competitors have fallen by the wayside.

But Ed is not one to rest on his laurels so when the opportunity presented itself recently to lead a management buy-out of Mediplacements, he made the decision to push ahead despite a number of external approaches to buy the company.

Ed himself takes up the story...

"It would have been easy to sell out but at 33 years of age, I feel that myself and my new team can take Mediplacements a lot further still. The main reason I went into business on my own was to create an environment where I would enjoy working. As long as that continues to be the case, I'll stay with it. My whole business model is based on the long haul. We have a great team and a winning formula and operate in markets where there is still considerable growth potential."

Critical to the MBO's success has been the recruitment of a highly experienced management team. Paul Carnera has been appointed as Marketing Director and Steve Porter as Operations Director - both were key members of a management team that took Recruitment Solutions Group to an £18million deal with Barclays Private Equity three years ago. Their track record in rapidly growing a public sector recruitment business has already proved invaluable. The most recent addition to the team has been Karen Hadjoannou as Financial Controller. She comes from a background of 10 years' experience in the recruitment business having worked with some of the biggest names in the business.

To be honest, it feels a little like we're telling an unfinished story with Mediplacements entering its second decade and a fresh chapter in its history. So for now let's just call this story Chapter One.

More information about Mediplacements can be found at [www.mediplacements.com](http://www.mediplacements.com).



**Left to right - Karen Hadjoannou, our very own  
Gary Inglis and Ed Simpson**

## GENERAL NEWS

### ■ Big changes in store for the construction industry

The Inland Revenue have proposed a number of major changes to the much-loathed Construction Industry Scheme (CIS) which exists to control payments within the construction industry. The planned start date for the revised scheme is 6 April 2006 and the proposals include many radical steps including the scrapping of all existing certificates, registration cards and vouchers. Their expected replacement is a requirement for all contractors to obtain an online "verification" directly from the Inland Revenue in advance of making payments to a subcontractor.

Other proposals include a new contractor requirement to submit monthly returns (as opposed to the current annual return) and a penalty tax deduction rate of 30% for subcontractors not known to the Revenue. But the most contentious suggestion of all remains unresolved – that all labour only subcontractors be treated as employees from 6 April 2006. Discussions are continuing on this key point. We will of course update clients when more information is available.

### ■ Company law review finally published

After years of waiting, the government has finally begun publishing the proposals of its long-running review of company law. There are some interesting if somewhat obscure reforms including the end of the requirement on most companies to appoint a company secretary. At the core is the need to modernise a great deal of outdated legislation but also for the first time to create a separate legal framework for small companies. Presently the law makes only few distinctions between small, family owned companies and large publicly-quoted PLCs – in the future, if the proposals as expected become law, many of the more cumbersome legal requirements will apply to only the largest companies.

Unfortunately the government, in making these announcements, has been unable to resist the temptation to overplay the significance of the expected cost savings in terms of reduced red tape. Figures such as £250 million per year have been bandied around as if they are fact with little if any substance to back them up. That said, in general it seems that the reforms are to be welcomed.

### ■ Pensions A-Day approaches

As has been well publicised, 6 April 2006 will see a major overhaul of existing pensions legislation as the current eight different regimes are merged into one (or a ninth one is created depending on your point of view). The reforms are far too complex to talk about here and unfortunately there are still too many final decisions to be made to write conclusively in detail. For now we suggest that anyone who is concerned how they might be expected should give Gary Mandell from our sister company of independent financial advisers - Charter Mandell - a call on 020 8551 5182. Gary will hopefully be writing a detailed article on the reforms for our Autumn newsletter due for publication later in the year.

### ■ E-filing continues to grow

We have for many years been filing tax returns electronically with the Inland Revenue. Recent months however have seen a near explosion in the growth of e-filing with government departments. Cash incentives are being offered for small employers who file their end of year P35 returns online – something we will be doing on behalf of all of our payroll clients to obtain the incentive payment for them. A doubling of Companies House annual return filing fees has been waived for any company which files online – again something we are automatically arranging on behalf of clients.

