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The Newsletter of Lubbock Fine Winter 2005



Tax changes that may affect you or your business

Gift aid

Following consultation with charities, HMRC will remove the requirement on charities to write to each individual donor to confirm that Gift Aid can be claimed following their telephone donation thus reducing the administration costs for many charities, especially those organising major telephone appeals. The new regulations came into force on 1 November 2005 and remove the requirement to write to the donor where the charity has maintained satisfactory records linking the donor to the making of a declaration.

Research & Development tax relief for small and medium sized companies (SME's)

Research & development (R&D) tax relief can help fund the technological advances needed to keep companies competitive by reducing tax bills or providing a cash injection. More than 4,500 SME's are claiming over £250m each year in R&D tax relief and a guide has recently been issued to help companies decide if they qualify and if so, what they need to do next.

To qualify, the company must be doing work that falls within a special definition of R&D. Broadly speaking, the areas are developing scientific or technological knowledge that isn't commonly available (e.g. creating or appreciably improving a product, process or service).

Simply buying new technology and using it isn't R&D but adapting or developing it for individual purposes might be if it involves scientific or technological advances.

If you think that your business may be entitled to R&D tax relief, please speak to your contact partner.

The ins and outs of civil partnerships

The Civil Partnership Act 2004 (CPA) is intended to come into force on 5 December 2005. Same sex couples will be able to register their relationships as a civil partnership and thereby gain legal recognition.

The Employment Equality (Sexual Orientation) Regulations 2003 already explicitly outlaw differential treatment of employees on grounds of their sexual orientation whether bisexual, gay or heterosexual. However, discrimination on the grounds of marital status is currently permitted. For example, it is permitted to provide only married partners with access to employment benefits, such as health care, provided that all non-married partners are excluded. The CPA will amend the Sex Discrimination Act 1975 so that same sex couples who are civil partners will have the same protections currently afforded to married couples. An individual with a same sex civil partner, if treated less favourably than a married partner, will be able to claim sexual orientation discrimination. This naturally has an impact on same sex couples' inheritance tax position as Civil Partners will be entitled to the same exemptions on the death of the first partner as married couples currently have. This will also apply to gifts made between partners in the same way as inter-spouse gifts are made.

The CPA will apply to state pensions, occupational pension schemes that are contracted out of the state second scheme and public sector pensions. Future benefits such as 'survivor benefits', will be available to a civil partner on the same terms as to a spouse.

Civil partnership will NOT however be available to heterosexual couples. A civil partnership can be

entered into by couples of the same sex who are not already lawfully married or in a civil partnership and who are over the age of 16.

The CPA is likely to result in an increase in discrimination claims. Employers will need to adopt policies so that benefits available to a spouse are also made available to a civil partner. These include use of a company car, private health insurance and staff discounts.

National minimum wage

The national minimum wage rose from 1 October 2005. The adult rate increased from £4.85 to £5.05 per hour whilst the youth rate, paid to 18-21 year olds rises from £4.10 per hour to £4.25.

The rate for 16 and 17 year old workers, introduced last year, will remain at £3.00 an hour.

Pensions tax simplification

As 'A-day' and the new pensions regime draws closer (6 April 2005), the Pensions Regulator has issued a five-point plan to help employers and trustees meet the challenges ahead. It is:

- Understand the changes pensions tax simplification is bringing;
- decide how the changes impact upon existing pension arrangements;
- agree what changes are going to be made
- implement the changes; and
- communicate the changes to employees and scheme members.

For any assistance in preparations for 'A-day', please speak to your Lubbock Fine contact partner. ●

Abracadabra it's tax deductible

A Dutch witch who took the tax authorities to court over their refusal to declare spell-making lessons tax deductible has won her case. Tax officials have now agreed that the £1,500 year-long course is tax deductible because the anonymous woman used the training to extend her professional knowledge so she could run workshops.

Had she been a UK taxpayer wanting to obtain tax relief, she would have had to satisfy the Revenue that the course was only to update her existing (spell making) skills as opposed to acquiring new ones! ●



Fine Lines talks to Lubbock Fine client Addison Cresswell



Addison Cresswell is a busy man which may explain why the time and venue for our meeting was changed at least twice. When we finally met in London's West End over a coffee, I was keen to show that I'd done some research.

"I 'googled' you" I said, "but all I could find were references to your charity work."

"I don't want to talk about that," said Addison quickly. "It's just something I do mainly for Aids charities - not something I want to sound egotistical about" he added as an afterthought. Clearly, we were off to a flying start!

For a person whose name is synonymous with comedy and television, Mr Cresswell is surprisingly publicity shy. He's probably the most famous person that you've never heard of in the world of comedy and entertainment as he stopped giving interviews years ago. Much more comfortable in a support role for his long and illustrious list of clients he continued "I don't like talking to the press. They always misquote you and try to get an angle. Whilst I have to talk to them all the time about my people, I'm a very private person".



