

October 2009

Cornish Accounting Solutions

Traits Of Strategic Thinkers

To be strategic is to be innovative, resourceful, purposeful and intentional which is why so many top businesses use a strategic planning process to stay ahead of the competition.

Companies and individuals can then define a clear vision of their objectives, identify where the greatest opportunities lie, create strategic implementation projects and implement an action plan geared for optimum results and success.

Want to become more strategic? Add these traits to your collection of skills and invest in your very own strategic plan for your business. Then simply watch your success soar!

1. **Maintain a self-responsible attitude.**

Strategic thinkers live by the saying, if it is to be, it's up to me.

2. **Capitalise on your strengths and minimise weaknesses.**

Understand your core competencies and use them to your best advantage. Invest time with others who excel in the areas where you are less competent.

3. **Use your intuition.**

Strategic thinkers consider intuition to be the product of past experience, observations and projections. From this vantage point they are able to develop a filter of sensitivity to probable solutions.

4. **Have a clear sense of purpose.**

Strategic thinkers start at the end. They know exactly what the outcome is and what they want to accomplish before they begin and determine appropriate actions based on how well it will help them achieve the desired results.

5. **Learn to identify or create better alternatives and solutions.**

By thinking strategically, barriers are removed and possibilities are considered.

6. **Maintain a 'What's Right' positive perspective.**

Strategic thinkers manage their business from a position of strength by focusing on what's working. With this mindset, it allows for new solutions or improvements to be created without jeopardising an existing competitive advantage.

7. **Lead the way and take initiative.**

Strategic thinking promotes ideas that are new and often unproven. As an innovator, a strategic thinker creates greater resources and therefore market value and advantage.

8. **Welcome risks and become comfortable with the unknown.**

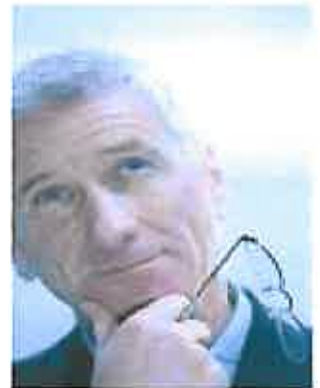
To a strategic thinker, risk is nothing more than information or experience that is not yet fully understood. It is a learning opportunity and something that can be managed using intuition, a 'What's Right' outlook, and the ability to adapt and create improved solutions.

9. **Promote and encourage innovation and change.**

Strategic thinkers look for constant improvement. If something is good, they want to know how to make it even better. Don't ever get complacent in your business. Competition and change is always just around the corner.

10. **Deliver results, results, results.**

Strategic thinkers can adapt to changing technology trends, market conditions, industry concerns, budget restrictions and basic challenges of life. With these traits and more, they continue to persevere until they succeed.



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Quote of the Month

"The single biggest problem in communication is the illusion that it has taken place."

George Bernard Shaw



Packaging Your Services

Packaging your services works like a charm.

It means clients will:

- Understand what they're getting. Instead of the nebulous cloud, there's a clear-cut explanation that Option A provides Result A, and Option B provides Result B. Simple. Therefore, they will...
- ...Decide more quickly. When you're faced with seven options and no clear pricing structure, you give up in despair. When the options really easy again. And because purchasing is easy, they will...
- ...Buy more. Because it doesn't take a great deal of time, and they can see clearly what they're getting, they're more interested to see what other offers are on the table. And not only will they buy more, they will...
- ...Refer more. If your services are simply packaged, it's easier for your clients to refer these packages to their friends and contacts.



So how do you package your services?

1. Think about something you've ended up doing a lot of lately. Write down the basic steps you followed.
2. Give it a name. And please keep it simple.
3. Give it a price – or several options. Keep it to two or three at the most, so people can choose almost immediately. The more prices there are, the more confusing it is. Make the price clear and easy to find. When people can't find prices, they often presume it's Really Expensive and they go somewhere else.
4. Create a group. If you can get 10 people in a room (or on a conference call, or in a webinar), you're receiving 10 times the amount of income for the same amount of your time invested.
5. Document it. Put it in a leaflet, on a postcard, a business card, or a website page. That makes it really easy to promote.

And the beauty of it is, this saves you an immense amount of time. Everything has been made more simple, more easy for your clients: and it has done the same for you.

