

Hart Shaw

Europa Link, Sheffield Business Park

Sheffield, S9 1XU

Telephone: 0114 251 8850

Facsimile: 0114 251 8851

info@hartshaw.co.uk

HART SHAW

Chartered Accountants & Business Advisers

www.hartshaw.co.uk
www.hartshaw-bri.co.uk

The Adviser

Welcome!

Welcome to the Winter 2011 edition of The Adviser, Hart Shaw's periodic client newsletter.

In this issue we talk about the new online filing laws which now affect all businesses, how to successfully manage your business in the current economic climate, what to consider if marketing your business for sale, tax penalties and a review of a recent seminar which focussed on the issues surrounding acquiring funding for business growth.

In lighter news we would also like to introduce you to our Sheffield based charity, the Sheffield Royal Society for the Blind, our sponsorship of Westbourne School's Maths Award and our involvement in this year's Derwent-Wye Fine Art sculpture exhibition.

We hope you find our latest articles of interest and we welcome your feedback on any aspect of The Adviser, or any suggestions for future editions.

If you would like to get in touch please contact us on T: 0114 251 8872 or email: adviser@hartshaw.co.uk.

Winter 2011

Online filing of PAYE forms now compulsory for all employers

With the tax year well underway, now might be the time to consider whether outsourcing your payroll is more cost effective for your business, particularly in light of the recent HMRC legislation changes which means all PAYE forms must now be filed on-line.

All businesses with less than 50 employees must now file in-year PAYE forms online or they could face complex penalties.

The penalty will range from £100 up to a maximum of £3,000, depending on the number of forms that should have been filed online.

The in-year PAYE forms involved in this new online filing requirement are:

- Form P45 (1) When an employee leaves your business
- Form P45 (3) When a new employee starts
- Form P46 When an employee starts, but has no P45 from their previous employer
- Form 46 (Pen) Notification of a new pension or annuity starting
- Form P46 (Expat) For employees seconded to work in the UK

For the 2011-12 tax year, penalties will be imposed if an employer fails to file more than 3 forms in a tax quarter, with this increasing to each single occasion this occurs in each quarter from April 2013.

Hart Shaw's fully compliant payroll service is available to any business, large or small, across any market sector and takes away the time, cost and effort of having to do this in house.

Our service includes all online submissions to HMRC so if you are reviewing your current supplier, or looking to outsource for the first time, our hassle free and cost effective payroll services may be for you.

For a free quotation please visit www.hartshaw.co.uk/payroll.htm and fill in our new online form, or contact our Payroll Supervisor, Christine Maguire on T: 0114 251 8850 or email: christine.maguire@hartshaw.co.uk.



Managing your business in difficult times

In recent weeks there has been a lot of discussion in the media about the increasingly bleak prospects for the economy, the lack of growth and fears that the Government's austerity plans are not working. The Eurozone crisis continues, indirectly affecting the UK through the banking system and general lack of confidence. One consequence of this has been the Bank of England's recent announcement of a second phase of quantitative easing, with £75bn to be created and released into the economy over the next few months.

The latest insolvency statistics show that during the third quarter of 2011 there was an increase in corporate insolvencies of 9% compared with the same three months of 2010. During this period 3,600 companies became insolvent with construction, retail, hospitality & leisure and property being the sectors that suffered the most.

With spending cuts beginning to take effect and consumer confidence falling as families seek to tighten their already firm belts, there is the real prospect that the economy faces a tougher time ahead than it did three years ago when the credit crunch started.

So what can businesses do to manage themselves through these difficult times?

To survive periods of economic stress, good management is essential and managers must plan for the future and keep on top of how their business is performing. They should ensure that they have up to date financial and management information and ideally

should produce monthly management accounts and produce & review cash flow forecasts on an ongoing basis.

As the saying goes, 'cash is king'. Businesses should ensure that they invoice promptly and regularly and should not be afraid to chase customers for payment once agreed terms have been exceeded.

Know your customer, establish credit limits and adhere to them. There can often be a conflict between the interests of the sales team and the interests of the credit control team when dealing with customers. However, it should be remembered that there is little profit to be made from a customer who doesn't pay.

Review your supply chain to ensure that you are getting the best prices and payment terms available and review your own terms and conditions to ensure that you secure yourself in case your customers fail to pay you. For example, what is the quality of your retention of title clause?

