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Winter '08



Think inside the box

Rabjohns launches Science and Technology Group

Rabjohns have recently set up the Rabjohns Science and Technology Group, offering specialist accountancy, taxation and business advice to companies in the science and technology industry. This is a growing sector, particularly in the West Midlands, where we are at the heart of the Central Technology Belt. There are science parks based or planned locally in Malvern, Bromsgrove and Birmingham; QinetiQ itself with strong representation in Malvern, with various spin outs into the sector and a growing number of non science park based Science and Technology based businesses locating themselves in the West Midlands.

The Rabjohns Science and Technology Group is headed up by Dr Zoë Jones and James Geary.

Zoë has a background in scientific research. She gained her PhD in microbiology from The University of Wales, Aberystwyth and worked for several years in the biotechnology industry before qualifying as a chartered accountant. Zoë is an Associate Director of Rabjohns and manages the accountancy and audit services for our science and technology clients.

James gained a degree in Music and Sound Recording before starting his career in tax. James is one of Rabjohns corporate tax specialists and provides tax advice to our science and technology clients. One area of particular interest to many of these businesses is Research and Development Tax Credits and James is able to provide specialist advice in this area, including whether particular projects will qualify in addition to negotiating the figures with HM Revenue and Customs.

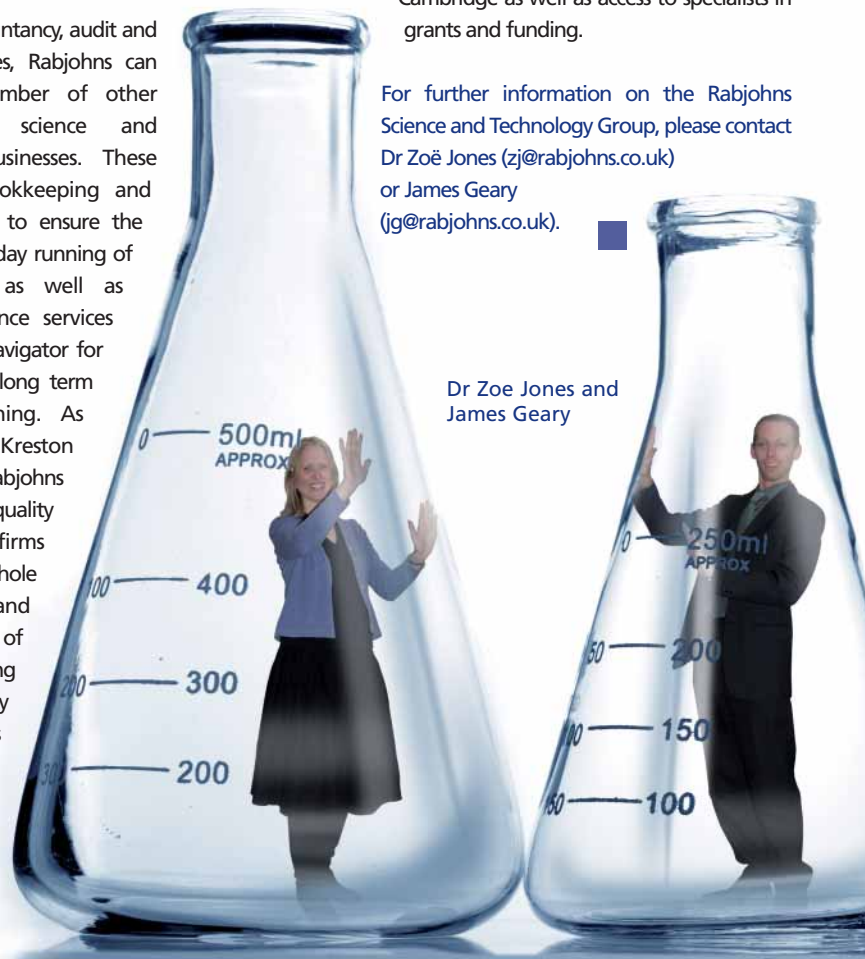
Other members of the Science and Technology Group are the Directors, David Cornelius, who sits on the Board of the Malvern Hills Science Park,

and Ian Smith, who is on the Business School Advisory Board for the University of Worcester.

As well as accountancy, audit and taxation services, Rabjohns can provide a number of other services for science and technology businesses. These include IT, bookkeeping and payroll services to ensure the smooth day-to-day running of the business as well as corporate finance services and Business Navigator for more strategic long term business planning. As members of Kreston International, Rabjohns has access to quality associated firms covering the whole of the UK and throughout all of the major trading nations globally should overseas assistance or expertise be required.

We are also members of the Kreston Technology Group, with links to firms in Oxford and Cambridge as well as access to specialists in grants and funding.