Jeff Gitter.

"We act for two of Addison's companies" said Lubbock Fine partner, Jeff Gitter. "Off the Kerb Productions owned by him and his partner Joe Norris and Open Mike Productions Limited which he owns

in partnership with Jack Dee. Together, these companies are a driving force in the world of comedy and television. I've acted for Addison for around twenty years during which time I've seen a mighty oak grow from a little acorn and in the process developed an acute understanding of his distinctive way of working. That's what enables me to really tailor the firm's service to meet his needs even to the extent of providing all manner of help over the years - from employment advice to the preparation of his annual accounts; from strategic planning to taxation and business advice and compliance."

Originally a Londoner, Addison moved to Brighton at the age of four. He miss-spent his youth there, approaching his education from a characteristically unconventional perspective. Leaving school early with few qualifications didn't faze him. He applied to what was then Brighton Polytechnic to do a graphic design degree and after only a little persuasion, they recognised his creativity and he duly spent three years at art college.

With a degree in graphic design and illustration under his belt he spent some time running clubs in the Brighton area followed by a six month stint in the US doing "nothing in particular", before moving to London in 1981. He hooked up with a mate from college, Roy Hutchins, to discover the delights of a well known club, The Comedy Store; famous for showcasing new and alternative comedy talent such as Ben Elton and Rick Mayall. It wasn't long before Addison realised that there was no-one around to really look after the interests of these performers. Having approached a number of them, he formed an idea for a comedy show to tour the University circuit and created *The Off the Kerb Road Show* which he ran from a table in his tiny Peckham kitchen for the next three years.

It was in 1985 that he involved himself with the Labour Party and working with Joe Norris, put together *The Red Wedge Comedy Tour* starring like minded talent such as Robbie Coltrane, Lenny Henry and Harry Enfield. As his first real break, *Red Wedge* gave him the credentials and credibility required to truly establish himself in the world of comedy.

"I've now been in this business for over 23 years" he said "and I've managed some of my people almost since I began. Lee Evans and Jo Brand have been around for fifteen years, Jonathan Ross - a relative newcomer, for eight. I've worked with my partner Joe Norris since 1985 when he joined what was then the fledgling *Off the Kerb Productions* company. My general manager and personal assistant Danny has been with me man and boy

and I've known most of my staff for more than a decade. I put a lot of store by loyalty," he added "which is one of the reasons that I'd never move from Lubbock Fine. Jeff and I know each other really well, and believe me, I can confirm that he needs therapy for his Bob Dylan obsession! In spite of that quirk, our personal relationship means that I trust him and he knows how I work - I'm not a 9 to 5 guy but whenever there's any sort of crisis, he's always there, Mr. Cool, lending an air of calm to whatever's happening. Truthfully, I'd have to admit that accounts and tax aren't really my favourite pastimes so it's good to be dealing with someone I can at least relate to! Also, his heart's in the right place and that's important to me."

"I've never really planned too far ahead" he said. "My business has grown organically and it was partly thanks to Lubbock Fine that the companies were structured to handle the growth. Managing people came first; television production was a natural progression. In fact, after taking advice from Jeff, I set up my first production company *Wonderdog Productions Limited*, which I established with Julian Clary and Paul Merton in 1988. This was one of the first independent television production companies in the country. My rationale for setting it up was because I was fed up with looking after my artists only to have them get really upset by the amateur way they were dealt with by the TV companies."

Addison went on to explain that it was sometime in the early 1990's he had his seminal moment, allowing himself to believe that he was going to make it to the big time. His first hit TV show, *Sticky Moments* with Julian Clary on Channel 4 led to *The Jack Dee Show*, also on 4 and from there, things really started to take off.

In addition to managing artists and making television programmes such as *Friday Night with Jonathan Ross* and *Jack Dee Live at the Apollo* for the BBC, Off the Kerb Productions runs tours including Jack Dee's, on the road this year for over 100 dates, and a massive arena tour starring Lee Evans. *The Lee Evans XL Tour 2005* takes in over 30 dates and will be seen by a staggering 250,000 people but don't worry if you're not one of them, you can now buy it on DVD. "Lee's doing great" Addison said. "He was nominated for an Olivier award for *The Producers*

and highly critically acclaimed for his role in *The End Game* with Michael Gambon but, after a whole year of somewhat stifling 'luvvydom', he's getting back to his roots! This is the biggest tour we've ever done, 30 people on the road and four articulated trucks. In fact, it's the second biggest tour in the UK this year, after Kylie Minogue. Real Robbie Williams stuff, really exciting."

