

inbusiness

The Humphrey & Co Newsletter

Issue 9 | Summer 2011

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Welcome

An American scholar once said, "The pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails."

There certainly seems to be evidence amongst our clients that those who do well in the current climate are those realists that constantly make adjustments to their business.

Let's be honest, the pace of change is enormous at present in the financial world. For this reason we aim to pass on timely and relevant information and hope this newsletter, as well as others we send out in between, go some way to achieving this goal.

However there is no substitute for a conversation with your client partner; we welcome your call. Despite nudging into the top 100 UK firms last year we remain focussed on small businesses and their success.

Change is inevitable (except, perhaps, from vending machines). We thank all our clients for their loyalty to Humphrey & Co and look forward to helping you make the right 'sail adjustments' in a volatile 2011 and beyond.

Anthony Smith

Partner



Our New Partner

We are pleased to announce the appointment of new partner, Sue Pocklington.

Sue, who has been with Humphrey & Co for four years as a Senior Manager, has extensive experience in all aspects of private client work, being both a Chartered Tax Adviser and Trust & Estate Practitioner. She has also recently passed the STEP Certificate in Will Preparation, a new advanced qualification in all aspects of Wills.

Sue works out of both the Brighton & Hove and Eastbourne offices of the firm. She specialises in personal tax planning, including inheritance tax and wills, and advising and assisting both individuals and other professionals in all aspects of trust and estate administration.

Sue commented, "I am very proud to have been offered a partnership within Humphrey & Co".

She will become the second partner, alongside Jonathan Cooke, responsible for the running of the Trust & Estate Support Services department based in the Brighton & Hove office.

Outside of work, Sue enjoys spending time with her family.



www.humph.co.uk

More than just accountants...

tax update

We have detailed below three important changes that tax payers should be aware of.

Increase in tax penalties



FILING

The deadline for filing 2010/11 Tax Returns by internet is 31 January 2012. If this deadline is missed the following penalties will now apply:

- One day late - an automatic £100 fine (even if there is no tax due)
- Three months late - penalties of £10 per day up to a maximum of 90 days (i.e. £900)
- Six months late - penalties will be the greater of 5% of tax due or £300
- Twelve months late - penalties of another 5% of tax due or £300. In "serious" cases the penalty could be up to 100% of tax due

PAYMENT OF TAX

If you are late paying your tax the following penalties will now apply:

- Thirty days late - penalty of 5% of the tax unpaid at that date
- Six months late - further penalty of 5% of the tax unpaid
- Twelve months late - further penalty of 5% of the tax still unpaid

We would recommend that clients forward all their Tax Return documents to us as soon as possible to minimise the possibility of incurring any penalties.

Class 2 National Insurance Changes



If you are self-employed and paying Class 2 National Insurance please be aware that from April 2011 the payment methods have altered slightly.

Paying by Direct Debit (£10.00/£12.50 each month)

- For 2011/12 only the Direct Debit payments will stop for a short period and then recommence
- Those contributions due in April will be requested from your bank account in August 2011
- Thereafter payments will continue on a monthly basis (unless you have opted to pay every 6 months)

As indicated above there will now be an option to pay by six monthly Direct Debits which will be collected in January and July each year.

Paying by Post/ Bank Giro

You will now receive two bill reminders in October and April, showing payments due by 31 January and 31 July each year. Previously this option allowed payments quarterly over the year. Please don't get these muddled with your Income tax liabilities that will be due at the same time!

We would advise that for ease clients use the Direct Debit option to pay their Class 2 National Insurance liabilities.

Notices of Coding

We would stress how important it is for all clients who receive all or some of their income under PAYE to ensure that they always send copies of any Notices of Coding they receive to us at Humphrey & Co.

Accountants no longer receive copies of the Notices of Coding automatically. It is often the case that a Notice of Coding is incorrect and unless rectified it will mean that the client will be paying the wrong amount of tax. This can result in a nasty shock if a large amount of additional tax is due and payable on 31 January.

Important information for all employers

Pension reform

From October 2012 there will be a new legal requirement for all employers to help more people working in the UK to save for their retirement.

Employers will be required to enrol their workers into a workplace pension scheme that meets or exceeds certain legal standards.

The main points important to employers are:

- They will be able to choose the pension scheme they want to provide (assuming it meets certain criteria)
- They will be required to make minimum contributions into the scheme. The minimum contributions will be 3%. Employees will also have to make a contribution.

- All workers aged at least 22 but under State Pension age earning more than £7,475 in a year will have to be enrolled

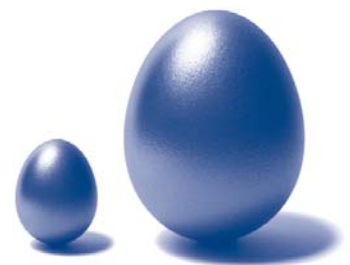
A new simple, low cost pension scheme, NEST (National Employment Savings Trust) will be introduced as one such qualifying scheme.

The pension scheme will not necessarily have to be a NEST scheme but any other scheme will need to meet the standards of NEST for the employer to fulfil their obligations.

The pension scheme obligations will be phased in between October 2012 and September 2016.

Once all employers are meeting their obligation, the minimum levels of contributions will start to gradually increase. This process is known as phasing.