For further information on the Rabjohns Science and Technology Group, please contact Dr Zoë Jones (zj@rabjohns.co.uk) or James Geary (jg@rabjohns.co.uk).



Dr Zoe Jones and James Geary

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Doug Robshaw,
Partner

Exam success

Many congratulations to Ally McLaughlin, Colin Boden and Dan Packwood who have recently passed their professional examinations and are now fully ACCA qualified.

Further congratulations to Kirby Williams, John Sherratt and Glenn Haines who have each successfully completed ACCA exams.

Pictured above: Kirby Williams and Dan Packwood. ■



Halloween 2008 brings extra fright for thousands of tax payers

For many, the fear of missing the new Self Assessment Tax Return filing deadline, now October 31, will be a bigger headache than "trick or treaters" knocking on their doors.

This year sees the introduction of the new deadline for tax returns that are submitted on paper rather than electronically. Taxpayers who chose to submit on paper must now file returns by October 31, or face a fine of £100.

Doug Robshaw, Partner of Rabjohns LLP, said: "Around ten million people in the UK are required to submit a tax return each year, with roughly one million of these being within the West Midlands.

It is estimated that around 35 per cent of people now file returns online, leaving us with roughly 650,000 West Midlands-based taxpayers who need to file their paper tax returns by 31 October 2008.

On average, ten percent of people who are due to submit returns do so late, meaning around 65,000 taxpayers in the West Midlands could face an

automatic fine of £100 if they miss the new deadline.

I would urge people to write the 31st October in large letters, in every diary possible, so that they can get their returns in well in time, and avoid a whole load of extra frights this Halloween."

Taxpayers looking for further advice and assistance in ensuring they do not incur the penalty can contact Doug Robshaw, on dr@rabjohns.co.uk or on 001905 732100. ■





The

Credit

Crunch...

The Credit Crunch – three words that have caused concern and fear to abound through the UK economy, from the big banks through to major corporations, and now it seems to the small business owner. But, is it really as bad as we think?

The economy is undisputedly going through a time of change and a tightening of belts is definitely required, but is it really time for small businesses to pack up and go home?

Cashflow is crucial for the success of any company, but for the SME it is king. With the credit crunch and the economic slowdown it brings, comes a similar slowdown in the payment of invoices, which can lead to cashflow problems. Addressing these issues quickly and effectively are essential to avoid growth being stifled and, in worst case scenarios, the demise of an intrinsically solid business.

One solution is to consider financing options – Invoice Finance can help with the funding of invoices and collection, and can advance up to 90% of unpaid invoices when they are raised, generating higher cash levels than a traditional overdraft facility. An Invoice Finance facility also keeps pace with increasing sales turnover thus encouraging safe expansion for both domestic and export sales.

Kevin Johnson, Invoice Finance Partner at the Clydesdale Bank explains, "Clydesdale Bank offers two different Invoice Finance solutions. A Full Factoring service which offers a dedicated credit control function where the company would benefit from immediate funding and sales ledger management including credit control. This allows them to concentrate on sales rather than administration and is ideal for a sales based over-managed business.

Alternatively, companies can opt for a Confidential Invoice Discounting service which still offers the benefit of immediate access to working capital, but allows the company to retain all credit management functions and their customers are unaware such a facility is being used.

Release your working capital, unlock your potential

Both options are designed to 'keep it simple' for clients, offering a dedicated and pro-active relationship management whilst enabling flexible funding based on actual sales rather than projections. So, instead of waiting for debtors to pay within normal trading terms, the company could have the cash in hand on the same day as the invoices are raised. This will leave the business to concentrate on more important issues."

Kevin Johnson, Invoice Finance Partner of Clydesdale Bank PLC and based at the bank's Worcester and Gloucester Financial Solution Centres, kindly and proactively offered to pen this article and we are grateful to him.

If you are interested in this kind of financing solution, then please either contact Kevin, your own bank or Rabjohns Partner David Cornelius. David heads up our Corporate Finance team and will give unbiased views and advice about this currently popular financing solution.

David also wanted us to mention a very new sub-contracted service about to be launched by Rabjohns, in conjunction with Inksmoor Credit Management. Many businesses fail to maximise their debtor collection opportunities, or simply cannot afford the time or resource to keep properly on top of the job. Rabjohns and Inksmoor have combined to produce a cost effective offering which can remove this headache; with or without factoring or Invoice Discounting. Talk to David on 01905 732101, or email him at dc@rabjohns.co.uk for details.

