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## IS THERE ANY GOOD NEWS?

With the Chancellor's Autumn Statement predicting more borrowing and less growth, the Eurozone crisis dragging on and talk of a "double dip" recession, one starts to wonder: "where is the good news?!"

Well there IS good news, but YOU have to make it happen!

Our most successful business clients have one trait in common: they understand that they cannot control global economic events, they can only control events local and relevant to them. But how do you remain successful locally?

Firstly, it takes time for global economic events to filter down to local markets. When an event happens there is always a certain amount of time to alter your business strategy. If you haven't set targets then you can get carried along like a paper cup on the ocean, which can lead to you as a business owner feeling out of control. This is what happens without targets and a strategy for long term survival, so please talk to us about your goals for the future.

Secondly, successful business people understand the need to be flexible with the way they deal with suppliers, employees and customers. Brainstorm with your team about how you can be more efficient in your daily operations and consider how you can deal with your customer's needs more effectively. Then set an action plan for change. Our most successful clients do this regularly and are prepared to change their methodologies – in essence, they are flexible in the way they operate. Remember to focus on what you can change and don't worry about what you can't!

There is a well-known principle called the "Parato Principle", which is also known as the 80:20 rule:

- 80% of sales come from 20% of customers;
- 80% of complaints come from 20% of customers;
- 80% of your profits come from 20% of the time you spend;
- 80% of your sales come from 20% of your products;
- 80% of your sales are made by 20% of your sales staff

Therefore focus on the most effective areas and eliminate, ignore, automate, delegate or re-training the rest.  
**Set targets, focus on what you can change, ignore the rest and you will create your own good news!**

# THE AUTUMN STATEMENT

George Osborne stood up in the House of Commons recently to update MPs on the Government's plans based on the latest forecasts for the UK economy from the Office for Budget Responsibility.

The Office for Budget Responsibility report - published twice a year - is its assessment of the UK economy's likely performance over the next five years.

It reports on the state of the public finances and assesses whether the government is likely to achieve its goal of balancing the UK's budget within five years ('balancing the budget' is where spending matches the amount received from things like taxes).

## **AUTUMN STATEMENT: THE KEY ECONOMIC AND BUSINESS POINTS**

### **ECONOMIC GROWTH**

2011 forecast revised down to 0.9% from 1.7%, 2012 forecast revised down to 0.7% from 2.5%, In 2013, 2014 and 2015, forecast growth will be 2.1%, 2.7% and 3%.

### **GOVERNMENT BORROWING**

Borrowing forecast to be £127bn in 2011-2, falling to £120bn, £100bn, £79bn and £53bn in following years, an extra £111bn in total than previously predicted. Debt to GDP ratio to peak at 78% in 2014-5, falling afterwards.

### **TRANSPORT COSTS**

The average rise in regulated rail fares to be capped at 6% - 1% above inflation - in January, rather than the 8% cap expected. The planned 3p fuel duty rise in January to be scrapped. But duty will go up by 3p in August.

### **JOBS AND BUSINESS SUPPORT**

OBR forecast of total public sector job losses up from 400,000 to 710,000.

The Chancellor announced a credit easing programme to underwrite up to £40bn in low-interest loans to small and medium-sized firms, a £1bn business finance partnership to raise money for medium-sized firms and a Regional Growth regeneration fund to get £1bn in extra funding. The Bank levy will be increased from January.

In addition there will be a £250m support package for energy-intensive firms, with £500m for science.

Business rate holiday relief for small firms has been extended to April 2013

He also announced a £1bn "youth contract" to subsidise six-month work placements for 410,000 young people.

For a detailed summary of the Autumn statement please contact us and we will be delighted to provide you with a copy.

## PENALTIES FOR LATE PAYMENT OF INCOME TAX AND LATE FILING



Tax returns for the year to 5 April 2011 filed late will create a penalty even if the correct amount of tax is paid on time or indeed there is no more tax to pay. Arguably that was a move which could have been expected before now, and at least the basic penalty stays at £100.

What may not be so apparent to those of you who tend not to pass the papers we need until close to or even after the deadline (31 January 2012 for the tax return for the year to 5 April 2011) is how quickly penalties can now stack up. The new penalties for late filing of Self Assessment returns result in, for example, an overall penalty after 3 months delay of £10 per day up to a maximum of £900.

Please therefore help us to help you - by giving us enough time to prepare your tax return well before the deadline of 31 January 2012.