Finally take professional advice where appropriate and be proactive in managing your business.

Christopher Brown
Business Recovery & Insolvency Partner
T: 0800 068 6857
Email: chris.brown@hartshaw.co.uk

Selecting the right advisers increases business value

Whilst acquisition and disposal activity is a long way short of that seen during the boom years, our feeling is that there is some stability returning to the market within South Yorkshire and the wider region. The recent decision by the Bank of England MPC to hold interest rates at the historically low rate of 0.5% is likely to provide an added level of comfort to business owners.

The Government's focus on lending to SME businesses through Project Merlin continues. However, it is our feeling that the Banks are still highly cautious in their approach to lending.

Against this backdrop of fragile confidence we are acting for a number of companies who are looking to grow their businesses through acquisition. These clients range from niche engineering businesses that recognise the need to diversify, to entrepreneurial businesses simply looking to target quality companies at reasonable prices.

We are now seeing more harmony between a realistic vendor expectation and acquirers willing to pay more than a rock bottom price. This understanding is helping to drive the M&A market forward meaning transactions are more likely to get completed.



The increase in activity within the M&A market is not only acquirers picking up distressed businesses at bargain prices. There are a number of businesses in the enviable position of delivering strong profits and cash flow and consequently are very attractive to potential acquirers resulting in the vendor being able to command maximum value.

It is important to consider that a high proportion of companies looking both to buy and to sell may not be actively marketing this fact. It is therefore important for vendors looking to maximise their value to select the right advisers. A significant amount of time

and resource needs to be invested when finding a buyer. The right advisers will have the experience and research tools at their disposal to enable them to identify the strategic acquirers and understand their motivations for an acquisition. This means that the business for sale can be presented in the most appropriate manner, getting the acquirers interested and willing to pay a price that reflects the full value of the business.

If you would like to discuss your business' M&A strategy please feel free to contact Hart Shaw for a free, no obligation meeting.

Steve Bell - Head of Corporate Finance
T: 0114 251 8867
Email: steve.bell@hartshaw.co.uk

Tax penalties - beware!

The penalty and late payment surcharge rules for 2011/12 self-assessment have changed – and it's not good news.

There continues to be a £100 penalty for a paper return filed after 31 October 2011 or an online return submitted after 31 January 2012.

If the return is more than three months late there is an additional daily penalty of £10, up to a maximum of £900 (£1,000 in total). More than six months late and tax-gear penalties kick-in: the greater of £300 or 5% of the tax due. If more than one year late, the tax geared penalty can be up to 100% of the tax due; effectively doubling your tax bill.

There are now also penalties for late payment of tax, of 5% of the amount due where tax is paid more than 30 days after its due date. A second 5% becomes due where tax is still unpaid after a further 5 months, and a third after another 6 months (i.e. now 12 months late in total).

The late filing penalty is no longer capped at the amount of tax unpaid at the filing date as the two regimes run independently.

Clients who were previously "relaxed" about filing deadlines safe in the knowledge that because they had no tax to pay on 31 January, they would suffer no penalty, now need to take notice. From now on, late filing penalties will be due even in cases where there is no tax to pay in January or July.

Steve Vickers, Tax Partner

T: 0114 251 8850, Email: steve.vickers@hartshaw.co.uk

New charity for Hart Shaw

Hart Shaw is delighted to announce that we have adopted the Sheffield Royal Society for the Blind (SRSB) as our Sheffield based charity.



SRSB provides opportunity, support, friendship and services to blind and partially sighted people in Sheffield, helping them to achieve whatever they wish to do and whatever they aspire to be.

They support over 3,000 visually impaired people in the city, with a team of community advice officers and a broad range of activities and services, some of which are available in the community and others at their Centre. In excess of 300 people access the services within the centre each week and their residential home cares for up to 30 people.

SRSB is a totally independent local charity which relies on public support and fundraising donations from individuals, groups and companies.

Jane Furness, a Fundraiser at SRSB adds, "We were thrilled to hear that Hart Shaw has chosen to work with SRSB. Their support will make a huge difference to our charity and help us to go on providing and developing our vital services for blind and partially sighted people in Sheffield. We are really looking forward to working with their organisation."

For more information about SRSB or to view their fundraising events please visit: www.srsb.org.uk.

