

An integral part of your Success

Chartered accountants | Business advisors | Tax consultants



summer 2008

'Letting' Harvey Scott focus on customer care

This quarter Success speaks to **Richard Hogben, Harvey Scott's Managing Director**. Trading since October 2003, they have offices in Bollington, Shaw Heath and Davenport, and are one of the biggest letting agents in South Manchester.

Richard has always had an avid interest in the property sector: his love of properties came from his father who owned his own building surveyor's company in Manchester; he often went with him looking at properties he was surveying or project managing.



The reason Richard and his business partner set up Harvey Scott was simply that they saw a gap in the market place for professional, honest estate and letting agents. They fully recognised that over the last few years the industry as a whole has suffered from poor customer service with possibly the poorest record of any service industry for communication!

Richard puts the success of Harvey Scott down to their focus on customer care. He believes three factors that have had an impact are:-

- 1: The launch of a dedicated administration centre two years ago, based in Bollington. This helps focus the labour intensive back office work, leaving the sales and letting teams to concentrate on taking care of customers' needs.
- 2: Many of the staff employed are new to estate agency! With an active training program in-house Richard believes it is more important to have a dedicated friendly team. This makes it an enjoyable place to work which reflects on their attitude to customers.
- 3: The investment in the front of house presentation and the use of systems like Dezrez, which help order operations, has made Harvey Scott very successful within arguably the most competitive service industry in the UK. It's the mix of old fashioned quality service and cutting edge IT that allows Harvey Scott to focus on the job in-hand, selling houses!.

On planning for the future, Harvey Scott aim to expand by one branch per year and are already looking at sites. The plan is to keep geographically close to the A6 corridor. Richard says 'Most estate agents have seen a drop in turnover in the last two years. We are managing to stay ahead, we have invested a lot of personal time and money into the venture and plan on continuing for a long time yet! The letting side of the business is doing extremely well with around 1000 properties already being serviced by our lettings team!

Clarke Nicklin has advised the company from the start and seen it grow from day one. Niall Tomlinson, Richard's business partner, already had a solid relationship with the practice from his experience as a client for almost 20 years. In addition to the usual accountancy services, Clarke Nicklin assists with forecasting and raising of finance, as well as providing tax and general business planning and advice. Clarke Nicklin also carry out a special National Association of Estate Agents (NAEA) audit. The NAEA is a voluntary membership organisation which requires members to be audited at random to ensure that landlords' takings are kept separate from the business. This again reiterates the importance of customer care to Harvey Scott.

When asked about the service Clarke Nicklin provides Richard comments 'The service is invaluable. As well as the services provided for our own business, I constantly get calls from landlords requiring tax advice. Any tax related questions I call upon Tony Jakara (Tax partner) and he assists straight away. The size of Clarke Nicklin helps to deal with any query I have on any matter. No job is too big or small, and I have always been able to get the right answer quickly.

'We have also worked on several occasions with Grove House Financial Planning. I admit we do not use many third parties but when we do it has to be based on trust. We recently had an incident where a vendor's mortgage advisor let them down last minute. It would have jeopardised the sale of not only one property but the chain involved. GHFP's mortgage advisor Jon Nield managed to ensure a mortgage was secured at short notice and all sales proceeded as normal'

Penalty shoot-out No.1

A few years ago, HM Inland Revenue and HM Customs & Excise were separate organisations. They both wanted your money, but they had very different ways and means of relieving you of it. Since the merger of the departments in 2005, they have been looking at the differences between them and trying to iron some of them out. One of the areas where they are bringing in new rules – to be the same for income tax, corporation tax and VAT, but different from either regime before – is penalties for declaring too little or too late.



Of course, you hope never to have to worry about this, but everyone makes mistakes occasionally. A careless mistake can cost up to 30% in a penalty on top – but if you notice it first and put it right without being prompted, this is likely to be waived. You just have to pay the tax and some interest because it's late. The law now tells us what a "careless" mistake is – although some Inspectors of Taxes would say that any mistake is careless, because if you were taking proper care you would get the answer right. It's nice to see the law recognising that it is possible to do your best and make a truly innocent error.

