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NEW OFFICE

On 1st May 2009 or shortly thereafter, our Inverness office will be on the move to Elm House at Cradlehall, Inverness. Due to the continued growth of the business, the premises at 34 Cherry Park have become too small and it will be nice to operate from premises with all the facilities we require. Local clients will be circulated with all the appropriate information as soon as arrangements are finalised.



PROMOTIONS

Following the retirement of Stuart Macdonald as an Inverness director at 31st December 2008, **Paul Capewell** has been promoted to Associate and is currently looking after Stuart's clients. In recent weeks Paul has been instrumental in promoting The A9 Partnership (Highland) Limited on videos for Highland Enterprise and on BBC Newsnight. Similarly **Sarah Sloan**, who has a law degree and an accountancy qualification, was appointed an Associate in advance of the retirement of Roy Alexander as a director of the main company on 31st March 2009. Both these appointments are well merited and reflect our ambition to build up an effective team for the development of The A9 brand.

CONGRATULATIONS

- to **Brenda Kerr** (Abercorn) and **Mary Stewart, Susan Johnston and Kelly Nicolson** (all Lerwick) who made further progress towards obtaining an ACCA qualification.
- to **Norma Nicholson** (Lerwick) and **Alisa Gray** (Abercorn) who progressed respectively with their CAT and ATT exams.

MICHELIN STAR

We are delighted that our clients Lesley Crosfield and Colin Craig have achieved their goal and been awarded a Michelin Star for The Albannach in Lochinver. They have strived towards this goal for many years and the award is well merited. Roy Alexander has looked after Lesley and Craig since they started in business as a normal B&B some 20 years ago and has watched the development of the business from this to a small upmarket classy establishment. For obvious reasons no staff member has ever been allowed near Lochinver over that period and will probably not be allowed to go there in the foreseeable future, in spite of Roy's retirement!



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BANKS AND CONFIDENCE



Some six months after the 'crash', there is still much financial suffering and in spite of what the government has put and is putting in place, some of the proposals are taking an inordinate amount of time to become a reality and, as a result, more and more businesses have been struggling to survive because they have been denied the bank support that in normal times they would have received. Also in the current situation where there will undoubtedly be job cuts, everyone is trying to protect their own job and not be seen to be taking even the most minor risk! You can understand this, but it can be quite frustrating.

The messages emanating from banks are certainly mixed and while some clients have managed to renegotiate their facilities without too much pain, others have found the experience painful and in several cases, without a real opportunity to move to another bank due to facility requirements, have found themselves with new interest rates and substantially hiked arrangement fees. Even existing arrangements on term loans have not been honoured in some cases. It is all very well to say that base rate has been

reduced but banks could in many cases be accused of using arrangement fees as a means of ensuring that the customer in fact derived no benefit.

The proposals for a new Guarantee Scheme first mooted last autumn have taken an inordinate amount of time to appear and it now appears that the government guarantee will only be forthcoming after all other means of recovery have failed including the utilisation of directors' guarantees.

Perhaps it is good for discipline that banks are now substantially owned by the government and some control will be exercised on the criminally high packages which have been paid in the past. How do you spend a pension of £703,000? How does it feel from a moral point of view to receive this money when there is so much poverty in the world? On this earth we are certainly not all equal but hopefully in the eyes of God we are!



Roy Alexander Retires

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TAX RETURNS

5.8 million tax returns were filed online this year. This is an increase of 2 million on the previous year. 390,000 returns were filed on 30th January, the busiest day.

VAT RETURNS

Paper VAT returns are to be phased out from 1st April 2010 and from that date all businesses with a VAT exclusive turnover of £100,000 or more and all newly registered businesses will be obliged to submit their returns online and make payments electronically. All other businesses will be exempt from this until at least 2012.

BUDGET

The budget this year will not be held until 22nd April 2009. Normally we are able to comment on any budget issues at this time! However, the pre budget announcements in November 2008 fine tuned all the various allowances and in view of the date of the budget, it is most unlikely that any major changes to legislation will be effective in the tax year to 5th April 2010.

NEW RULES FOR COMPLIANCE

There is a new regime from 1st April 2009 changing the way that HMRC conduct enquiries, visits and inspections and employers and practitioners need to be aware of the new approach. Across the board there will be changes to the HMRC compliance checks on most taxes including income tax, capital gains tax, VAT, PAYE, the construction industry scheme and corporation tax.

There will now be a new four year time limit for assessments and claims, a reduction from six years for basic taxes and an increase from three years for VAT. There is now also a statutory requirement for HMRC to give seven days notice of a visit unless there are unusual circumstances.

Roy Alexander retires



On 31st March 2009 Roy Alexander retired as a director of The A9 Partnership Limited and has ceased to be involved in the daily activities of the company. He is however not retiring totally and for the next two years he will continue to be a director of and financially manage the Aberdeen and Highland companies and will visit Abercorn weekly to mentor Sarah Sloan and Ian Kelly who will be co-ordinating most of the work for his clients in conjunction with Frances McCallum and the rest of the Abercorn staff. His future support to Paul Capewell in the Inverness office will be crucial in the expansion of The A9 in the Highlands over the next two years.

