



# Moulton Johnson Quarterly

*Merry  
Christmas*

**Winter 2008**

## **Welcome to our Winter MJQ!**

### **Inside this issue:**

2008 Pre-Budget Report Highlights	2
New VAT Rate	2
Late Filing Penalties	2
Team News	3
Company Christmas Parties	3
MJQ Winner	3
MJQ Brainteaser	4

#### **Follow your Dreams!**

The business climate has been pretty turbulent recently, with the banking crisis followed by a downturn in the economy.

#### **What does this mean?**

Firstly, you've got to hang on to your dreams, they still exist whatever else is going on around you. Don't lose sight of what you are trying to achieve, stay focused.

Secondly, in a changing economic climate, be prepared to be flexible and ready to adapt to whatever life throws at you. Now is the time to be strong.

Remember, change and turbulence not only provide challenges but create opportunities as well.

Those businesses and people who 'up their game' and seek out the opportunities will be in a strong position when the upturn comes—and it will! So, make sure you're one of those in the right place.

It has never been more important to keep close to your major customers and adapt with them to fit their changing requirements.

If you need to discuss what's important to you right now, please remember we are here and willing to listen.

Also in this edition of our newsletter is a summary of the pre-budget report highlights. There are several important changes so please read the article and contact us if you want to discuss how it affects you.

Whatever happens over the next few months, please remember we are here to help!

**We would like to wish  
you all a Happy Christmas and  
prosperous New Year**

*Peter Moulton*

## **VAT Rate Change—Cash Accounting Scheme**

**If you operate cash accounting, you must remember that the scheme allows you to account for your VAT liability when you receive payment.** It does not affect the tax point. The tax point is the time that the sale is made under the law and it determines the rate of tax applicable.

This means that VAT will be due at 17.5% on supplies you made before the rate change, even if you receive

payment after the change. When you receive payments in the months after the rate change, you will need to identify those payments which relate to supplies before the rate change and on which VAT is still due at the previous 17.5% rate.

As you can imagine, in certain cases, this could get quite complicated, so if you require any assistance please do not hesitate to contact one of the team.



## 2008 Pre Budget Report highlights

- VAT is to be cut as from 1 December to 15% until the end of 2009, but duties on petrol, alcohol and tobacco will rise to offset the reduction
- Increase in personal allowance of £610 to be made permanent. Personal allowance for next year to be £6,475. Restrictions apply for high earners from 2010/11
- National insurance to rise by 0.5% on all rates of national insurance as from 2011
- Top rate of income tax to increase to 45% on earnings above £150,000 as from 2011



- £1 billion to help exporters through the export credit guarantee department
- Rise in the threshold on duty payable on empty business premises
- Watchdog to monitor bank business lending
- Introduction of a three year carry back for trading losses for one year, capped at £50,000

### Business:

- Rise in small company corporation tax from 21% to 22% to be deferred for one year
- Businesses to be allowed to spread tax payments over longer periods of time
- No legislation to be introduced on income shifting in the 2009 Finance Bill, but the issue is to be kept under review
- £1 billion to be set aside to help small business borrowing by means of a temporary small business lending scheme

### Mortgages:

- Lenders to wait three months in the case of defaulted payments before pursuing repossession
- Ceiling at which homeowners who lose their jobs can apply for help with mortgage payments to rise to mortgages worth £200,000

### Families:

- Increase in child benefit to come into effect in January instead of April 2009
- Pensioners to get above-inflation increases, up from £124 to £130 a week for individuals and up from £189 to £198 a week for couples.

## Pre-Budget Report 2008: New VAT rate

After just over seventeen and a half years, the standard rate is 15% again, albeit only for 13 months, from 1 December 2008 until 31 December 2009.

The Chancellor announced this reduction in his pre-Budget Report with the intention of breathing fresh life into the consumer market.

The new VAT fraction for VAT-inclusive standard-rated supplies is 15/115 or 3/23, instead of 17.5/117.5 or 7/47. This will mainly apply to retailers, who must apply the new fraction to all standard rated takings received from 1 December 2008, unless a payment relates to goods taken away or delivered before 1 December, in which case the old fraction still applies.

Businesses that issue invoices for goods or services should apply the new rate to invoices issued from 1 December, unless the basic tax point was before 18 November or payment was received before 1 December, in which case the old rate still applies.

However, where goods or services to be supplied from 1 December are invoiced or paid for before that date, the taxpayer can choose to apply the 15% rate. A credit note should be issued where the original invoice was at 17.5% VAT.



