

Plus

ISSUE 5

KEEPING YOU UP TO DATE WITH ALL THAT'S NEW AT PM+M

THE SUCCESSION DILEMMA

Planning for succession is probably the toughest challenge that a family business will face. Differences of opinion over which roles the next generation should take need to be dealt with. What if nobody in the next generation has the ability or motivation to take over? Avoiding these issues is risky because without a succession plan in place the business is less likely to survive the changeover.

Statistics show that 60-70% of family businesses fail to make it to the second generation and failing to plan for succession is frequently a key cause. Typically, owners only think about succession planning as their own retirement is almost upon them. Some even avoid the issue well beyond that point with potentially disastrous consequences when the retiring generation seem unwilling to let go.

Planning should start at an early stage and ideally it should involve all the family. The plan should bring together the strategic necessities for the business with the needs and aspirations of all family members. However, it is often the case that family members find it hard to communicate effectively with each other. Either differences of opinion become entrenched or real views are suppressed because of the perception that feelings might be hurt.



A starting point can often involve a family meeting - independently chaired - where each person's ideas are aired and discussed openly. Alternatively, meetings can be held with each family member separately first if the family feels that this would be a more suitable approach, to avoid any potential for conflict.

It is impossible to separate family from the business or business from the family and all family members can provide valuable insights relevant to the succession plan, even children.

The key to the process is to seek specialist advice. As corporate members of the International Centre for Families in Business (ICFIB), PM+M is well placed to advise family businesses. Our team members are professional members of ICFIB and have extensive experience in succession planning for family businesses of all sizes.

To receive a free copy of our Businesses 'Living in a Family Business' book, or for more information call Jim Akrill on **01254 679131** or email jim.akrill@pmm.co.uk

INSIDE THIS ISSUE

- Seminar Programme pg 2
Sage training courses for 2012
- Tax savings for manufacturers pg 3
Not to be missed
- Real Time PAYE Information pg 4
The new way to report to HMRC

THE NORTH WEST
CENTRE FOR FAMILY
BUSINESSES

PM+M SEMINAR PROGRAMME 2013

If you haven't yet been along to one you may have heard about the various seminars PM+M has been running since January 2011. These are open not only to our clients but to people living and working throughout the North West.

For more information or to book a place, please call Lorraine Cade on **01254 679131**, visit our website at www.pmm.co.uk or speak to a member of our reception team.

HELP ME... SERIES OF SEMINARS

Are you a business owner looking to make the next steps in your business? Not sure what to do next?

Our team of business and financial experts have put together a series of informative sessions which are packed with useful, practical advice that will help you to understand what it takes to run a successful business.

The seminars are running throughout the year and topics include;

- **Help Me** Start My Business
- **Help Me** Run My Business
- **Help Me** Grow My Business
- **Help Me** Sell My Business

To register your interest in any of the future **Help Me** seminars, please email runmybusiness@pmm.co.uk

SAGE TRAINING COURSES

Introduction to Sage 50 payroll	16th Jan
Introduction to Sage 50 Accounts	23rd Jan
Nominal structure & basic accounting using Sage 50 Accounts	30th Jan
Sage 50 Accounts Commercial Suite	6th Feb
Using multi currency in Sage 50 Accounts	13th Feb
Bank reconciliation and VAT returns in Sage 50 Accounts	20th Feb
Using the report designer in Sage 50 Accounts	27th Feb
Project costing in Sage 50 Accounts	6th Mar
Using budgets and departments in Sage 50 Accounts	13th Mar
Introduction to Sage 50 forecasting	20 Mar

RESEARCH AND DEVELOPMENT TAX CREDITS

Our tax team have put together an informative session to help you understand R&D tax relief and Patent box and the tax saving opportunities available for qualifying manufacturing and technology businesses.

**Thursday 7th February 2013:
Moorhouses Brewery,
Burnley 8am-10am**

BUDGET SEMINAR

The Chancellor is presenting his annual Budget Statement on Wednesday 20 March. Our tax and business experts will be presenting a free breakfast seminar at Stanley House the following morning, **Thursday 21 March**, to highlight all the key points.

NOT TO BE MISSED TAX SAVINGS FOR MANUFACTURERS

Times are tough and every saving counts. There are some extremely generous tax savings available for manufacturing and technology businesses, but many are still not aware of them or using them to best effect.