A deliberate mistake that you don't try to conceal – some might call that a foolish mistake – gets a 70% penalty, but repenting and telling them about it might cut it to 20%. And a deliberate, concealed understatement of your tax could cost up to 100%.

These new penalties apply to chargeable periods which started on or after 1 April 2008, where you have to file a return on or after 1 April 2009. The 2008/09 tax year for individuals, 31 March 2009 accounting periods for companies, and the 31 March 2009 quarter's VAT return will all be covered. For mistakes in earlier periods, the old rules still apply.

The rule changes don't affect the penalties and surcharges for paying tax late or filing returns late. They will probably be reviewed at some point, because there are big differences between VAT default surcharges and the income tax and corporation tax rules – it's likely that the two systems will be brought into line eventually.

We hope you never have to discuss penalties with HM Revenue & Customs – but if you are aware of making a mistake of whatever kind, putting it right as early as possible will greatly reduce the penalty. We can advise you on how to go about setting the record straight.

Follow up on Steve's trip to HMRC

Last issue we reported Steve Humphries' trip to London, in his bid to assist HMRC in understanding how their reduced service standards, affect taxpayers.

To follow up on this another event took place in March at HMRC's headquarters.

Steve was quoted in ICAEW Tax Faculty magazine as saying

'From what I heard I feel HMRC are listening to the Tax Faculty and its members. Dave Hartnett (Acting Chairman of HMRC) obviously accepts service standards need to improve and that input from tax professionals will assist HMRC in achieving this.'

The evening focused on the effects of HMRC's radical change programme and how it has impacted everyone. Comments were made on the increases in the time taken to process VAT registrations and in processing errors across the board, the frustration that staff at HMRC's call centres seemed unable to deal with straightforward issues such as correcting PAYE notices of coding. The response was encouraging and we hope improvements are being made. We will keep you updated with any further news.

Use our website

Our website has a huge amount of information and provides monthly tax tips which help with any queries you may have.

www.clarkenicklin.co.uk

Penalty shoot-out No.2

A new penalty regime for late filing of company accounts with Companies House comes into practice from 1st February 2009.

Late filing penalties for accounts which are filed before 1st February 2009 are:

Length of delay	Private Company
3 months or less	£100
3 months and 1 day to 6 months	£250
More than 6 months	£500

Late filing penalties for accounts and reports which are filed after 1st February 2009 will be:

Length of delay	Private Company
Not more than 1 month	£150
More than 1 month but not more than 3 months	£375
More than 3 months but not more than 6 months	£750
More than 6 months	£1,500

The key factor to note is that these penalties are doubled if accounts are filed late in two successive years. In the worst case scenario if you file your accounts more than six months late in two successive years your company will be liable to a £3,000 penalty!!

You will also need to be aware of future changes in accounts filing deadlines. Currently companies must deliver their accounts to Companies House ten months after the end of their accounting period. For accounting periods that begin on or after 6 April 2008 the filing deadline is shortened to nine months after the accounting period.

These two changes highlight the need to arrange for your accounts to be prepared at the earliest opportunity. We will work with you to meet the revised deadlines and help you avoid unnecessary penalties.



Memorable Quotation

If there is any one secret of success, it lies in the ability to get the other person's point of view and see things from that person's angle as well as from your own. – **Henry Ford**

Second thought?

Last December the Government was ready and set to bring in new rules to charge extra tax on husband and wife businesses where it appeared that the income was being shifted from one taxpayer to another. Unusually, they listened to the protests that the proposed rules were unfair and unworkable: the Budget announced that there would be further consultation before the rules are introduced, probably in a year's time.

It's just possible that they will be persuaded over the next year that the whole idea is a bad one and it may be dropped. After all, the Government is now listening to protests about the tax system... but HM Revenue & Customs still seem very keen to do something about what they see as unacceptable tax planning by married couples.