But perhaps the most prolific of the new e-filer departments is Customs and Excise who are actively contacting businesses to persuade them to e-file everything from their quarterly VAT returns to applications for new VAT registrations. In their case they continue to offer an extra 7 days to pay although only for payments made by BACS or CHAPS.

## TAX TIP

From 6 April 2005 employers will be able, in certain circumstances, to provide up to £50 per week tax free in childcare vouchers to employees to use with approved childcare suppliers.

Although there are a number of conditions to meet, it will be possible to help employees and if you set up a carefully constructed salary sacrifice scheme, for the employer to share in the benefit.

It is also worth noting that the scheme does not exclude directors nor does it exclude payments to both a husband and wife at the rate of £50 each per week where both are employees. Assuming you can meet the conditions – which are not too onerous – it may be possible for a director and his/her spouse to receive £100 per week tax free. In those circumstances, the annual tax saving split between the director, his/her spouse and their company could be high as £4,740 per annum!

If you think this may be something that could interest you, please feel free to contact us.

## PAY LESS TAX ON YOUR SECOND PROPERTY

The person who gets the job of writing the tax article for the Spring Newsletter has normally drawn the cushy number. Straight after the Budget there are usually dozens of really “interesting” tax-related things to write about – hot topics that come courtesy of Gordon and his box of tricks.

Imagine therefore the way my heart sank as I watched the Chancellor deliver what essentially – at least from a tax point of view – amounted to a complete non-Budget. With no material to use whatsoever, the prospect of actually having to do some work slowly caught up with me.

And so I decided to share with you a way in which you can – if you own a second home in the UK or overseas – avoid a substantial amount of capital gains tax (CGT) if and when you come to sell it in the future. Which I suppose brings me to the first point of note – please remember that the sale of an overseas holiday home is almost certainly subject to UK CGT if you yourself are a UK resident taxpayer.

But don't worry because help is at hand in the form of the Principle Private Residence (PPR) rules. PPR is the relief that allows you to sell your home without the need to pay CGT on the profit you make.

To take advantage of the available relief, you must act within two years of acquiring your second property. I say property and not home because in some circumstances this relief can be exploited for buy-to-let property where there is any period – even a very short period – of occupation by you.

All you need to do within the two-year window is inform the Inland Revenue that you wish to make an election to notify them which property is your main residence. Of course in almost every case you will automatically elect to situate your main residence at your home in the UK. So why bother?

Well in making the election, you give yourself the opportunity to vary that election at any time in the future for a time period during the two years prior to making the variation. And since the test for occupation is one of quality rather than quantity, it is possible to elect that you have changed your residence for a very short period.

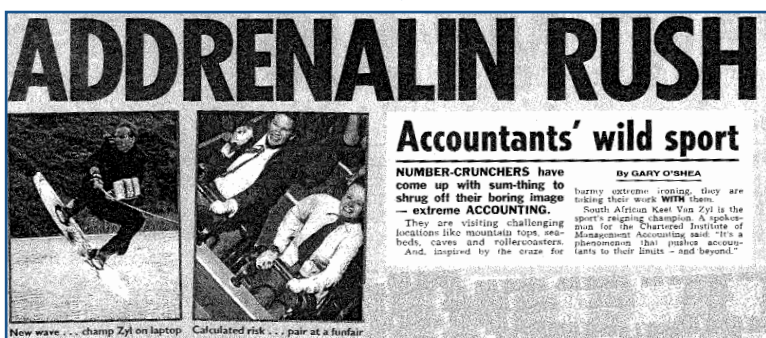
Which is interesting because under normal PPR rules, CGT is not payable on the gain for the last 3 years of ownership on any property which has been a main residence during any time of its period of ownership. So for example if the property had been owned for 5 years before its sale and an election was varied so that it was a main residence for a short period of time during that 5 years, 60% (3 years out of 5) of any gain made on sale would be exempt from UK CGT.