Many Lancashire businesses are at the forefront of new technologies. There are two valuable tax reliefs available to these businesses and they need to be making the most of them to keep their tax bills down.

The first is Research and Development tax credits. These give enhanced tax relief for qualifying R&D expenditure – meaning you get tax relief of 225% for these costs.

There is a common misconception that only pure R&D activity done by scientists in white coats will qualify for the relief. In reality, many businesses qualify.

PM+M have had successes with claims across a wide variety of businesses. In particular, the R&D rules have recently been amended to widen them and allow more manufacturing businesses to qualify.

It used to be the case that only R&D costs up to the point of achieving a working prototype would qualify for the relief. Anything that ended up as the actual product sold to the customer did not qualify. In reality, many businesses cannot afford to create prototypes. The R&D has to be done on the actual product. This is particularly the case when large and complex machines are being created. New rules have been introduced which allow claims on these types of products where they are the “first of their class” but many people are not yet aware of them.

“We have had some considerable success with such claims, resulting in some very considerable tax savings and delighted clients” commented Jane Parry, head of tax at PM+M.

On top of R&D tax reliefs, we also have the new Patent Box rules coming into effect on 1 April 2013.



Patent box allows companies who have either registered a patent themselves, or who have acquired the exclusive territorial licence to exploit a patent in a product they have developed, to reduce their tax rate to just 10% on the sale of products incorporating the patented item.

This is an incredibly generous relief for companies able to benefit from it. It applies to the sale of the entire product incorporating the patented item – so for example the sale of a car which contains a patented spark plug could qualify in its entirety.

Any companies who already have patents, or who have products that could be patented but they perhaps have not previously considered it worthwhile, should take advice about this relief.

The rules are currently in draft and are due to come into effect on 1 April. “We have the 2013 Spring Budget before then and it is to be hoped that there will be no backtracking on this relief before then” commented Jane Parry.

PM+M will be holding a seminar on 7 February to explain how businesses can benefit from these reliefs – details can be found at www.pmm.co.uk. Jane Parry can be contacted on jane.parry@pmm.co.uk or 01254 679131.

REAL TIME PAYE INFORMATION

From October 2012, HMRC began implementing a radical change in how payroll information must be reported to them.

Real Time Information (RTI) is aimed at improving the operation of PAYE by closing the "tax gap", improving the customer experience and reducing costs to HMRC. Whether it will reduce or increase costs for employers remains to be seen.

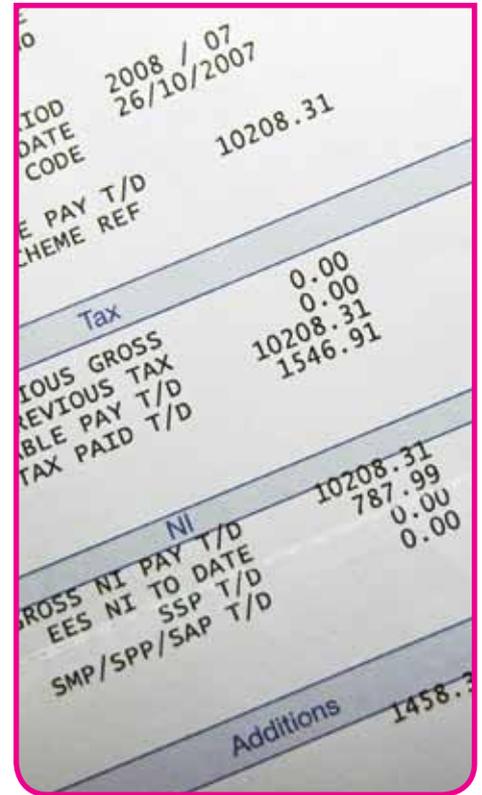
If you currently process your payroll in-house, you will need to make some changes to accommodate RTI. Accounting software will need updating, data - including a monthly Employer Payment Summary - will have to be submitted to HMRC each time you run a payroll, and to avoid submission failures (which could incur costs) information you submit for employees must be correct each time.

What you need to be thinking about:

- What will be the impact on your business processes?
- What do you need to do to prepare?
- When should you start preparing?
- What extra resource will be required?
- Who do you need to involve, e.g. payroll software provider/IT department, BACS approved software service, HR, finance, employees, bureau/agent?