Roy joined the business in 1974 and was the sixth person in the door! He still looks after some of the clients he acquired in 1968 at the instigation of the local manager of the Royal Bank of Scotland in Corstorphine. While Roy still enjoys working for The A9, he realises that age is catching up on him and he would like a bit more flexibility in his life. Since 1984 Roy has owned a house in Newtonmore and he is looking forward to spending more time in that community where he is already treasurer of the church and a local trust, and secretary and treasurer of Newtonmore Golf Club. His wife Lorna is in care in Inverness as a consequence of dementia so he hopes to be able to visit a bit more often.



The first edition of The Account was produced in May 1989 and all 66 editions have been compiled by Roy Alexander who is now retiring from this role! There have been over 200,000 words in all these editions and a lot of history! Copies of every edition have been retained and it is particularly interesting to look back at some of the photographs and see that we are not now all as young as we once were!

The Account started up because we were concerned that the newsletters produced by The Institute of Chartered Accountants, which we could purchase and issue, were not relevant to our clients. It was our aim to produce technical items which were topical and appropriate to our business clients, and informative and newsy items which would hopefully be of interest to all clients! We did intend to publish The Account on a more regular basis but it was not uncommon for there to be times when there was not much to write about.

The first edition had a picture of our 27 Linlithgow staff. Three directors and four staff remain and oddly enough the four staff who remain are all standing together in the picture. The topics that have appeared over the years have varied at times but there is a predominance of items on auditing and tax matters. Tax investigations were a popular topic initially but times have changed and HM Revenue & Customs appear to show far less interest in these.

In the February 1991 edition, there was an article entitled "How will you fare in 1991?" It read "We are only a few weeks into 1991 and are already faced with a considerable number of depressing circumstances

- War in the Middle East
- High interest rates
- Recession
- Prospects of increased taxation
- An increase in the number of bankruptcies

Fortunately in Scotland we are not feeling the effects of recession as badly as the South East of England and if we keep our heads down and act sensibly, most of us will still be in business at the end of the year!"

So is 2009 a repeat of 1991? We do live in similar times in many ways but this time we have low interest rates causing problems for the retired rather than high interest rates causing problems for businesses and mortgage holders. What will we be writing in another 20 years?

The next edition of The Account will have a new editor and Alistair Armstrong has volunteered to take on this task. Jim Barker will continue to design the layout so hopefully, with an unchanged format, the change over will be seamless!



SEEING THE WOOD FROM THE TREES

During February in the midst of all the financial turmoil, Lord Turner of the FSA was interviewed by Andrew Marr and it was very revealing. Lord Turner confessed that the FSA had been putting too much emphasis on documentation and regulation and had not given any real consideration to the bigger picture, and accordingly had fallen short when considering what was actually going on in the financial world.

How many of us are caught up in similar situations? Certainly in the accountancy profession we can claim to be in the same position as far as the audit of SMEs is concerned, where we are obliged to produce documentation to meet all the regulation and nobody appears to be really concerned as to

whether the financial accounts are in fact correct. In The A9 we have engaged the services of Alan Brand, who until recently worked for Audit Monitoring at The Institute of Chartered Accountants of Scotland, just to help us meet the required standard on all documentation and regulation. The sad fact is, however, that clients see absolutely no benefit for this and we have to bear this cost if we wish to continue to do audit work.

It was therefore refreshing to read an article recently confirming that The Global Accounting Alliance (a group formed by the world's leading professional accountancy bodies) was suggesting that there is growing support for principles – based standards in financial reporting which would allow professional judgement and a focus on the true economic substance of transactions rather than on a detailed rule book. Perhaps we will eventually return to common sense at our end of the audit market.

COMINGS AND GOINGS

While we continue to gain new business, it is equally true that we have been losing business due to the current economic downturn in the UK. Different parts of Scotland have been affected in varying degrees and while Aberdeen has seen little effect, at the other end of the scale Edinburgh, Dunblane and Abercorn have seen a reduction in demand, not for accounts production and taxation services, but more in respect of day to day requests for advice on numerous topics. Unfortunately some clients have ceased to trade either temporarily or permanently while some for good economic reasons have taken work back in house. In Lerwick a slightly different problem presented itself and here improvements in computer systems, more e-mail traffic and the ability of all staff to type, removed the need for an admin function.

BUSINESS PAYMENT SUPPORT SERVICE

In November, the Chancellor announced that a special Business Payment Support Service was to be set up to assist viable businesses to spread tax payments that are becoming due to HMRC. A business support line was set up and we are pleased to say that clients who have used this have welcomed the support they have been given.

Over 20,000 businesses contacted HMRC's Business Payment Support Service in the first six weeks after this new service was announced. The BPSS can be contacted on **0845 302 1435** or on the HMRC website.

AGENTS STATEMENTS OF ACCOUNT

HMRC has stopped issuing, at least temporarily, the usual agents' statements of account. All clients must therefore react to any statements they receive as we will not necessarily be in a position to issue reminders. Fortunately there were no major hiccups in January in spite of their withdrawal.

VALUATION OF GOODWILL

HMRC has been holding discussions on the valuation of goodwill in businesses where there are typically substantial property assets to which the goodwill might arguably be linked. It appears that HMRC are keen to attribute all the value to the property and are reluctant to recognise goodwill as a separate asset.