Addison explained that whilst he travels to see at least one show in each venue, he regrettably can't personally attend every performance as his role as executive producer on *Friday Night with Jonathan Ross*, recorded and edited on a Thursday evening, prevents him from so doing. He's in the studio for every one of those shows.

"Do you ever get time for a social life?" I asked. "My whole life's one big social" he laughed. "I get to do what I love with people I like, I meet the most interesting and famous people all the time, I have a great time in this business" he finished.

With that, our meeting drew to a close. "Thanks very much for your time" I said, "I know you're busy." "No, I enjoyed it, it was relaxing, different" he answered over his shoulder, racing off, speeding onward and upward to make who knows what happen next. ●



Planning for business success

In this article, we highlight the importance of strategic planning to ensure business growth and success.

Lubbock Fine works with the owners and managers of a whole array of small and medium sized businesses helping to drive their businesses forward. This often takes the form of regular strategic planning meetings that can be kicked off by an initial strategic planning session, involving decision makers, team leaders and other key staff.

From our experience, there are a number of typical frustrations that many business owners' experience. These can range from the personal, "I want to be spending more time with my family and friends" and "why is every weekend and evening spent fulfilling business commitments"; to the practical: "I need to change aspects of my business but I never seem able to stick to my plans", "why isn't my business growing fast enough?" and "I'd like to propel my business to the next level but how should I best go about it?"

Does any of this sound familiar? Creating a strategic plan-of-action can ease the way forward and ultimately help in creating a business culture that provides a particular lifestyle of choice. However, even the best plans are useless without the right implementation. If you can't genuinely follow through, why bother with strategic planning in the first place?

That's not to say we advocate long-term, inflexible business plans. In today's fast moving environment, a business often needs to be reactive as well as proactive in the face of market changes - but plans are still vital. A focus, a critical path - however short or long-term it may be, helps to keep businesses on the right track. It can monitor progress and importantly, provide a measure of success (or otherwise). Plans can be flexible, fixed or even modified on a monthly basis - whatever works in your particular case. In any event, in all circumstances, you need a strategic direction.

Working on your business rather than in your business

So how best to start creating the optimum plan for your business? First, it helps to take a step back and consider things from a holistic perspective. It's all too easy to neglect certain key points. For example:

- What objectives do you have for your business?
- What are your financial, personal and strategic goals?
- Does everyone in your business know who is responsible for what? Are roles clearly defined and do they fit in with the business's goals?
- How does your business function - what key processes are in place - should they be reviewed and/or changed?
- Are the right people doing the right things? If so, are they happy - do your business processes work for them?

Everything is possible

As a starting point, we can help you to run a diagnostic check on your business. Together we can look at each of the critical functions, assess how they work and establish if there are any obvious gaps. It's important to get your staff involved. Running team research to assess how the business is working for them can be highly beneficial to staff. It's incredible how much information can be gained by actually talking to your management and staff. What they say often corresponds with what the market is saying and who knows, they may even be right!

Celebrity chef, Gordon Ramsay, has recently been quoted as saying that he insists on people airing grievances before they can fester - at a recent management meeting he gave each of his staff two minutes to answer the question: "What pisses you off every day?" This, he claims, ironed out so many problems that he repeated the process with his waiters and sommeliers. "They'd never been asked that before and it acted like group therapy" he added.

Set times for your managers, team leaders and key staff to get together and brainstorm to solve any issues identified - involve them in planning for the business future. It's important to share your earlier thoughts and investigations in the relevant areas of the business to help guide the team.

"What holds everything together is a shared vision." Richard Scase, leading UK 'business guru'

All of this takes some doing and you will need support from several sources. Many people find the whole strategic planning and implementation process difficult. Involving an outsider to lend active support can help to clear minds. Often professional advisors are best placed to help with this and can provide the necessary support for you and your business to move forward.

If you would like to arrange a strategic planning meeting, please speak to your contact partner who will be only too pleased to help. ●

Quotes appear courtesy of London Business Forum quarterly newsletter.

Stop thief!

So, you sat down with your accountant and lawyer to take advice on which legal entity you would operate under. As you wanted to limit your personal liability you decided that a limited company was the best option and 'We Are The Best Limited' was set up.

You've been up and running for about 5 years now and all is going well. The company is making a profit and there's a tidy sum in the bank. So, you're understandably surprised when your bank starts bouncing cheques and standing orders aren't being met. You need an answer. It could be that you have been the victim of a 'Form 287' fraud.

Basically, this is a way of stealing the identity of a company and using it for fraudulent purposes.

The problem is that anyone can find the registered office address and registration number for a limited company. This information is freely available from Companies House. In addition, copies of the forms signed by the current directors consenting to act (the Form 287) are also available. Armed with all of this, a fraudster can:

- file new forms at Companies House
- change the registered office address of the company
- confirm the replacement of the existing directors

In theory, once that happens, the fraudster can open a new bank account, clear out the existing bank account and order goods that are never paid for.