RTI may help to streamline HMRC's systems, but it could wreak havoc for SMEs as the sheer frequency with which the information must be sent through to HMRC could prove hugely time-consuming and disruptive to employers who have not got their systems set up.

Many businesses are still not prepared for this change, if you are one of them, we have put together a help sheet to answer any questions you may have. To receive a free copy of the help sheet, or for more information on how RTI may affect your business, contact Julie Mason on **01254 679131** or email julie.mason@pmm.co.uk



**CONFUSED BY CONSTANT
RULE CHANGES?
WORRIED ABOUT
INCREASING PENALTIES?
LOOKING TO
CONTROL COSTS?**

For more information:
call **01254 679131**
email runmypayroll@pmm.co.uk
or visit www.runmypayroll.co.uk



Rated 'Excellent' in a recent audit by BACS

THE COMPLETE
OUTSOURCED
PAYROLL SOLUTION

**RUN MY
PAYROLL**



For a fixed monthly fee we'll give you a complete, locally based payroll service that's a perfect fit for your business. You'll get personal service, tailored to your needs, and lots of really useful advice and support.

"1st class service and excellent value for money"

Ian Cronshaw, Bemis Limited

ARE YOU LATE WITH ANY HMRC PAYMENTS?

If you are late with any HMRC payments, you may receive a letter, call or text from an agency asking you to pay your outstanding arrears. The legitimate, HMRC-approved agencies at the time of print are:

- Advantis Credit Ltd
- Apex Credit Management Ltd
- Bluestone Credit Management Ltd (formerly named Close Credit Management Ltd)
- Commercial Collection Services Ltd
- Commercial Credit Services Group
- Credit Solutions Ltd
- Direct Legal and Collections
- drydensfairfax solicitors
- Fredrickson International Ltd
- iQor Recovery Services Ltd
- Rossendales Ltd

There are some companies who may try to deceive you, by copying HMRC branding, to fraudulently obtain bank details or credit card details. If you are contacted by anyone, other than the above named collection



agencies, you should not respond but you should report the matter to your Tax Office.

You can confirm with HMRC directly that the contact you have received is genuine by calling their helpline on Tel 0845 915 5348.

On a similar note - HMRC does not issue emails asking for money or to claim a repayment or legacy. If you receive such an email then do not open it - only forward the email to phishing@hmrc.gov.uk so that HMRC can investigate.

For more information, contact our tax team on **01254 679131** who are happy to help.

WORKPLACE PENSIONS AND AUTO-ENROLMENT

The first stages of the Government's plan to encourage workplace pension savings by means of "auto-enrolment" into the NEST (National Employment Savings Trust) or other approved schemes came into force in October 2012. The term "auto-enrolment" has been adopted so as to make clear that employees will be automatically included unless they opt out.

There are a number of "staging dates" between 2012 and 2018 by which firms will be required to engage in the enrolment process, starting with the largest. The Pensions Regulator will write to all employers around 12 months before their own staging date. The exact date for a particular organisation to become involved in

auto-enrolment depends on the number of UK based staff that they employ.

All employees between the ages of 22 and state pension age whose earnings exceed the personal tax allowance will need to be enrolled, and other staff must be notified of their right to join. Minimum and maximum contribution limits will vary depending whether the scheme is based on defined benefits or defined contributions.

To find out more about work place pensions or to arrange a review of your existing pension scheme please contact Antony Keen on **01254 679138** or email antony.keen@pmm.co.uk

ROSEBUD OFFERS FUNDING FOR LANCASHIRE BUSINESSES



Lancashire's Rosebud Fund – one of the longest-established business support funds of its type in the UK – is seeking to invest in Lancashire businesses in high-growth sectors.

Rosebud focuses on businesses in advanced manufacturing, aerospace, financial and professional services, creative and digital, and the energy and environmental sectors, whether operating directly in these sectors or supporting others.

It provides loan, mezzanine and equity funding ranging from £50,000 to £1 million. The funds can be used for any capital and revenue spending which will help companies achieve their growth plans. To be eligible businesses must be based in, or relocating to, the administrative county of Lancashire.

Established by Lancashire County Council in 1986, Rosebud is managed by Enterprise Ventures. Paul Taberner of Enterprise Ventures said: "In the 26 years it has been in existence, Rosebud has invested in more than 1,000 Lancashire businesses across a variety of sectors. Today, more than ever, it is a valuable source of growth funding at a time when firms are having difficulty in accessing conventional sources of finance."

