

It's all about our staff!

Further exam success and new recruits.

We focus on the staff at Clarke Nicklin and their achievements.

An integral part of your Success



Chartered accountants | Business advisors | Tax consultants

Autumn 2007

New recruits

Hannah Dunkerley was employed in June as our new receptionist.

Rory Hill joined as a trainee Chartered Accountant this July, having graduating from Manchester Metropolitan University with honours in Accounting and Finance.

Elizabeth Horsfield and **Claire Challinor**, started as trainee Accounting Technicians in September. They had both obtained their A levels at Aquinas College, in Stockport.



Rory, Hannah, Liz and Claire

Director Brian Bradley, in charge of recruitment for the company, said: *'The calibre of interviewees this year was outstanding. As a firm we are continuously looking at employing candidates who will grow and flourish in the business. We want to encourage long term loyalty. The ability to hand pick and train graduates will enable us to give the best possible service to our clients.'*

Further exam success

Congratulations to **Catherine Holland** and **Kerry Hinks** who have both passed their finals. Catherine is now a fully qualified Chartered Accountant and Kerry an Accounting Technician, she will now study via the fast-track route to become a Chartered Accountant.



Bryan, Catherine and Kerry

Bryan Jackson has passed his recent CIMA exam and will continue on to the next stage.

Staff Spotlight

Kerry Hinks joined Clarke Nicklin in June 2005 as an Admin Assistant. A year later she moved into the Business Advisory department, where she gets involved in bookkeeping and accounts preparation. Having recently passed her Accounting Technician exams she is now studying to become a Chartered Accountant.

What are the best aspects of your job?

Definitely the team I work with. I have built up a great relationship with other staff and our long term clients. I am often on the phone chasing one in particular - he knows who he is!

...and the worst?

Organising the food order for Friday's pub lunch, nightmare.

What are you passionate about?

Music! I am a hardened festival goer. My first experience was Leeds 2001 at 18, I have never looked back. Since then I have taken two weeks off every August for The V Festival then Leeds. I usually spend a five hour journey stuck in traffic followed by four days in the pouring rain. It is worth it to see amazing bands such as Foo Fighters, Kasabian, Sunshine Underground and James. Absolute bliss!!

Describe yourself in five words

Conscientious, loyal, music loving socialite!

What have you done that has scared you?

Agreeing to compete in the 45 mile Lancashire Loop bike ride, help!



What is your pet hate?

It would have to be rude people and bad drivers, even worse the two combined.

Your most cringe worthy moment?

It was walking up the stairs in Music Box, Manchester. I literally fell at the feet of Sunshine Underground's lead singer. I was mortified.

What is in your CD player at the moment?

Tunes from Leeds Festival.

If you had the chance to go anywhere no expense spared, where would it be and why?

Banicassim Festival, Spain VIP style. My favourite bands combined with sun, sea, sand and sangria.

What are your plans for the future?

More festivals and concerts....oh, work wise?! I have the opportunity to develop and train further within the company. They are very proactive in giving members of staff the chance to develop and move forward within the firm.

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This firm is not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services to clients because we are members of the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide.

World Class Service

This edition focuses on World Class Service Ltd, a company launched in January 2006. Founder, **Howard Raynor** was the former chief executive of **Urbis and Bridgewater Hall**.

Howard realised that Manchester lacked an independent measure of service performance and standards in the lifestyle industries. As someone passionate about growing and developing people in the work place, he did extensive research and set up World Class Service as a private client led service.



The concept looks at the whole experience of visiting Manchester: disembarking from the plane, the taxi journey, hotel check in, meeting venue, the welcome at their chosen venue and restaurant service.

From this the Manchester Standard has been successfully launched. The objectives are to raise standards of customer service in the City and to recognise the organisations committed to outstanding customer service. So far there have been 70 subscribers including Manchester Airport, the 50 hotels of Manchester Hoteliers Association, ManTax (Manchester airport taxi service), Manchester Central and Bruntwood.

Twelve months on, Manchester Standard has acknowledged and awarded the coveted Standard to seven organisations:-

- Manchester City Football Club
- The Midland Hotel
- Manchester City Council Hospitality and Training Services
- Edwardian Radisson Hotel
- Bridgewater Hall
- Rocco Forte Lowry Hotel
- Taskmaster
- The Atrium

Another successful project piloted is PEARL, developed with MANCAT. A programme to better prepare people for service challenges, employability and building positive relationships.



continued on next page...

WORLDCLASS
SERVICE

Clarke Nicklin wins prestigious award

We are proud to announce that we have won the 2020 award for being the 'Most Innovative Firm' with five or more partners.

Sir Geoff Hurst MBE presented the award to partners **Steve Humphries** and **Andrew Baggott** at a gala dinner at the Hilton Birmingham Metropole.



Chris Frederiksen (Chairman of 2020), Andrew Baggott, Steve Humphries and Sir Geoff Hurst

The 2020 Group is an organisation that assists progressive accountancy firms in providing a superior service for their clients. The group has more than 1,300 members ranging from sole practitioners to large firms.

Steve comments

'We are delighted by this achievement. Our sole purpose is to increase our clients' wealth and to reduce their stress, 2020 help us in achieving this goal. It's fantastic that they have recognised the hard work and achievements of all at Clarke Nicklin'

Victory for husband and wife companies!