Once phasing is complete there will be a minimum total contribution of 8 per cent of qualifying earnings payable for each member. This 8 per cent includes a minimum employer contribution of 3 per cent of qualifying earnings.



The table below explains how minimum contributions will work over time.

	Minimum percentage of qualifying earnings that must be paid in total	Minimum percentage of qualifying earnings that employers must pay
October 2012 to September 2016	2%	1%
October 2016 to September 2017	5%	2%
October 2017 onwards	8%	3%

Humphrey & Co comment

In addition to inflationary pressures which will be forcing up wage costs generally, consideration needs to be given to the potential wage cost increase of 3% by 2017. The employer may need to consider restricting general pay rises over the next few years thereby building into the wages costing a percentage ready for pension costs even though the cash outflow may not start until 2017.

As we are all aware staff are one of the most important assets of a business and their goodwill is an essential part to the success of a business. By planning now the additional financial burden on a business of paying into an employee pension scheme will be less painful than otherwise.

What should employers do now to get ready for this Pension reform?

- 1 Find out when you as an employer will need to start providing NEST (or an equivalent pension scheme)
<http://www.dwp.gov.uk/docs/staging-dates-by-employer.pdf>
- 2 Consider putting a pension scheme in place before the deadline that will be NEST compliant

The advantages of doing this are:

- Ensuring you will be compliant with impending NEST provisions
- Ensuring your payroll system is set up to deal with pension deductions
- Resolving any employee concerns early

- 3 When reviewing annual employee wages rises over the next few years ensure your cash flow projections incorporate the increased staff costs including pension costs over the next few years.


If you need more advice on setting up a scheme or discussing the implications to you as an employer please contact Humphrey & Co and we can steer you in the right direction. More information can also be found on www.nestpensions.org.uk



client spotlight

In this issue we are delighted to introduce **Aero Alliance**



 **Aero Alliance has been operating from its base at Shoreham Airport since 2008. Humphrey & Co have been involved with the company since its creation.**

The Directors have welcomed the involvement of Humphrey & Co in the company assisting in financial matters leaving them free to concentrate on their areas of expertise.

Aero Alliance was the idea of 4 pilots who spotted a gap in the market for air travellers. Flying from the south east's major airports has never been less enjoyable with traffic congestion, two-hour check-ins and long queues spoiling the experience, especially for those whose time is valuable.

Aero Alliance customers have discovered a very different experience. The company provides a personalised air taxi service and specialises in flying directly from smaller airfields in Sussex, Kent, Surrey and Hampshire to destinations in the UK, Channel Islands and mainland Europe. Amongst others, business executives, VIPs, sportsmen, entertainers and holiday-goers enjoy the time-savings and convenience afforded by

chartering an aircraft and departing from local airfields.

With ten minute check-ins and easy parking, within two hours of arriving at Shoreham Airport, for example, business travellers can expect to be sitting in an office in the town centre of St Helier, Jersey. Paris, Brussels, the north-west of England, central Scotland, Northern Ireland and Eire are also within easy reach, so much so that attending meetings in these locations is entirely possible without an overnight stay away from home.

It isn't only business travellers who enjoy an Aero Alliance experience. The south coast is ideally located for visits to northern France and many customers enjoy day trips to the cosmopolitan beach resort of Le Touquet or the equestrian centre of Deauville. Though not well served by scheduled services these towns are only 40 minutes flying time away from Goodwood or Shoreham and groups of up to seven friends can literally "go French" for lunch and be back in Blighty for tea!

Despite difficult economic times, the company has managed to grow by developing relationships with aviation suppliers, by investing in infrastructure and marketing and by building a base of satisfied customers. As well as the air taxi operation, the company manages aircraft on behalf of owners and provides type-conversion training for commercial pilots.

Aero Alliance was particularly popular with all types of travellers during the ash cloud crisis last year. The planes are powered by propeller rather than jet engines so they were not affected in the same way by the problems caused by the ash cloud.



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Congratulations Karen

Congratulations to Karen Wicks on recently passing her final stage exams and becoming a qualified Chartered Accountant.

Karen studied law at The University of Leeds. After graduating with her LLB honours she decided on a change in career and joined Humphrey & Co in the summer of 2007, on our graduate training programme.

'I was attracted to Humphrey & Co by the opportunity to work with a diverse range of businesses' Karen comments... *'Now that I have qualified I have decided to specialise and take an active role in dealing with our dental and medical clients. I am relishing the opportunity to develop Humphrey & Co's reputation in these areas'.*



client success

Congratulations to The Wellington Clinic awarded 'Best Practice in London' at The Dentistry Awards, the most celebrated event in the dental calendar in December 2010.



Client wins dental award

The Wellington Clinic provides a team of experts in every field of dentistry to ensure the highest quality of care and is now an established referral centre. There is an oral surgeon, orthodontist, periodontist, endodontist, implantologist, cosmetic dentist, and hygienist. The Wellington Clinic is a state of the art facility hidden within a Grade II Georgian property on the King's Road in the heart of Chelsea.

The awards recognise exceptional individuals, teams and practices that have an active interest in staying at the top of their profession.



Tell us your views on inBusiness!

We're always pleased to hear from our clients and would enjoy any feedback you may have about this issue of inBusiness. If you would like your company featured or feel there is a subject you would like covered in more detail, please let us know.

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