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CONGRATULATIONS

To **Lyndsay Cassidy**
(Abercorn) on the birth of
her son Anthony.

NEW STAFF ARRIVALS

In October, our Inverness office added another member of staff when Lisa Armitage joined us an ACCA trainee to help the office cope with an influx of new work. At the beginning of December Faye Mallen will join us as a dedicated tax assistant in Aberdeen, a position we have been unable to fill for some months.



RETIREMENT

Stuart Macdonald will relinquish his position as a director of The A9 Partnership (Highland) Ltd on 31st December 2008 after giving three years of valuable service to the company following our acquisition of the successful business he conducted with Jim Thomson for many years. For a considerable time Stuart has been visiting Thailand where his son works and carrying out work for his clients from there with the support of the Inverness staff and our computer systems. However, he has now decided to stay in Thailand on a more permanent basis and in recent weeks Paul Capewell has taken over Stuart's clients.

We thank Stuart for his valuable contribution and wish him well in his retirement.

Recession: *Opportunity or Threat?*

ActionCOACH
business coaching

A9 is delighted to announce a series of **BUSINESS WORKSHOPS** in conjunction with ActionCOACH, the world's No.1 Business Coaching Firm. These will be running during January and February 2009 with special arrangements and rates on offer to clients of A9 who secure their place at one of the workshops before **FRIDAY 19th DECEMBER, 2008**. The workshops will be led by Alan McColm, Managing director and Principle Business Coach for ActionCOACH in Edinburgh and West Lothian and will include contributions from Directors from A9. We guarantee that you will find this workshop an enjoyable and valuable investment of time.

To secure your place or get further information, contact:
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Where do we go from here



Many of our clients have certainly been asking this in recent weeks and many have contacted us for advice whether it be about the stability of their business or about their relationship with their bank. It has been very hard to give an answer in most cases because there have been so many uncertainties in the market place.

The total lack of confidence which has led to all the problems in the financial markets, could not have been foreseen as far as it's sudden intensity was concerned but in reality, there was always going to be a time when there would be a shake out caused by a combination of circumstances, all in many ways related to financial greed and it is perhaps not unreasonable to think of the collapse as divine retribution! Recent events will affect many of those who deserve all they get but unfortunately these events will also effect many of the hard working people who in no way deserve to be

caught up in this and who will suffer in some way either directly or indirectly.

The failure of the world financial system is not something that we could ever have contemplated or imagined and we are perhaps fortunate that world leaders have been able to react to all the potential problems in a united and what appears to be realistic manner. Understandably we will have to live with the pain for some time to come as we adjust to the realism of the new world and we will all have to help one another to get through this difficult period.

House prices have collapsed, pension funds have been decimated, bonuses and dividends have been cut, banks have become extremely cautious. We will all have to patiently build ourselves back up again. It has happened before in smaller doses but, hopefully we will learn from these recent events and ensure that this situation does not ever happen again in such a devastating manner.

BEATING THE CREDIT CRUNCH

Here a few suggestions:-

- if you think you require additional bank facilities give the bank plenty of warning as applications are taking longer.
- don't let problems build up! Seek assistance whether it be for advice or to make arrangements with creditors.
- keep the channels of communication open if you fall behind with your PAYE or VAT.
- do not take unnecessary risks.
- ensure good debtor control and do not give credit if you have any doubts.
- do not put all your eggs in the one basket.

We are always available to lend an ear to any of your problems! Sometimes we can even help with solving your problem!



See page 4 for more help

NEW P45

In October new A4 sized P45 forms became available for use by employers. Using these forms and not the old type will become mandatory from 6th April 2009.

LATE FILING

HMRC have decided that it is more efficient for people to make a claim for reasonable excuse at the time of filing rather than submit, wait for a penalty and then appeal. Taxpayers can submit a reasonable excuse claim on an additional page to accompany tax returns.

DEBT COLLECTION!

