

# August 2009

*Cornish Accounting Solutions*

## Top Tips To Beat The Recession...

**1. Look after your customers:** Most of tomorrow's sales will come from today's customers. You need to get closer to them than ever and find ways to make yourself more needed, indispensable. Can you offer your customers regular servicing or checking? Can you offer them training? Can you take over their stock control? Priority booking? What would form a natural extension to your present service offering?

**2. Target growth areas of the market:** Even in a recession there are chunky areas of the economy that are growing. Large parts of public sector expenditure are going to keep growing right through the recession. Can you grab some of it? Public sector procurement processes are not easy for a newcomer to master.

**3. Never reduce your prices:** There are lots of ways of making your goods or services more attractive than by reducing the price. Reducing prices is an act of desperation. If you want to boost sales think of something that the customer will value more highly than the cost to you. How much do you think a room upgrade costs a hotel? A couple of pounds maybe? A fiver tops. But the customers will be delighted, especially if they know that the rate for the room is an extra £40.

**4. Review your website:** Nowadays most folk will Google you when they first hear of you. And they will do the same if they want to check a contact or find out how to get to you. Make sure your website looks professional. Real turnoffs are "Copyright 2003" in a footer and so-called news that is out of date.

**5. Make your website sweat:** Make sure you tell them the full range of what you do and what you can do. Show them examples. Quote happy customers. Make visitors feel secure and confident. Give them a reason to come back. Find a reason to capture their e-mail. Use Google Analytics.

**6. Cash is a King in a recession:** Keep a tight control on cash and keep up to date cash forecasts. If cash is tight implement strategies to reduce stock levels and debtor days. If cash is not a problem you should be a buyer. Assets will never be cheaper. Good times will come again. Buy something you need now!

**7. Brainstorm with your staff:** If you can't think of a way of using these ideas in your business, try setting up a brainstorming team. Gather a group of the brighter sparks from all areas of your business. Explain the situation and what you are hoping to achieve. Have someone capture the ideas as they come and do the filtering and selection of the best ideas at a later session after you have agreed selection criteria which might be such things as cost, speed of implementation, etc. Not only will you get some great ideas you wouldn't otherwise have thought of, but you will also have boosted staff morale by being inclusive. And it won't have cost you a penny.



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### Quote of the Month

*"Hide not your talents,  
they for use were made.  
What's a sundial in the  
shade?"*

**Benjamin Franklin**

## 5 Ways To Turbo Boost Your Marketing!

**1. Know Your Market:** A business based purely on your 'good feeling about it' or the support of friends and family is a risky one. You need to test your product and your potential market before you begin. Market research at this stage will save you a fortune long-term. Define your product's *'Unique Selling Proposition'*, the quality that sets it apart from the competition, so you understand the benefits and problem-solving attributes of your product.

**2. Have a marketing plan:** A marketing plan features the strategies you will use to reach your customers to sell your product or service. Without it, your activities risk being reactive, inconsistent and probably ineffective, wasting your time and money. A good marketing plan gives you a clear indication of what you need to do to get to where you want to go. An excellent marketing plan makes it a journey you'll want to take!

**3. Have marketing goals:** Without goals, you won't know how successful (or unsuccessful) your marketing is. You need to have daily, weekly, monthly and annual goals for the number of leads, referrals, and clients your marketing will produce and to update those continually.

**4. Don't just follow your competitors' lead:** Model (not copy) what has worked for your competitors in a campaign, an advertisement or marketing strategy but only if you know it has produced results. It would be unwise to follow them down an expensive path if it produced no visible, viable results!

**5. Know your customers:** Forget trying to sell to everyone - only a tiny percentage of the population will want your product or service and you need to identify who they are. You need to find a way of appealing to the people who are most likely to buy from you. Know their needs, desires, wants, and problems so that your marketing message can appeal to them directly. (see article on page 5)



## Vetting and Barring Scheme

*Changes to employment law are underway! From the 12 October 2009 new measures are being introduced to vet the suitability of persons working with children or vulnerable adults.*

It is to be called the Vetting and Barring Scheme (VBS) and will be administered by a new public body to be called the Independent Safeguarding Authority (ISA).

From July 2010 all new employees can register with the ISA.

From November 2010 all new employees and volunteers **must** register before they start work. **Until they have registered they cannot be legally employed.**

Failure to comply with the new registration demands could possibly result in custodial sentences for the employee and the employer!

A range of useful online tools, posters and leaflets can be downloaded from the ISA web site at [www.isa-gov.org.uk/toolkit](http://www.isa-gov.org.uk/toolkit)



## Changes to the Childcare Approval Scheme

**Want to know more  
about the changes?**

Contact Debbie on:

01208 74615

or

[debbie@cas-sw.co.uk](mailto:debbie@cas-sw.co.uk)

In order to qualify for Child Tax Credits (CTC's) the person responsible for taking care of your child(ren) needs to be registered with the Childcare Approval Scheme.

