

Summer  
2011

News and Information  
from Turner Peachey

turner peachey

chartered accountants & professional advisers

# Business FOCUS



## Contents

Business Planning	1
Focus on Value Not Prices!	2
Collecting Tax Debts through PAYE	2
Windows 8 already!	3
Calling All Restaurant Owners	3
Surviving Tough Times	4
Business Checklist	4

## Business Planning

**Most businesses create a plan at the start of each year which outlines where the business is today, what happened last year and where they want to be at the end of the year. As we approach the end of Quarter 2, 2011, it is time to pull out the business plan and update it. Every business prepares monthly accounts, but what about a monthly or even quarterly update to the firm's strategic plan?**

Constantly updating your business plan ensures that your long term plan is always up to date and can be adapted as new issues arise. Furthermore, it ensures that those in management are always creating new goals and objectives which can be managed and tracked.

Is it time to expand your business? This may not necessarily involve hiring more staff or taking over competitors. It could just as easily involve the introduction of more products and services, making your business national/international or simply beginning to target new market segments.

The important thing to remember when updating your plan is the fact that it will never be final or finished. The world of business is constantly evolving as markets grow, currencies fluctuate and supply/demand levels change. As a result, your business plan is an ongoing exercise.

By constantly re-evaluating your plan, your business is acting and thinking proactively rather than waiting for something to happen in the market. This will ensure that the business is prepared to adapt when changes in the market do occur.



## Tax Investigations Insurance

Regardless of how careful you are with your tax affairs, HM Revenue & Customs can randomly select you for a tax enquiry. Unfortunately, your defence will cost considerable time and money – even a basic tax enquiry can cost you several thousands of pounds and typically last up to 19 months!

Our **Tax Investigations Insurance** will provide you with full, expert representation from a Turner Peachey expert to handle HMRC on your behalf and negotiate the best possible result for you. For only a small annual fee, you'll get an **outstanding level of protection and complete peace of mind.**

The tax authorities are cracking down on tax compliance to rake in huge sums of money for the Exchequer and innocent taxpayers are being caught in the crossfire. Please remember that:

- *You can be randomly selected for an enquiry*
- *Tax Inspectors now have police-like powers to visit business premises to review your records*
- *Accountancy fees can easily be as high as £10,000 to handle this specialist work*
- *Professional representation is vital to ensure you only pay the right amount of tax*
- *Without this service, you will be responsible for all of our costs for your defence*

**To find out more, or to subscribe, please call your usual Turner Peachey contact on 01743 273999**



## Focus on Value Not Prices!

Consumers of everything from retail products to business services are becoming more and more value conscious as a result of the economic downturn. This has put downward pressure on prices which has resulted in many businesses cutting prices in order to remain competitive and maintain market share.

The customers of your business are in a money-saving mood but they aren't willing to sacrifice on quality. This presents business owners with a new challenge – to maintain a quality product or service but offer more value to customers at the same time. Your business can take advantage of this focus on quality by minimising price reductions and instead offer more "value added" to customers. Since customers today are more focused on value for money you must make them feel like they have got more "bang for their buck".

Take a management consultancy firm as an example. Instead of reducing their prices, they could offer more "value added" services free of charge to customers by offering a free 2-hour business strategy health-check. This health check could consist of a review of the current business plan, as well as sales and marketing activities with a report being developed showing the business which areas to focus on throughout the rest of the year.

The customer has now received extra value for the same price that they paid last year. The customer now feels that they have received value for money and the consultancy firm has managed to avoid cutting prices. Therefore the business and the customer benefit from the value-added approach.

As customers have become more focused on the value they receive, more and more businesses have implemented this value added approach. Tesco have done it by offering mobile phone services, car insurance and financial services in store. 3 mobile have done it by offering unlimited data usage plans to mobile phone packages. Now it is your turn to give your customers a little value added extra and avoid cutting your prices at the same time!

## Collecting Tax Debts through PAYE

**Over recent years HMRC has concentrated its debt collection resource, of necessity, on high-value debts. Unsurprisingly, say HMRC, this has led to a considerable increase in the number of small debts, particularly those less than £1,000 in value. The low value of each individual debt makes it inappropriate in most cases to take action to enforce these debts. Good news then you will say!**

However, the result of all this is that more tax debts will be reflected in your Code Number used by your employer. Specifically the intention is to increase the maximum amount that can be coded out from £2,000 to £3,000 which will clearly ensure that more people with small debts can benefit from this collection method, and HMRC can direct its resource towards those who deliberately choose not to pay tax.

# Windows 8 already!

**According to Microsoft, more than seven copies of Windows have sold each second since the launch of Windows 7 in October 2009. Unsurprisingly, given the popularity of the Windows operating system on home and business PC's, Microsoft is already developing its replacement, Windows 8.**

So what can we expect from the next upgrade to Windows? Apparently Microsoft has taken the lessons it learned from the Xbox and Microsoft Office and applied these concepts to Windows 8. Various technology news sources are suggesting that the new operating system will be optimised to work on tablets as well as traditional PC's. This is in response to the increasing popularity of tablet computers since the launch of the Apple iPad.

Visually, Windows 8 will be similar to Windows 7 but will likely come with a Microsoft Office-style ribbon menu system. We will have to wait until the official launch of Windows 8 to make an informed comparison of the advantages of the new operating system over Windows 7. The launch of Windows 8 is likely to be in 2012.

The big question for businesses is of course whether to invest in Windows 7 or postpone computer upgrades until Windows 8 arrives. Given that Windows 7 has now proven itself as a stable, secure and reliable operating system, many businesses may choose to stick with Windows 7 and wait until Windows 8 has been around for a year or two (and all the bugs / glitches are sorted out). It is also worth considering that many offices still use Windows XP Professional and a jump to Windows 8 may require some training sessions for staff as well as upgrades to servers and network software.