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Payroll

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Call NOW for a free
quotation



www.hartshaw.co.uk

Continuous support for the arts

Hart Shaw has once again sponsored Derwent-Wye Fine Art's latest sculpture exhibition.

This follows successful collaborations in 2008 and 2010, with this year's 'Sculpture Exhibition II' running through September and October 2011 at various sites in Rowsley, Baslow and Beeley in Derbyshire.

On display were numerous display sized, hand crafted features from a range of both local and international sculptors, ideal for the home or garden.



Against the tide, bronze sculpture by Laurence Edwards

For further information about any of the sculptures on display at this Hart Shaw sponsored event please visit www.derwent-wyefineart.co.uk.

It's all about the money!

In October 2011, Hart Shaw took part in what was one of our biggest events to date, playing a prominent role in the 'It's all about the money' seminar, held at Irwin Mitchell's Sheffield offices.



The raising finance presenters, from left to right: Catherine Kennedy from YABA, Chris Perkins from Lloyds Bank, Steve Bell from Hart Shaw, Paul Varley from Lloyds Bank, James Bullock from Irwin Mitchell, Ash Chopra and Ian Howson from Finance Yorkshire and Andy Collier from the FD Centre

The seminar covered all aspects of raising finance for businesses and included a range of speakers in addition to Hart Shaw, including Irwin Mitchell, Lloyds Bank, Finance Yorkshire, YABA and the FD Centre, all of which brought a different aspect of funding to the room.

With business owners' growing concerns that access to available finance is increasingly difficult at present, the seminar's focus was to reduce these fears and reinforce the message that funders are 'open for business'.

There are many good companies looking to grow who need some injection of capital in order to give them the boost that they need to take the next step, and the seminar provided information across the range of funding, from investment angels right through to corporate bank funding.

The Corporate Finance department at Hart Shaw has in-depth knowledge of the funding market and we can provide support to those businesses looking to raise money to assist with business development.

With access to a range of funding options, we are able to advise on bank overdrafts, loans, invoice discounting, asset finance, trade finance, venture capital and private investors. Our team is exposed to a broad range of both equity and debt providers.

Our key role is to ensure you have the most appropriate mix of funding for your current and future needs, from the most relevant funders.

Should you wish to speak to our team in more detail about your future plans and the most appropriate form of funding for your business please contact the Corporate Finance department.

Steve Bell
Head of Corporate Finance
T: 0114 251 8867
Email: steve.bell@hartshaw.co.uk

The Hart Shaw Cup for Mathematics

Success at Westbourne School prize giving ceremony as students win the 'Hart Shaw Cup for Mathematics'

Hart Shaw proudly sponsored an award at Westbourne School's end of year prize giving ceremony in the summer of 2011.

The Hart Shaw Cup for Mathematics was awarded to James Brotherston and Thomas O'Connor, two students who have achieved a high level of excellence throughout the current academic year.



From left to right John Hicks, Headmaster at Westbourne School, Thomas O'Connor, James Brotherston and Christopher Brown, Partner at Hart Shaw.

Christopher Brown, Partner at Hart Shaw comments: "We are delighted to sponsor the 'Hart Shaw Cup for Mathematics' which demonstrates the ongoing relationship and support we have for Westbourne School.

"As a firm of Chartered Accountants we are very pleased to sponsor the Maths award as excelling in this subject can lead to a very successful and fulfilling career in Accountancy.

"Like Westbourne, we have a very long and successful history in the local area of which we are very proud. This opportunity to engage and establish links with young people in the community helps demonstrate the relevance of education to future career choices.

"Congratulations go to the students who have won the first Hart Shaw Cup and we hope this is the start of a lasting relationship."

John Hicks, Headmaster of Westbourne School adds: "We are delighted with our association with Hart Shaw and their support in sponsoring this Maths prize.

"Thomas and James are in our Scholarship Class and have worked incredibly hard to attain their own potential. This particular class has been stretched in their learning and tackled 3 dimensional trigonometry in Year 9 and then in Year 10 went on to enjoy learning about standard deviation, which is A level material.

"Several of our pupils have enjoyed success in national maths challenges and after the early completion of their Maths GCSE exams, went on to study pure maths with statistics. In particular, Thomas and James are outstanding mathematicians and we look forward to some excellent GCSE grades."