From 18 July 2009 the Childcare Approval Scheme will no longer exist and all childcare providers approved under this scheme (for example a nanny or foster carer working as a child minder) must become registered with Ofsted or they will become unregistered providers.

Taxpayers who are affected by this change are advised to check with their childcare provider to see what they plan to do from 18 July 2009.

It is no longer possible to claim tax credits unless the childcare provider is registered with Ofsted from 18 July 2009.

If a childcare provider does not intend to register with Ofsted, an alternative registered provider would need to be used in order to be able to claim or continue claiming the childcare element of tax credits.



## 10 Tips For Communicating More Effectively!

*Marketing is many things, one of them being a form of communications. The same is true of advertising. Ad great Fairfax Cone once said, "Advertising is what you do when you can't go to see somebody. That's all it is." But what about the times when you can go see somebody? Here's how to make the most of those golden moments:*

- 1. Be the first to say hello!**
- 2. Take risks and don't anticipate rejection.**
- 3. Tell others about the important events in your life.**
- 4. Show others you're a good listener; restate their comments in different words.**
- 5. Be able to tell others what you do in a few short sentences.**
- 6. Use eye contact and smile!**
- 7. Seek common goals, interests and experiences with the people you meet.**
- 8. Become enthusiastic about the interests of other people.**
- 9. Balance the giving and receiving of information.**
- 10. Be open to the feelings and opinions of others.**

## Vat Land and Buildings Update

### **Renting Land**

Generally speaking the rent you pay for letting a piece of land is an exempt transaction; in other words no VAT is added to the rent charged.

However the owner of land may elect for any rents charged to be treated as a standard rated transaction. The election would not apply to all the property he owns just the particular plot or building subject to the election.

So if you are letting land for a short period, say if you are hiring a venue for an antiques fair, be sure to ask if the owner of the land/building will be charging you VAT. Otherwise you may be saddled with a 15% VAT charge that you may not be able to recover.

### **Option to tax – can it be revoked?**

The option to tax, treat rentals, purchases and disposals of particular parcels of land or buildings as standard rated VAT transactions was introduced 1 August 1989. The election lasts for 20 years. Consequently the first elections made August 1989 could now be revoked. One reason you may want to consider this relates to stamp duty land tax.

### **Stamp Duty Land Tax (SDLT)**

A purchaser of a property that is subject to an option to tax (for VAT purposes) will pay SDLT on the VAT inclusive price. This may have a significant impact on the amount of SDLT payable especially if the VAT charged moves the SDLT payable into a higher banding, from say 1% to 3%.

If you would like our help with VAT planning for property matters please get in touch before you sign a contract or lease!

## All Change For Holiday Lets!



Furnished holiday lets currently enjoy a highly beneficial tax regime with many of the advantages of trading property. Qualifying property is eligible for Capital Gains Tax ('CGT') reliefs like entrepreneurs' relief, rollover relief and holdover relief, allowing low tax sales and tax free transfers or replacements to take place; capital allowances are available on furniture and equipment in the property; losses can be set off against other income; and profits are qualifying 'earnings' for pension contributions.

At the same time, profits escape National Insurance and the properties remain capable of qualifying as the owner's main residence (usually by election) when occupied privately part of the time. To qualify, the property must be available for letting to holidaymakers and tourists on a commercial basis for at least 140 days a year, it must actually be so let for at least 70 days and it must not normally be in the same occupation for more than 31 days during a 'holiday season' of at least seven months.

A similar range of reliefs are available to companies owning qualifying property, although this is less common, so we will concentrate on individual property owners in this article.

### Holiday Lets Go International

Before the Budget on 22nd April, the property had to be in the UK but the regime has now been extended to qualifying property throughout the European Economic Area ('EEA'): the 27 member states of the European Union plus Norway, Iceland and Liechtenstein.

This extension has been given backdated effect, meaning that qualifying property may be treated as if it qualified since it was first let as qualifying furnished holiday accommodation (or since the relevant country joined the EEA, if later).

The relevant CGT reliefs (including business asset taper relief on disposals before 6th April 2008) can therefore now be claimed on transfers and disposals taking place as far back as 6th April 2003, with a deadline of 31st January 2010 applying to the earliest claims.

Claims for capital allowances or to set losses off against other income of the same year must be made by amending your Tax Return. 2008 Returns can be amended until 31st January 2010. Capital allowances can generally be claimed for most assets still in use in the property at the beginning of the return period (e.g. assets in use on 6th April 2006 for a 2007 Tax Return).

Whilst many people owning foreign property could benefit under the furnished holiday letting regime, it is important to realise that it is only available when the property is let out on a commercial basis as a genuine profit-making venture. Most foreign holiday homes will not meet this criterion.