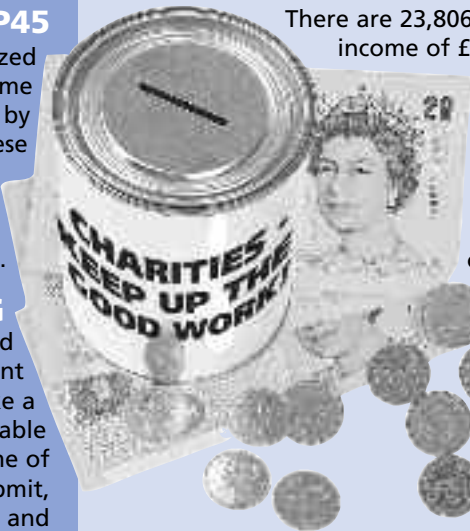
We always advise our clients on the importance of cash flow but the following comment on a client file when reviewing balances due for bad debt might seem a bit excessive
" Customer bumped into client on the street and parted him from his car keys until he got some cash, managing to retrieve £100"

TRUE AND FAIR

Company directors should be aware that for accounting periods commencing on or after 6th April 2008 they should not approve their company accounts unless they are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss so far as concerns the members of the company. This is a new provision in the Companies Act 2006.

ANOTHER 'SMALL' STEALTH TAX

It may seem a small matter but for firms like ourselves it is not! In the past, HMRC have issued reply paid envelopes but these have now been withdrawn due to the fact that there are now online options and HMRC have reviewed the process in the light of modern methods of transaction.



There are 23,806 charities in the Scottish Charity Register reporting a total annual income of £12.9 billion. Approximately 84% of these have annual income of less than £100,000. Indeed two thirds of the charities have annual income under £25,000. All charities require to have trustees who need to ensure that they comply with all the relevant legislation and produce accounts and returns to the satisfaction of the OSCR.

In recent years there has been a raft of new legislation and with this in mind, the head of monitoring and investigations for OSCR recently confirmed that a softly, softly approach had been adopted initially to ensure all charities were registered but this has now changed and OSCR are scrutinising accounts and annual returns for those charities with an income of over £25,000. In this respect, it is worth noting that OSCR has a check list of 41 items which could give rise to further enquiries into a charity's affairs.

It is therefore easy to fall short of all these regulatory requirements and the risk of getting it wrong means smaller charities are finding it hard to maintain a full board of trustees. Trustees have a statutory duty to act in the best interests of a charity and that means taking

appropriate professional advice when necessary.

With all this in mind we are offering a free charity health check. This would include a review of all matters relating to the charity and any issues arising will be reported to the trustees of the charity. We have two experts who are able to provide this health check. Paul Capewell in Inverness has been involved with a number of charities both large and small while Paul Hetherington in our Lerwick office has gained experience from the wide variety of charities to be found in Shetland. Alan Duncan in Aberdeen and the directors at Abercorn also have experience. If you would like to discuss matters further please contact the appropriate office.

STOCK APPROPRIATION

There is a new provision which states that any appropriation of stock out of trading stock should be brought into account at the price it would have realised had it been sold on the open market at the time of the transaction! Various questions can arise as a result of this pronouncement and perhaps the most important is how to calculate market value as for example in the case of a bottle of wine!

If you are likely to be involved in this type of situation the practical suggestions are:-

- separate purchase for personal and business consumption
- keep appropriate records of appropriations to support any relevant adjustment

As new legislation in the Finance Act 2008, the principles here are likely to be put to an early test!

COMPANIES ACT 2006

More provisions of the Companies Act 2006 came into operation on 1st October 2008. These include a minimum age of 16 for a director and provisions regarding the general duties of directors including one which bars them from accepting benefits from third parties!! There are also changes in accounting requirements for accounting periods commencing after 1st April 2008. Please note that there is no longer a requirement to hold an annual general meeting but there is now a requirement to send out accounts and reports to members no later than the earlier of the date that the accounts are sent to the Registrar or the deadline for delivery.

NATIONAL MINIMUM WAGE

A reminder that increases took place from 1st October 2008

Adult workers (22 and over)	now	£5.73 per hour
18-21 years olds	now	£4.77 "
16-17 year olds	now	£3.53 "

CHARITY CHANGES

The Charities Act 2006 and the Companies Act 2006 have resulted in a number of changes for charity accounts for financial years beginning after 1st April 2008.

The main changes are:-

- Applying charity law audit and independent examination arrangements to small charitable companies.
- The focusing of the trustees' annual report on the activities and achievements of the charity with an eye for ensuring that the charitable purposes are carried out for the public benefit.