So you can get on with the work you really want to be doing.



Brownfield Site Development

The Finance Act 2009 makes significant changes to an existing tax relief and extends it to enable developers wishing to redevelop brown field sites to claim extra tax relief to help with their costs. The relief is only available to companies and is extended to include derelict land as well as contaminated land.

The redesigned land remediation relief grants tax relief of one and a half times the expenditure incurred to encourage developers to concentrate on brown field sites. Developers who incur a tax loss as a result can also claim a refund of tax by surrendering losses for cash.

The expenditure on which additional relief is available is restricted to expenditure on staffing costs, materials and sub contract expenditure, which would not otherwise have been incurred but for the state of the land and the expenditure is not subsidised.

To qualify for relief the land must have been acquired by the claimant company for the purpose of a UK property business or trade.

Land Remediation Relief is not available:

- Where the company, or a party connected to the company, was responsible in any way for causing the contamination or dereliction.
- Where arrangements have been put in place which either create or enhance a claim
 - For cleaning up nuclear sites.



Land remediation tax credit - how much do you get?

If a company incurs a loss as a result of land remediation tax relief, a land remediation tax credit of 16% of the amount of the loss may be claimed in the company tax return. The losses will not then be available to carry forward against future profits. The claim will depend on the merits of each case. If cash flow is critical the tax credit might be the best choice even though you are sacrificing future loss relief which might instead provide relief of at least 21%.

VAT & Vehicles

New motor cars

Input tax cannot be reclaimed on the purchase of a new motor car that is available for private use. The only exception is if the vehicle is the actual tool of trading e.g. for a car hire business, taxi firm or driving school. Note - with effect from 1 December 1999 vehicles are no longer treated as cars for VAT purposes if they have a payload of one tonne or more. Payload is the difference between a vehicle's maximum gross weight and its kerbside weight. In practice the change mainly affects those vehicles generally described as double cab pickups.

If you purchase a genuine pool car input VAT can be recovered if the following conditions apply:

- The car is normally kept at the principal place of business;
- It is not allocated to an individual; and
- It is not kept at an employee's home

Vans and commercial vehicles

There is no problem claiming input tax on vans and commercial vehicles. But what if a van is partly used for private purposes – let's say for 20% of the time?

You can either:

- claim 80% of the input tax on the cost of the vehicle at the time it is acquired i.e. to reflect the business use proportion, or
- claim 100% input tax at the time of purchase but then account for output tax on the private use element over a five-year period.

Vehicle Repairs

Even though a vehicle might be used for private purposes, 100% input tax can still be reclaimed on the costs of servicing and repairing the vehicle.



Double Cab Pick Ups

There has been a lot of publicity lately about the tax advantages of running cars with low CO2 ratings. There are a number of benefits:

- possible 100% first year tax deduction for the cost of the vehicle,
- much reduced benefit in kind charges,
- lower road fund tax and so on.

But not all of us want to run such vehicles even if there are tax, VAT and running cost advantages. Double cab pickups, sometimes described as crew cab pickups, are an anomaly! For business users, especially the self-employed, they present an unusual tax opportunity.

The HMRC web site describes double cab pickups as:

"... a front passenger cab that contains a second row of seats and is capable of seating about 4 passengers, plus the driver with four doors capable of being opened independently (two door versions are normally accepted to be vans, even those with rear doors that can only be opened after the front doors and that must be closed before the front doors) and an uncovered pick-up area behind the passenger cab."

From the tax year 2002 -03 onwards a double cab pickup is classified as a van for both VAT and benefits purposes if it has a payload of 1 tonne (1,000kg) or more.

If your double cab pickup meets this definition:

- You can reclaim any VAT added to the purchase price, and
- The net capital cost (after VAT has been reclaimed) could be available for a 100% first year tax allowance as part of your Annual Investment Allowance up to a maximum of £50,000 each tax year.



If you are a director or employee, any significant private use of the double cab pickup will trigger a standard benefit in kind charge of tax on £3,000 per year. In addition if your firm/employer provides fuel to cover private use of the vehicle there will be an extra benefit charge of tax on £500 per year at current rates. The best way to minimise any risk of these benefits being applied is to restrict the use of the pickup to business use only, or make sure that any private use meets the HMRC definition of "insignificant private use".