### End of the Line

Although we do not yet know what transitional rules might apply, owners of qualifying furnished holiday accommodation both in the UK and elsewhere may wish to consider taking action before 6th April 2010 to make the most of the regime while it still lasts, such as:

- Purchasing furniture and equipment costing up to £50,000 to obtain immediate tax relief under the annual investment allowance. The allowance is also available on part of the cost of new property, including plumbing and wiring. Where the allowance exceeds the owner's net rental income for the year, the surplus can be set against other income.
- Transferring property to adult relatives whilst it is still possible to hold over the capital gain arising. This will also ensure that the property avoids Inheritance Tax, as long as you survive at least seven years, since it seems likely that it will also cease to qualify for business property relief. The transferee could even adopt the property as their main residence and thus avoid CGT permanently.
- Selling property whilst it still qualifies for entrepreneurs' relief, thus giving rise to an effective CGT rate of just 10%.
- Replacing existing property with more desirable property whilst rollover relief is still available.
- Making pension contributions which qualify for tax relief by virtue of furnished holiday letting profits.
- Carrying out repairs and maintenance work and other qualifying business expenditure in order to generate losses which may be set off against other income. Transferring property to a company and crystallising capital gains taxed at an effective rate of just 10% or alternatively holding them over. Note that transfers of property worth over £175,000 (£125,000 after 31st December 2009) will give rise to Stamp Duty Land Tax charges.

## How To Find Customers Who Want To Buy From You...

*When it comes to getting more customers who want to buy from you, here is a time-proven approach that almost any business can take. This will set you apart, and allow you to win when your competitors are struggling and complaining about "tough times".*

### **Target the Right Prospects:**

Targeting is the most important factor in your marketing. And perhaps one of the most poorly understood factors. What do we mean by 'targeting'? Here's a simple example. You could have the world's best mower at the world's best price. But if you direct your offer to someone in a high rise apartment building, your marketing message is irrelevant. Wasted.

### **An Offer So Compelling Only an Imbecile Could Resist:**

Another home truth. Your marketing has to give a reason to act. It must have an offer. And in the words of the late, great (and controversial) copywriter Gary Halbert, an offer that is so compelling, 'only an imbecile could resist it'. We may laugh at the old 'set of steak knives' ploy, but it works. Your 'steak knives' offer, whatever it may be, will lift your response too if you get it right.

### **The Right First Step:**

Be clear on what your 'first sale' is. So many marketing pieces try to 'sell the purchase'. It's a bit like putting a 'Husband/Wife Wanted' ad in the media, and expecting to get takers. Chances are the first 'transaction' with your life partner was not to walk down the aisle together. Typically it's a low key "getting-to-know-you" exercise.

In the same light, your first 'sale' in selling your product or service is to get your prospect to pick up the phone, to walk into your business, or to submit an information request via your website. Don't underestimate the challenge in getting someone to 'put their hand up' and to give away their anonymity!

OK, enough home truths. Where and how to you find your target market? Big subject. Enough for several books.

### **A Proven Strategy:**

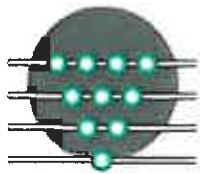
But let's look at one proven strategy ... using 'Packaged Information'.

Your prospects probably don't know what you know about your product or service. What's more, they don't even know that they don't know.

What a brilliant opportunity to create an offer, (Packaged Information) to get them to willingly put their hand up to identify themselves.

Packaged Information offers take several forms - Buyers Guides, Information DVD's (not promotional DVD's), White Papers, Special Reports, Buyers Checklists and more. Literally, any "Package" of valuable information.





# Bulletins...

If you would like us to include your services or products in our future newsletters then please email Debbie at [debbie.@cas-sw.co.uk](mailto:debbie.@cas-sw.co.uk)

Have you had a chance to review our 5 minute health check included in July's newsletter?

If not then have a look!

It only takes 5 minutes and it could end up saving you money.

If you would like an Independent Financial advisor to take a look at your finances then please let Paul know.

Do you have any news you would like us to share with our readers?

## Dates For Your Diary

### DATE

1/9/09 Corporation tax due for year ended 30 November 2008

### DATE

19/9/09 Paye, Nic and CIS tax deducted for month ended 5 September is due

## CORNISH ACCOUNTING SOLUTIONS

Helping You Succeed



## Seminars

Following on from the success of our seminars in 2008 we are continuing to run our free seminars in 2009.

<b>WALLY</b>	7th September
<b>4 WAYS TO GROW</b>	5th October
<b>UNDERSTANDING YOUR ACCOUNTS</b>	2nd November

If you would like to book a place or would just like further information then please contact Debbie on 01208 74615 or email her at

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