Worrying isn't it?

But Companies House has come up with a solution.

1. **Monitor:** For 50p per annum you can be told by email of any documents filed in relation to your company
2. **Proof:** Once a company signs up for the service, Companies House will only accept statutory forms relating to changes of address and directors via the electronic filing services, which will need passwords etc

If you would like to find out more, take a look at the Companies House site at

<http://www.companieshouse.gov.uk/infoAndGuide/monitor.shtml> ●



Walking the charity walk



At 11.00pm on Saturday 18th June five members of Lubbock Fine staff set off in the dark of night on a walk to raise money for Breast Cancer Awareness. Starting in Hyde Park, Helen, Brigid, Nicola, Elaine and Lynn walked 13 miles taking in Knightsbridge, Westminster, Kings Road, Brompton Road finishing up in Hyde Park from where it had started. Accompanied by around 24,995 others in a multitude of outrageous outfits, they completed the walk in five hours and raised almost £2,000. The team would like to thank the many Lubbock Fine clients and staff who so generously supported and sponsored them. ●

Congratulations to examinees

We know that everyone will join us in congratulating our many recent exam passers. So, a hearty 'well done' to:

Sabbir Hussain, Philip Offord, Michael Mansour and Sharif Moneeb passed Business Finance and Business Management in the June sitting (professional stage). Also, to Fiona Deegan and Christian Byrne on passing the Financial Reporting and Business Management ACA professional examinations in the September sitting. ●

Offshore account holders watch your post

HM Revenue & Customs (HMRC) is planning to send letters to many people who own offshore bank accounts. This is part of a scheme designed to discover tax fraud associated with such accounts, linked to the new exchange of information requirements between the UK and other countries. The letters ask for an explanation of why there is no tax liability arising from the bank account and they request a reply within 30 days.

"There are many people who have no intention of avoiding their UK tax obligations" said Lubbock Fine managing partner Geoff Goodyear. "They may well be disturbed and alarmed by a letter which mentions tax evasion in the first paragraph and prosecution in the second!"

"The tone of these letters is intimidating" says The Tax Faculty at the Institute of Chartered Accountants in England and Wales, "and hardly conducive to encouraging people to sort out their affairs if they are unsure of what to do."

HMRC says that offshore accounts are often associated with serious tax evasion. According to them, the letters do not constitute opening an enquiry but they: "would like to give people who use such accounts legitimately and appropriately an opportunity to let us know that". That remains to be seen. It certainly implies that in most cases, an enquiry by the HMRC will follow if they do not receive a reply to their letter.

Anyone receiving such a letter should speak to their Lubbock Fine contact partner immediately. ●

Online shoppers watch out

The Revenue has issued guidance on the VAT and duty implications of buying goods from abroad over the internet. Responding to complaints from the public, it seeks to address the problem of lack of awareness that customs duties and import VAT may apply on internet purchases costing more than £18 (or mistakenly assuming that the £145 'passengers allowance' applies).

In recent years Customs officers have seen a dramatic rise in the number of packages on which such charges are payable. This reflects increasing levels of Internet shopping – particularly from suppliers in the United States and the Far East.

For purchases within the EU, Customs duty is not payable on goods bought from other countries. However, VAT may be payable either in the EU country of purchase or in the UK if the EU supplier is UK VAT registered.

The anti-smuggling unit at HMRC is keen to stress that they want to help internet shoppers avoid any confusion about what tax they need to pay. Often the first a buyer knows about the charges is a knock at the door advising them they must pay the charges to receive their packages.

Some suppliers are known to falsely complete the customs duty declaration to try to avoid the charges, often by declaring the goods to be gifts or of value below the £18 de-minimis. If you purchase goods over the internet and the declaration is found to be false or misleading, **you** may be liable to financial penalties or criminal prosecution. The goods themselves may be liable to forfeiture.

It's not that the Revenue disapproves of internet shopping – after all, there are bargains to be had out there – but online shoppers should be clear about the full costs involved in order to avoid any unpleasant surprises. ●



We're always delighted to feature good news about our clients. If you have something special that you'd like to shout about, please email marketing@lubbockfine.co.uk and we'll try to get your story into our next issue.

LubbockFine
Chartered Accountants

Russell Bedford House, City Forum,
250 City Road, London EC1V 2QQ
Telephone 020 7490 7766
Fax 020 7490 5102
www.lubbockfine.co.uk



Editorial information: Edited by Nicola Coleman.
E-mails, faxes or letters to the editor are welcome.

nicolacoleman@lubbockfine.co.uk
marketing@lubbockfine.co.uk

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