Rosebud funding is offered to Lancashire businesses but excludes the borough of Blackburn. For businesses in Blackburn, other funding options are available. For more information contact Jim Akrill on **01254 679131** or email jim.akrill@pmm.co.uk

CHANGES TO AUDIT EXEMPTION REQUIREMENTS

On October 1st, the Department of Business Innovation and Skills brought in new rules that meant that small businesses no longer need an audit if they meet two out of the following three qualifying criteria for small company accounts:

- Fewer than 50 employees
- Balance sheet total: no more than £3.26m
- Turnover below £6.5m.

In addition to this, subsidiary companies will no longer need mandatory audits if their parent companies guarantee their liabilities and dormant subsidiaries will not need to prepare and file annual accounts. In most cases, these changes take immediate effect. These changes are part of the Government's wider drive to reduce unnecessary burdens on UK businesses and it is hoped that it will

help to save them millions every year, freeing them up to expand and grow their business.

Our business services team have been working with companies affected by the change and have successfully achieved cost savings for them.

If you would like an informal discussion to find out if we can save you money, contact Richard Ainscough on **01254 679131** or email **richard.ainscough@pmm.co.uk**.



DON'T LOSE YOUR CHILD BENEFIT

From 7 January if one parent in a household earns more than £50,000 he or she will have to pay the new child benefit tax, regardless of which parent is claiming the child benefit, and irrespective of the income earned by the second parent. For those earning over £60,000 the amount of the charge is the same as the Child Benefit received.

How to keep your Child Benefit!

Income used to calculate the tax is defined as net adjusted income, to arrive at the net adjusted figure you deduct any gross pension contributions made.

For example:

Andrew has a taxable income of £55,000 and his wife Beth £20,000, they have two children which gives Beth Child Benefit of £1,752.40.

Since Andrew's income is £5,000 above the limit, he will face a tax charge of 50% of £1,752.40 (£876.20). However, if Andrew makes a net pension contribution of £4,000 into his personal pension plan this will be grossed up to £5,000. His net adjusted pay will be reduced to £50,000 and the tax charge will not apply!

By paying £4,000 into his pension, Andrew has saved £876.20 and through his tax return can claim an additional £1,000 tax relief as a higher rate tax payer. So his



pension contribution has cost him £4,000 - £1,000 - £876 = £2,124 and he has saved £5,000 towards his retirement!

Other things to consider to reduce net income below the £50,000 threshold are;

- Buying extra holiday through salary sacrifice
- Buying childcare vouchers
- Donating money to charity through gift aid
- Equalising income between spouses

For further information or to review your pension or retirement planning, contact Antony Keen on **01254 679138** or email **antony.keen@pmm.co.uk**

For general advice on taxation issues, contact Jane Parry on **01254 679131** or email **jane.parry@pmm.co.uk**

NEW SAGE 50 TRAINING COURSES

We have put together a series of training courses aimed at helping you get the best out of your SAGE 50 software.

Learn how to process transactions using multi-currency; control and report on costs incurred for specific projects or manage stock and order processing.

For more information see page 2 of this newsletter or visit our web site www.pmm-technologytraining.co.uk



TOP MARKS FOR LUCY

For the second year running 22-year-old trainee accountant Lucy O’Gorman is to be honoured at a special dinner after scoring the best examination mark in the North West.

Lucy sat the taxation paper in the summer and scored an impressive 76% - more than any other student in the region.

This prompted the Institute of Chartered Accountants in England and Wales to write to her personally and to invite her to a celebratory dinner to be held in Preston.

Last year, Lucy was awarded the prize for scoring the top marks in the region for the financial accounting examination.

Lucy said: “I was thrilled to find out that I’d got the best exam results in the North West for the second year running. I love my work and it’s important to me that I do well in my career, I studied hard to pass my exams with good marks – but to come out on top again is amazing.



Managing partner Stephen Anderson said: “The whole PM+M team is delighted for Lucy. She works hard and is loved by her clients - these examination marks are a testament to her hard work.

“We are very proud to have her as part of our team. We encourage all our staff to be the very best version of themselves that they can be and we love taking the time to celebrate achievements.”

BIG CHANGES TO FINANCIAL ADVICE PROVISION

The Retail Distribution Review (RDR) took effect from 1st January 2013, and is central to the Financial Service Authority’s agenda of customer protection. It aims to drive change throughout the retail investments industry, giving consumers confidence that the advice they are given, and products they take, are best suited to their needs.