One thing is for sure – the onward march of technology is relentless. Eventually businesses will have to move away from Windows XP which will cost in terms of staff training and hardware upgrades. It will be interesting to see whether Windows 7 or Windows 8 garners favour with business users.

## Calling All Restaurant Owners

**HMRC has announced the use of specialist teams to focus on particular trades and areas in the near future. The first such task-force will focus on the restaurant trade, targeting those in London to begin with and soon also covering Scotland and North West England. This new approach is clearly an attempt to use HMRC's resources more effectively in their continuing quest to collect more tax (not forgetting of course that their real role is to make sure a taxpayer pays the right amount of tax – no more and no less).**

The danger is a possible gung ho approach which makes unwarranted assumptions. If you are in this trade we really should be having a good look at your business records to be ready to ward off any HMRC attack by making sure all is well and that HMRC do not in their haste come to the wrong conclusions from a cursory examination of your records.

## SHROPSHIRE Business Awards



*From Left to Right;  
Elwyn Turner, Annie Laughton, Hugh Laughton, Elizabeth Symonds*

**For those of you who are not familiar with the Shropshire Business Awards – it is an annual event held by The Shropshire Chamber of Commerce for local businesses, where numerous awards are sponsored and awarded: think the Oscars but without the celebrities!**

We were amongst the 640 people who attended this year's awards with great delight and we were extremely pleased to be sponsors of the "Best New Sustainable Business Award" – although judged by our very own Ian Morris, he was unable to judge nor comment on one applicant as they were our client...with that in mind they did particularly well because they only went and won!

Shropshire Fine Herbs Ltd are manufacturers of savoury biscuits, both under their own label and also highly regarded as bakers for prestigious private labels. Congratulations Annie and Hugh, it was truly deserved! Ian Morris proudly strode across the stage to pronounce the winner as he went on to say; "It is a privilege and a pleasure from all the Turner Peachey team to evidence their support to businesses in Shropshire by sponsoring this award.

Read the criteria in your programme; in summary, every woman's dream – to gain sustained competitive advantage. And the winner is...Shropshire Fine Herbs."

The whole event was fantastic and great fun from start to finish, so we must pay tribute to the Shropshire Chamber for organising and running such an incredible event. We are sure that this will be an annual event for Turner Peachey!

# Surviving Tough Times

All the economic indicators tell us that for the remainder of 2011 we are looking at some tough trading times. In that regard, we have prepared a "Business Checklist" which we hope you will find useful as you look at ways to keep your business successful in this environment. Please review the ideas we have presented and talk to us about how we can help you with their implementation. We have helped a number of clients recently to control their costs and maintain their revenue base. What is really important is that you take steps now to make sure your business is "ship shape and Bristol fashion".

No	Action Item	Completed
1.	Review your Budgets and set realistic and achievable targets for the rest of 2011.	
2.	Get rid of won't pay customers.	
3.	Review debtors list and chase up overdue invoices.	
4.	Offer existing debtors extended payment terms and/or discounts.	
5.	Make sure your terms of business contain explicit payment terms.	
6.	Assign responsibility to one individual for invoicing and collections.	
7.	If appropriate, review banking facilities and discuss future needs.	
8.	Put extra effort into making sure your relationships with your better customers are solid.	
9.	Review and flow chart the main processes in your business (e.g. Sales processing, order fulfilment, shipping etc) and challenge the need for each step.	
10.	Encourage team members to suggest ways to streamline and simplify processes (e.g. sit down and brainstorm about efficiencies and cost reduction).	
11.	Use 'bottom up' budgeting where everyone in the office gives input on areas over which they have control – target a 10% cost saving.	
12.	Review your staffing needs over the next 12 months and make weak or unnecessary individuals redundant now.	
13.	Get your members of staff involved in a discussion of likely trading conditions and get their input on reducing costs and maintaining revenues.	
14.	Review your list of products and services and eliminate those that are unprofitable or not core products/services.	
15.	Establish your key performance indicators (KPI's) and measure them on a weekly basis e.g: <ul style="list-style-type: none"> <li>• Sales Leads generated</li> <li>• Orders supplied/fulfilled</li> <li>• Cash balance</li> <li>• Stock Turnover</li> <li>• Debtor Days</li> <li>• Gross Profit</li> <li>• Net Profit</li> </ul>	
16.	Review efficiency of business processes and consider alternatives such as outsourcing certain activities locally or overseas.	
17.	Pull everyone together and explain the business strategy and get their buy-in.	



## OFFICES AT:

### Shrewsbury

Column House  
London Road  
Shrewsbury  
Shropshire SY2 6NN  
t 01743 273999

### Bridgnorth

*incorporating*  
Ridgway Wall & Co  
12 West Castle Street  
Bridgnorth  
Shropshire WV16 4AB  
t 01746 763129  
or 01746 762589

### Oswestry

Salop House  
Salop Road  
Oswestry  
Shropshire SY11 2NR  
t 01691 654127

### Telford

Lloyds Bank Chambers  
7 Park Street  
Shifnal  
Shropshire TF11 9BE  
t 01952 461619

### Welshpool

Stone House  
17 High Street  
Welshpool  
Powys SY21 7JP  
t 01938 552078

[enquiries@turner-peachey.co.uk](mailto:enquiries@turner-peachey.co.uk)  
[www.turner-peachey.co.uk](http://www.turner-peachey.co.uk)

Registered to carry on audit work and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales



chartered accountants & professional advisers

This newsletter is for guidance only, and professional advice should be obtained before acting on any information contained herein. Neither the publishers nor the distributors can accept any responsibility for loss occasioned to any person as a result of action taken or refrained from in consequence of the contents of this publication.