If any of our professional contacts feel the urge to pick up a pen to contribute a guiding item which could be of financial or fiscal interest and are prepared to brave the RDA editorial team, then please let us know. ■

Research & Development Tax Relief becomes more attractive

It is now 8 years since the then Chancellor Gordon Brown introduced Research & Development Tax Relief, designed to improve the UK's competitiveness in the industrial sector by providing an incentive for UK companies to invest in Research and Development (R&D). Now, on the back of a lower than expected take-up, further changes have been made to make the relief even more attractive and accessible.

Where a limited company carries out R&D activities which aim to achieve an advance in science or technology, staffing and materials costs involved in the project may qualify for enhanced tax relief. Since the introduction of the scheme in 2000, the rate of tax relief on such expenditure for a small or medium sized enterprise (SME) has been 150%. With effect from 1 August 2008, for expenditure incurred

from that date, the rate has increased to 175%.

So for qualifying costs of £100,000 in any one year, a SME company would be entitled (in the future) to an additional reduction in its taxable profits of £75,000 – at small companies rate (currently 21%) this is a tax saving of nearly £16,000.

In addition, if R&D were to take place in a loss-making year, a SME has the option to surrender the R&D loss to the government for an immediate cash payment of 14%.

Another change that has just come into effect is that the definition of an SME, purely for the purposes of R&D relief, has considerably widened by doubling the relevant limits. Therefore a company will now be an SME from

1 August 2008 where:

- It has no more than 500 employees, AND
- EITHER turnover does not exceed €100 million, OR balance sheet assets do not exceed €86 million.

In a group situation, the size of the group as a whole would need to be considered against these limits.

Even if the SME limits are exceeded, R&D relief is available – albeit at the lower rate of 130%.

The time limit for making claims is now 2 years from the relevant year end.

If you would like to know more about R&D tax relief for companies, please contact James Geary on (01905) 732114 or jg@rabjohns.co.uk. ■

Rabjohns

Directors Academy

Rabjohns Directors Academy (RDA) was set up in 2005 with the aim to allow members to benefit from coaching with existing Directors, to gain career and personal development opportunities, to build relationships and to develop new skills in order to progress their careers.

The RDA currently has nine members; Alastair McLaughlin, Angela Taylor, Bryony Gaskell, Colin Boden, Elsa Tam, James Geary, Julian Carroll, Karen Rogers and Zoë Jones.

RDA members gain experience outside their normal work by accompanying Directors to client meetings and external events. Members keep journals to record their progress and development and meet up regularly to discuss their progress with the RDA committee – Ian Smith and David Cornelius, and to give and receive feedback.

The RDA has recently completed a team project developing a business plan for the firm. This gave the RDA members the opportunity to think about how they would run the Rabjohns business, work as a team and gain experience in giving presentations when they presented their recommendations to the RDA committee.

RDA members attend networking events to develop their skills and extend their network of contacts. The RDA will also be organising a series of seminars and networking events for people from other organisations at similar stages of their careers. If you would be interested in attending these, please contact Zoë Jones (zj@rabjohns.co.uk).

Comments from RDA members Alastair McLaughlin and James Geary, show how the RDA has benefited members.

From Alastair: "The RDA has given me the opportunity to expand and develop my professional skills outside of the technical

Rabjohns Directors Academy...

requirements. It has put me into new and challenging arenas, which will hopefully benefit Rabjohns and myself."

From James: "As an ambitious young tax adviser, I was in a position in my previous job where I felt that no matter how hard I worked there was no recognition and certainly no indication that all the hard work would ever lead to progression of my career in the manner I was looking for.

When I first heard about the RDA I am not exaggerating when I say I was genuinely excited by the concept.

The aims of the Academy just seemed to strike the right

balance between the hard work needed by the members to reach their career aims and the help and input required from existing directors to provide the breadth of experience and coaching to make that possible.

What really makes the RDA work for me is the level of openness involved – there are no secrets or "smoke and mirrors". Instead, the directors are open and honest about the business and its day to day running. There are not many firms out there who would dream of letting employees in to the firm's own accounts figures. The result is that it is very clear that the directors take the members very seriously and go out of their way to make them feel like an important part of the business.

The main attraction, though, was the concept that with Rabjohns, with the help of the RDA,



Pictured (L - R) James Geary, Elsa Tam, Julian Carroll, Karen Rogers, Zoe Jones.



my career would advance as soon as my experience and efforts were worthy of it, not when someone else left to create a gap for me."

Ian Smith, Chairman, and member of the RDA committee commented that "The RDA is modelled, quite simply, on those of us with grey hair (or less hair) thinking back to the best bosses we worked for. We try to pass on things we wish we had known at the same stage of our careers. The business benefits by our motivated people being stretched and developed outside of their normal technical areas. We can view them in leadership situations and they can take on new challenges in a supportive environment. It really is win/win."

For further information on the RDA please contact Ian Smith or David Cornelius.