If you are running a business with your spouse or civil partner, you can breathe easier for at least one more year. We will keep you posted on developments.

It's a reminder that directors need to think realistically about their company's ability to pay, and to make sure they have up-to-date and reliable information to help them make good decisions.

Ask questions later

In the past, if HMRC want to ask you a question about your tax return, they had to start their enquiry within 12 months of the due filing date. It made no difference whether you filed your 2006/07 return on 10 April 2007 or on 31 January 2008, the revenue get until 31 January 2009 to decide whether they want to poke and pry.

This is changing for the better – for 2008/09 personal returns, and company returns for periods ending after 31 March 2008, they get 12 months from the day they receive the return. At last there is a real advantage in filing early (apart from making your accountant's life easier!).

At the same time, they are bringing forward the last filing date for paper returns to 31 October – there's a stick as well as a carrot. Returns for 2007/08 can still be filed over the internet up to 31 January 2009, but a paper return after Halloween will be penalised.

All about our staff.

Exam results, seminar, departure and golf success...

We focus on staff and their achievements.

Congratulations

Congratulations to **Vicky Whittaker** who passed her ACCA Professional Accounting and Corporate Reporting. She will shortly be taking the final stage Business Analysis which will complete the course.

Well done to our golf expert **Rick Downes** (handicap 12) who, along with a team of 3 won the Brewin Dolphin, 18th Annual golf tournament. It took place at the Ringway golf club, Hale Barns this June. Competition was tough against 26 other teams of varying handicap.

Seminar Success

Strategic Planning, increasing wealth and reducing stress, is a topic that **Brian Bradley** is passionate about. He jumped at the opportunity to present at a Business Innovation Seminar recently, organised by GM Commerce.

Aimed at SME's and Entrepreneurs, he discussed the benefits of developing plans and thinking strategically about the future of your business.



A fond farewell to Liz

Liz Horsfield has reluctantly left due to her family relocating to Scotland. Liz started as a Trainee Accountant in September 2007 and was settling in really well within the firm. We wish her all the very best for the future.

Charity Ten Pin Bowling

We will soon be organising a Ten Pin bowling tournament for our dedicated charity 'Riding for the Disabled'. We will be looking for teams of four to take part. If you are interested please email julie@clarkenicklin.co.uk

Staff Spotlight

Name: Clare Challinor **Job title:** Trainee Accountant

Day to day duties: Accounts preparation, bookkeeping, and varied other jobs as required. Clare is also at the final stages of her AAT exams which finish at the end of December. She will then go on to ACA training as she hopes to become a fully qualified Chartered Accountant.

■ When did you join the company?

September 2007

■ What are the best aspects of the job?

I'm constantly learning, my role is varied and I'm being given more responsibility as time goes on. It's a great feeling when a job is completed and I get positive feedback from my manager and/or the client.

■ What are the worst? (If any!)

Scanning, as a trainee you sometimes get the dullest jobs!

■ Hobbies?

The usual for a 19 year old. I love shopping, going out and spending quality time with friends!

■ Describe yourself in 5 words

Approachable, easy going, loyal, shopaholic!

■ What have you done that's scared you?

Two things recently. Firstly whizzing down a zip wire at Blackpool from a great height. Never again! Secondly, both myself and colleague Liz went back to Aquinas college to present in front of students. The topic was about going straight into full time work rather than taking the university route. We were told there would be 6-10 at the most and had a shock when 40 turned up. Terrifying!



■ What is your pet hate?

Traffic and untidiness.

■ What is in your CD player at the moment?

Dance anthems.

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

It would have to be America. I enjoy holidays where there is a lot to do and see with plenty of hot weather and all night partying...

■ Plans for the future?

At the moment I am focusing on finishing my ACA qualification which is 2 ½ years down the line. After that, America here I come!

Clarke Nicklin LLP, Grove House, 227/233 London Road, Hazel Grove, Stockport SK7 4HS
t: 0161 483 5284 f: 0161 483 1464 e: enquiries@clarkenicklin.co.uk w: clarkenicklin.co.uk

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.