VAT Postage Refunds

This is an important update on "Royal Mail" VAT claims. You need to read this if: -

- You have any claims in progress
- You have entered into postal contracts with Royal Mail. You could have a big VAT refund.

What is this about?

TNT took the UK Government to the European Court of Justice and the Court ruled that Royal Mail was incorrectly allowed to exempt postal services which are individually negotiated or not subject to any price and regulatory control. This relates to the part of the market that has been opened up over the last ten years or so, and where private sector suppliers have been required to charge VAT.

Technically this means that Royal Mail postal services falling within the categories have included VAT for several years, which gives rise to the basis of the VAT claim.

Round 1 went in favour of taxpayers, and was the decision of the European Court of Justice which said that the UK law exempting certain postal services provided by Royal Mail Group was wrong.

Round 2 has now gone in favour of taxpayers, with HMRC accepting the decision, which they did in Revenue & Customs Brief 64/09.

If you feel that you may have a possible claim then please contact us as soon as possible so that we can look at your circumstances.



Give Something Of Real Value

This means a gift certificate or a 50% discount or a free product or service. Write it up in a leaflet or a postcard or a little business card you can hand out. I call it the Real Value Card. Make it incredibly easy for your friends or clients to remember it, and incredibly valuable for their friends to phone you up.



Because it's far more likely they will pass that on (the Real Value Card) than that they will just happen to remember to bring up your name in conversation. If you're an interior designer, and you've just given your newest client a 50% discount card to hand out to her friends, she will feel very selfish holding onto that card and not blessing her friends with it. (Why not give her a discount card she can use herself for room number two!) And when someone she knows says, "Oh, I love your new dining room, who did it?", she may suddenly remember to open up her bag and pull out the discount card and say, "This person did – and look, you can save 50%!"

It doesn't have to be 50%. Depending on your product or service, think about:

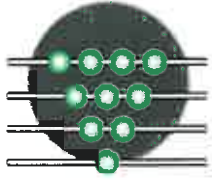
- Offering one product or service free, to encourage them to buy others.
- A membership of some kind that will be of value to them.
- Attendance at an event for free (or substantially discounted).
- Giving a discount based on timing (the earlier they book, or purchase, the higher the discount).

Make sure it is real, actual value. Everyone offers a 'free consultation' these days – most people know that just means 'a chance for me to sell to you'. And they don't take you up on it. Remember, being in business is about giving, and serving – so give away a little, to get a lot in the end.

Once you have your Real Value Card to hand out to your clients, here are my tips for increasing the number of referrals you get (whether you're increasing from hundreds or increasing from zero):

1. Thank your existing referrers. When they give out a Real Value Card and their friend purchases from you, thank them by sending a bottle of wine or cinema tickets or just a nice gift.
2. Ask existing clients who have not referred you yet. Give them a Real Value Card (or several of them) and ask if they would be willing to hold on to those for the next time someone asks, "Do you know anyone who...?"
3. Tell new clients that you will be asking for referrals down the road. After a few months, give them a Real Value Card. Tell them they get a new one to hand out (or use for themselves) every time they purchase from you.
4. Do some referring yourself. Think about who you could refer to your friends or suppliers or businesses. It's the 'givers gain' concept.
5. Give out the Real Value Card to every single client, without fail. (Send it with every invoice, billing statement, or letter. Drop it off each time you or a team member visits the client. It adds up.)
6. Change the Real Value Card regularly. Not too often – but every six to nine months, change it a little so it's interesting (and a topic for conversation).





Bulletins...

It is with great sadness that we have to say good-bye to Becky at the end of the month. Becky will be sorely missed, we hope that you will join us in wishing her every success for the future.



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

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

Dates For Your Diary

DATE

01/11/09

Due date for corporation tax due for the year ended 31 January 2009.

DATE

19/11/09

PAYE and NIC deductions due. Filing deadline for the CIS300 monthly return for the month ended 5 November 2009. CIS tax deducted for the month ended 5 November 2009 is payable by today.

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.

Make your business fly

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

debbie@cas-sw.co.uk

Cornish Accounting Solutions

20 Crockwell Street
Bodmin
Cornwall
PL31 2DS

Phone: 01208 74615
Fax: 01208 73116
E-mail: info@cas-sw.co.uk

Visit Our Website!
www.cas-sw.co.uk

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