Of course there are many other factors to consider before taking a course of action such as this. But if there is a chance that you might be able to exploit this relief, please give either myself or one of my colleagues a call to discuss it. Alternatively you can e-mail me at [frank.rabin@raffingers-stuart.co.uk](mailto:frank.rabin@raffingers-stuart.co.uk).

**FRANK RABIN**

## FUNNY MONEY

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



Some of you will have seen the above headline which appeared in The Sun newspaper on 21 March. As a follow-up to the story, our team of sporting experts has spent literally seconds devising the events for the inaugural Accountants Extreme Sport Olympics to be held shortly. Competition to host the event is fierce with glamorous resorts such as Bognor Regis and Littlehampton the front-runners as decision day approaches for the Olympic Committee. Anyway, the games themselves will include the following:

- Wild-water adding up
- Deep-sea tax return preparation
- Extreme auditing
- Formula 1 payroll

And the Blue Riband event – the men's 100m VAT return!

**BARRY SORAFF**

## USEFUL LINKS

Before we look at this issue's recommended websites, just a quick reminder to visit the new Raffingers Stuart website at [www.raffingers-stuart.co.uk](http://www.raffingers-stuart.co.uk). Congratulations to Steve Goldstone of Cube Developments who was the Manager of the Month for March in our free Fantasy Football league. His prize has been dispatched.

Anyway, to our recommended websites:

**The Health & Safety Executive** ([www.hse.gov.uk](http://www.hse.gov.uk))

A very useful if slightly frightening website which is designed to help businesses to comply with their myriad obligations under health and safety. Includes wide-range of industry specific help sheets that are particularly useful.

**The AA** ([www.theaa.com](http://www.theaa.com))

Assuming you can ignore the high octane sales pitch for everything from car loans to insurance, the site itself is full of useful tips and information – not to mention a route planner that from personal experience actually seems to take you on the most direct route!

**TIGER – Tailored Interactive Guidance on Employment Rights** ([www.tiger.gov.uk](http://www.tiger.gov.uk))

An excellent source of basic employment law advice on a wide range of subjects. Easy to use, comprehensive and written in clear, relatively unambiguous, language. A good place to start for basic help and advice and includes links to the more extensive DTI Employment Relations page.

## EMPLOYEE SPOTLIGHT

This issue's staff profile has given us a completely different perspective on a veteran of the Freedman Stuart tax department, Savvas Demetriou – read on to find out more...

Full name: Savvas Demetriou

Nicknames: Claims not to have one but anything with a Greek connection works. Let's be nice and settle on Adonis!

Date of birth: Finally a straight answer to this question – 9 November 1969.

Status: Married to Despina for 5 ½ years. Two children – Nicola aged 4 and Adam who is 9 months old.

Career history: After leaving university Savvas went to work in the family business – a café – before deciding to make better use of his degree. He joined Freedman Stuart in July 1995 and has been in the tax department ever since. Assures us that he has never looked back.

Interests: Just the one...football and more specifically an unhealthy obsession with Ars\*\*al (editor's bias licence exercised)

Greatest personal achievement: Couldn't choose between two. Scored a hat-trick at Wembley Stadium playing for Bounds Green Junior School in 1981. Won an amateur snooker tournament in 1984 at the age of 14 with a highest break of 73 – apparently played truant to enter this tournament!

Favourite holiday destination: Venice

Something you wouldn't know about me: In March 1993, after losing a bet, his forfeit was to enter a talent contest at Stringfellows as a stand up comic! Bravely went ahead and amazingly emerged as the winner!

Partners' report: Despite the apparently wild youth documented above, Savvas has emerged into a dependable and able team player – I think the Americans would call him their "go to guy".



*Savvas at work with loosened tie desperately trying to look hard working and stressed*