The RDR requires all advisers in the retail investment market to comply with new rules on pricing transparency and professional standards across the industry, as well as increasing the basic qualifications requirement for advisors to practice.

What does it mean for me and my money?

Financial Advisers will now fall in to two categories; ones that provide ‘independent’ advice and will be able to consider all types of investment products from all firms across the market, and ones that offer ‘restricted’ advice where they can only consider certain products and/or providers.

Whenever you seek financial advice from an adviser you should;

- Be informed how much the advice will cost you.
- Have it explained what you will receive for your money.
- Benefit from higher professional standards

PM+M Wealth Management

The Retail Distribution Review is an initiative that we broadly welcome. We offer Independent advice to all our clients; our advisers already all hold the higher standard of qualifications demanded by the FSA, and we operate in a manner consistent with the approach outlined.

We remain confident that the standards of professionalism we exhibit are appreciated by our clients. In 2012 we commissioned a short satisfaction survey to our clients and we were delighted by the response - 99% of clients rated our service very highly and 91% believe we provide value for money.

When asked if they would recommend PM+M Wealth Management to their friends, an impressive 99% said yes!

Tony Brierley, Managing Director of PM+M Wealth Management said, “The survey results show that the majority of our clients feel our team are providing an excellent service. However we realise that it takes constant effort to achieve and maintain this standard and we aim to take onboard all of the very constructive comments received to provide an even better service in the future.”

If you would like to speak to a member of our Wealth Management team about your investments, call **01254 679138** or email tony.brierley@pmm.co.uk.

PEOPLE NEWS

Since the last edition of PM+M Plus we've had more exam successes and our congratulations go to the following:

Paul Thompson and **Claire Furnival** have qualified as a Chartered Accountants.

After 33 years at PM+M, **Ann Jolly** will be retiring on 14 February. We will miss her a lot and we are sure you will join with us in wishing her the very best for a long and happy retirement.

Ann plans to spend more time pursuing her interests in hill walking and travel during her retirement, but we are hoping she might find the time to pop in to see us every now and then and fill us in on her adventures.



NEW STARTERS

We are delighted to announce that from 8th October 2012 **David Gorton** joined PM+M as a Partner. An Oxford graduate, fellow chartered accountant and chartered tax adviser, David, 42, spent 13 years with A Big 4 firm in corporate transactions and audit, before working in his family accountancy firm for nine years.



David works with a wide range of corporate and non-corporate clients and specialises in corporate transactions, audit and tax as well as business advice.

Stephen Kerrigan joined our Tax department as a Tax Adviser and can advise on both personal and business tax issues. Stephen lives in Colne and is married with a young son.

Gail Connell joined our Business Services team and can advise on management and company reporting, business tax and audits. Gail is married and lives in Oldham with her husband.

CHARITY EVENTS

In December PM+M joined forces with Councillor Maureen Bateson, executive member for Children's Services, to give Blackburn with Darwen's under privileged children a Christmas to remember.

We called upon clients, friends and staff to donate Christmas presents. PM+M's Jane Parry and Stephen Anderson handed over the gifts collected to Councillor Bateson the week before Christmas.

Thank you to everyone who supported this appeal and made a difference to a child's Christmas in 2012.

Over the past few months we have been raising money for various charities. On 26

October we had a 'wear it pink' day to raise money for Breast Cancer Awareness when we all had to wear something pink to the office. £131.50 was raised.

During the month of November, several of our male colleagues took part in the popular 'Movember' fundraising initiative where they have to pledge to grow a moustache through the month of November. The boys raised an impressive £177 for men's health charities

We also had a charity day for Children in Need this year, we had a 'dress down' day and lots of other fundraising events during the course of the day including a raffle and a bake-sale.



Blackburn office
Greenbank Technology Park
Challenge Way
Blackburn BB1 5QB

Telephone: 01254 679131
Facsimile: 01254 681759
Email: blackburn@pmm.co.uk

Burnley office
Lodge House, Lodge Square
Cow Lane
Burnley BB11 1NN

Telephone: 01282 438035
Facsimile: 01254 681759
Email: burnley@pmm.co.uk

- chartered accountants
- corporate finance
- technologies
- wealth management
- family business

PM+M
chartered accountants

www.pmm.co.uk