HMRC – NEW POWERS

As mentioned briefly in a previous edition of The Account, the Finance Act 2008 introduced new legislation relevant to granting access to HMRC to enable them to inspect premises and obtain the documentation from taxpayers which might reasonably be required for the purpose of checking the taxpayer's position. HMRC now have power to inspect business premises and all business assets and documents. Normally seven days notice of an inspection will be given, but this will not always be the case. If clients find themselves in this position, they should contact us immediately to ensure that proper guidance is given prior to any visit.

A new penalty regime has also been introduced and this will come into effect for return period commencing on or after 1st April 2008, where the due date for filing is on or after 1st April 2009. A new range of penalties has been introduced and it is important that all clients take reasonable care when disclosure of their tax affairs is being made to HMRC. It is essential that clients keep proper records as, without these, it may not be possible to respond to any allegations made by HMRC as to the adequacy of these records. If you feel that you require advice in respect of your records, please contact us and we will arrange to review your recordkeeping.

NEW PENALTIES

After 1st February 2009 we are entering a new penalty regime with a revision of the filing penalties for late accounts. As well as this, company accounts will now have to be lodged within nine months instead of ten! The new penalties for private companies are:-

<i>Not more than one month</i>	£150
<i>More than one but not more than three</i>	£375
<i>More than three months and not more than six</i>	£750
<i>More than six months</i>	£1500

Please also note that if the company also filed late in the previous year, these penalties are doubled.

You have been warned!

GOING CONCERN BASIS?

When we finalise company accounts we are obliged to consider the use of the going concern basis as applicable to the accounts under review, and this is essential in cases where there are negative shareholders' funds, as in those instances it is necessary to justify the use of the going concern basis.

In the current economic climate this is going to become much more difficult especially where realistically there is a 'prospective' diminution in value of buildings or a land bank which in themselves could result in negative shareholders' funds.

'Value' really requires there to be a willing buyer and a willing seller and the current absence of this market place is undoubtedly going to impact on many sets of company accounts in coming months.



GET NOW... PAY LATER!

This probably sums up the events of Monday 24th November 2008 when Alistair Darling made his "pre budget" report! As with anyone who overspends there is always going to be a day of reckoning, and it must be our hope that he is good at sums and looking into a crystal ball! There is absolutely no doubt that major steps were required to put the wheels back on the track if we are going to reach the planned destination! The pre budget report did introduce some provisions to give some immediate assistance to businesses:-

- *VAT reduced from 1st December 2008 for thirteen months from 17½% to 15% in the hope that the reduction will be passed on to customers.*
- *Postponement of the planned increase in corporation tax for small companies from 21% to 22% now deferred until 1st April 2010.*
- *Delay in paying tax liabilities if the business is in difficulty through contacting a new Business Payment Support Service.*
- *New rules for loss relief for both companies and individuals amending the carry back provisions.*

On the downside, some duties have immediately been increased on fuel and drink and the real payback period commences in 2011 when:-

- *A new tax rate of 45% will be introduced on income in excess of £145,000 and additional tax will be taken on dividend income.*
- *National insurance will increase by 0.5% for both employees and employers.*

Recovery is not going to be quick and the payback period may be fairly long.

IR35

There has recently been a major case regarding the implementation of IR35 when the High Court decided that the personal service company rules should be applied to an IT consultant. The loss of this case was a huge defeat for the Professional Contractors Group who had supported the consultant in this case.

The main conclusion of this case was that if the end client requires personal service for specific work that is the end of the matter and the IR35 rules apply.

HOME WORKERS

Work at home is becoming a more regular occurrence both for the employed and the self employed and HMRC have issued new guidance to help self employed people who work from home to claim business expenses. Certain conditions must be met to enable such a claim to be made and these include visible evidence such as having an area set aside with a desk, chair, fixed workstation etc., rather than a laptop on the kitchen table!

If you think that you have a reasonable claim in respect of home working, please let us know and we will let you know what information you require to keep.

NEW OFFSHORE TAX TRAVEL

HMRC will launch a second campaign next year to get tax off money hidden in offshore bank accounts. The first campaign last year raised £450 million from 45000 people and some will be prosecuted. This second campaign will give a further opportunity to voluntarily declare!