## COMPANY CAR CHANGES

The income tax charge on the valuable benefit of having a company car available for your private use is often changed, so as to encourage car makers and drivers to reduce CO2 emissions. Plenty of notice is usually given of each change, given that naturally it is not realistic to expect anyone to be able to change the company car without a good deal of lead time.

Here is what is happening over the next few tax years, and don't forget that diesel cars face a 3% supplement on the tax charge which is not planned to change.

- The level of CO2 emissions qualifying for the basic minimum income tax charge of 15% of the car's list price is currently 125 g/km for 2011/12 and there is a special lower charge of 10% of list price where CO2 emissions do not exceed 120 g/km. All that changes from 2012/13 with a new emissions scale starting at 10% for 76 to 99 g/km, rising by 1% per 5g/km to the usual maximum of 35%. So in 2012/13 if you have a company car with CO2 emissions of 120 to 124 g/km you will face a tax charge on 15% of list price instead of 10%. That's a 50% increase in your tax bill!
- From 2013/14 the taxable benefit % increases by 1% for a car with CO2 emissions of at least 95 g/km, but at the moment the plan is to keep the top tax charge on 35% of list price. The latter applies where CO2 emissions are at least 220 g/km, so essentially the 1% hike covers cars of between 95 and 219 g/km.

All this means it is essential to review your company car – whether as user or provider- and we are ready to advise you fully of the position in your circumstances or those of your employer, plus how to minimise the tax charge over the next few years.

## ADVISORY FUEL RATES FOR COMPANY CARS

Published guidelines are issued by HMRC. The stated aim is to save time for all concerned by setting out figures which they reckon can be used in the majority of cases. They are only advisory, and can apply where the employer reimburses the employee for fuel for business travel in a company car or where the employer requires the employee to repay the cost of fuel for private travel in a company car.

They used to be reviewed every 6 months, but more frequently at HMRC's consideration if fuel prices fluctuated by 5% from the current rate and that was likely to be sustained. However, that arrangement has changed and the rate per mile is simply reviewed four times a year instead – on 1 March, 1 June, 1 September and 1 December. The rates from 1 September 2011 are as follows, and although they are basically the same as applied from 1 June there is a subtle (and somewhat sneaky) change to diesel powered cars as the advisory rate has been reduced where the engine size is between 1,401 cc and 1,600 cc.

engine size	fuel cost per mile		
	petrol	diesel	LPG
to 1,400 cc	15p		11p
to 1,600 cc		12p	
1,401 to 2,000 cc	18p		13p
1,601 to 2,000 cc		15p	
Over 2,000 cc	26p	18p	18p

## CUSTOMER RETENTION STRATEGIES

Without customers your business simply would not exist. Some businesses are so focused on winning new customers that they often neglect to put any effort into retaining the customers they already have! Winning new customers is often far more expensive than retaining existing ones. Winning a new contract may cost time in terms of developing a sales pitch and cash in terms of corporate entertainment in order to win over your target client. By contrast, retaining an existing customer might be as simple as sending them a thank-you card with a voucher enclosed offering 10% off their next purchase!

Businesses constantly strive to grow their client base and to do this they must go out and put time and hard earned money into sales and advertising efforts. It's during these times that many business people take their eyes off satisfying their current customers and this can lead to customers leaving. Customers of any business generally fall into three categories:

Loyal customers won't leave for another product or service provider – even if a special offer is put to them. At the very minimum they will give their existing supplier the opportunity to meet or beat the offer. Maintaining loyal customers is an integral part of any business. Over time it has been proven that loyal customers will spend more with you and they will refer new clients on to you.

Satisfied customers are customers who are open to a better offer from the competition. They feel that the product or service they are receiving is on a par with other offerings on the market but they are open to switching to something better (given the right special offer).

Dissatisfied customers are not happy with your product or service. Some will complain, giving you the opportunity to target the customer with client retention measures. However, for every complaint that is received from discontented customers, there will be several who will complain to their friends or publish their complaints online without telling you, These customers must be targeted pre-emptively with customer retention tools.

The goal of any business is to move the customers up along the customer chain. Dissatisfied customers move to the satisfied category, satisfied customers move to the loyal customer category and the business continues to look after the life-blood that is the loyal customer category. Identifying and categorising each customer will take time and effort (hours analysing sales data). However it will be worth the effort if it helps you retain some hard earned clients.

## HUMOUR

An accountant is having a hard time sleeping and goes to see his doctor.

“Doctor, I just can't get to sleep at night.”

“Have you tried counting sheep?”

“That's the problem – I make a mistake and then spend three hours trying to find it.”



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