The long running husband and wife case known as Arctic Systems is now over, as five Law Lords unanimously ruled in favour of the taxpayer, **Mr Jones**.

Mr Jones set up Arctic Systems in 1992 to offer his services as an IT contractor. He was the only director and held one of the two ordinary shares issued by the company. His wife purchased the other share, and also became the company secretary.



On the advice from their accountant they took minimal salaries from the company and paid most of the excess profits as dividends. As the share holdings were equal, the dividends were paid equally and were mostly covered by the basic tax

rate band. If Mr Jones had paid himself a higher salary, or had been the only person receiving a dividend, more of his income would have been taxed at the higher rate of 40%.

This type of arrangement has been standard tax planning for many husband and wife companies. However, HMRC decided to attack this arrangement. They argued that:-

- Mr Jones had effectively made a gift of half the earning capacity of the company to his wife;
- because she is his spouse, the law says he automatically benefits from the gift;
- therefore, Mr Jones should have been taxed on all of the dividends.

The House of Lords agreed that:-

- The shareholdings had been set up to minimise the tax paid by Mr & Mrs Jones;
- Mr Jones had made a gift to Mrs Jones;
- the gift was covered by what is known as the 'spouse exemption'
- Mr Jones therefore could not be taxed on the dividends arising from Mrs Jones' share.

The result has been widely welcomed by advisors of the small business community.

However the government's reaction has been swift. In his pre budget report the Chancellor has stated he will introduce legislation to stop 'unfair' income splitting arrangements by some family businesses.

Full details of the Pre Budget report can be found on our website

World Class Service

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When asked why he uses Clarke Nicklin LLP, he comments

'I wanted a practise local to home, with integrity, that would have an understanding of me and my business. I find Clarke Nicklin LLP easy to work with, hassle free and very responsive to my needs.

'At the end of the day my focus needs to be on growing the business. I only need to know the cash flow at the moment, to me the rest is background. Clarke Nicklin cover everything - Management accounts, VAT, payroll. Fortunately the business has grown organically, if I require any funding for the future I am safe in the knowledge that my accounts are set up accordingly.'



Manchester's finest fly high on Concorde

On his plans for the future, Howard responds

'At present I am focusing on winning more support and business. I don't want to lose sight of the concept but eventually I see the business expanding nationally - Glasgow, Edinburgh, Nottingham, Birmingham, Dublin and Sheffield have already shown an interest. We are also working on a trends unit and an awards event for sometime next year'.

Use our website

Our website has huge amount of information which will be able to help with any queries you may have www.clarckenicklin.co.uk

Good Company?

Over the last few years, many small businesses have converted to limited company status to take advantage of lower tax rates. Companies have paid 19% corporation tax on profits against personal tax rates of 22% and 40% plus NIC; dividends can be paid out without triggering NIC, and come with a tax credit that wipes out a basic rate tax liability.

The March Budget has gone some way to reversing this. In 2007/08, the small companies' rate of corporation tax goes up to 20%, and then to 21% and 22% over the two years after that while the basic rate of income tax will fall next year to 20%.



Where does this leave those people who have incorporated over the last few years? Well, probably still in the best place. Although these changes reduce the advantage, they are unlikely to take it away. That's just as well, because it's more difficult to unwind a company structure than it

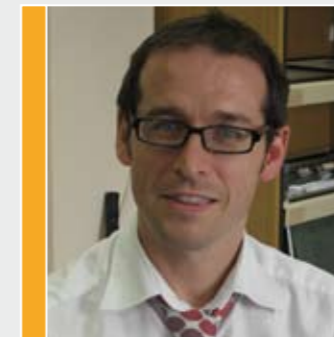
is to create one – we'll have to keep an eye on what the next Chancellor does and see if the advantages are reduced further, but there's no need to rush back to sole trades and partnerships yet. If you want to discuss what is the best business vehicle for you, we will be happy to help.

Simon Coop joins Grove House Financial Planning from John Charcol, where he spent the last 3 ½ years as a mortgage advisor.

He will work alongside their existing mortgage team providing proactive advice on mortgages, re-mortgaging, purchasing overseas properties and buy to lets.

Partner, Scott Herbert comments

'Grove House has grown tremendously in the last year. The demand for mortgage advice has risen dramatically. I am delighted to welcome Simon on board. He will strengthen further our added value service team in the mortgage field'.



Memorable Quotation

"Sometimes when you innovate, you make mistakes. It is best to admit them quickly, and get on with improving your other innovations." – **Steve Jobs**

Vat & Cash

The cash accounting scheme is supposed to help small VAT-registered businesses with their cash flow. If you are using the "normal" rules of VAT, you are supposed to pay Customs the VAT included in your sales for the quarter – even if your debtors haven't paid you by the time you have to put the VAT return in. Under cash accounting, you only have to give the money to Customs after your own customers have paid you.

There is a downside – you can only claim back the VAT on your expenses once you have actually paid them, instead of just when you are invoiced. So if you pay your suppliers more slowly than you collect on your sales, you are better off not using cash accounting. A retailer normally does this.

From 1 April 2007, the maximum turnover for entering the scheme has more than doubled from £660,000 to £1.35m. The government reckon that another 50,000 businesses will qualify for the scheme as a result.

If cash accounting sounds like a good idea to you – whether you now qualify for the first time or you did before – we will be happy to help you with the rules.