The one week's notice given for this change means there is little likelihood of tax avoidance at the beginning of the 13-month period, and HMRC have indicated they will apply a light touch to errors. But as supplies could be artificially brought forward to before the start of 2010, anti-avoidance provisions will be introduced for the end of the period.

The reduction is clearly welcome, although it remains to be seen who will benefit most. At least partly exempt businesses and those with non-business activity, such as charities, should enjoy a consistent 2.5% reduction in their irrecoverable VAT for this time.

## Late Filing Penalties!

**Companies House will be increasing the filing penalties from 1st February 2009.**

At present the penalty for filing your accounts up to 3 months late is £100. For private limited companies this will increase to £150 for up to 1 month late and £375 between 1-3 months late. 3-6 month £750, more than 6 months is £1,500. **In addition, if you are late for two consecutive years the penalty is doubled.**

To avoid the penalties, make sure you get your records to us as soon as possible after your year end date.

If you are struggling with your book-keeping, please ask us for help. Not only can we help you free up your time to run your business, but compared to a late filing penalty of £1,500, it could actually be cheaper for us to help you rather than for you to file late.



## Team News

We would like to welcome Moushmi Vyas to the Byfleet office; Moushmi, who is ACCA qualified, joined MJ in October as a Senior Accountant, and, as you can see from the picture is already working closely with Peter.



We wish Ian S (Brentwood) and Katie (Byfleet) all the best for the Exams they will be sitting at the beginning of December—we hope to bring you good news on their results in the next Newsletter.

The MJ Team will be starting their Christmas festivities on Friday 19th December at the Macdonald Botley Park Golf and Country Club in Southampton. (We have been led to believe by Ian Johnson that this does not mean they will be serving up glorified Big Macs!!)

We will share the photos of what the team get up to in the next MJ Newsletter.

**All of us at Moulton Johnson wish you a very Merry Christmas and a prosperous New Year**

## Company Christmas Parties

It is worth remembering that you can still claim a tax deduction for entertaining your employees. There are of course some rules and, just to make



the whole thing more of a challenge, these rules are different for Tax and VAT purposes!

The annual cost per head must not exceed £150 including VAT. If the total

cost exceeds this figure the whole cost must be apportioned between the staff attending the event and reported on their P11Ds.

So what was meant as a lovely gesture and a thank you to your employees could lead to them finding out in the middle of next year that they are being taxed on the event and unfortunately, employees then don't see it as such a generous gesture.

## MJQ Winner



The winner of the Autumn quiz was Cathy Jarvis of Charterow Engineering Ltd. For the past 25 years Charterow has provided engineering design services to the offshore oil industry. In that time work has been completed on many aspects of fixed and floating structures, and also on the transportation and installation of these items.

Transportation and installation of these very large items is a speciality in its own right. Offshore cranes are the largest in the world with several having a capacity of 15,000 tonnes (onshore the problem is to spread that sort of weight over a sufficient area). These are photographs of a floating oil storage tank 60 metres in diameter and 40 metres high weighing almost 11,000 tonnes that was built

in China and delivered for use in the North Sea two years ago. Charterow was responsible for the support steelwork required on the vessel to spread its weight sufficiently, and also the seafastenings to ensure its safe delivery.

Currently, the company is working on subsea installations for offshore Angola at a depth of 2,000 metres. The design work for this project was carried out at their offices in Knaphill.



Oil Storage Tank



Support steel on bank of the vessel



Ready for sailaway

# MJO Brainteaser



This quarter we have decided to offer you a quick mental workout. You may not solve all of them the first time you look at them, but you might finish them after you think about them for a few days. If you haven't solved all of them don't worry, still enter and you may be the one with the most correct answers pulled out of the hat! The closing date for entries is Friday 16th January 2009, so if you fancy your chances at winning the bottle of Champagne, fax your answers to Jackie on 01932 336615 or email [jackie@mjresults.com](mailto:jackie@mjresults.com)—Good luck and don't forget to fill in your name and contact details!

Each equation is comprised of initials that you must replace with words that will make them correct. For example, 26=L of the A, is 26=Letters of the Alphabet.

- |     |                             |     |       |
|-----|-----------------------------|-----|-------|
| 1.  | 5 = T. on a F.              | 1.  | ..... |
| 2.  | 29 = D. in F. in a L. Y.    | 2.  | ..... |
| 3.  | 64 = S. on a C.             | 3.  | ..... |
| 4.  | 1 = G. L. for M.            | 4.  | ..... |
| 5.  | 9 = L. of a C.              | 5.  | ..... |
| 6.  | 14 = D. in a F.             | 6.  | ..... |
| 7.  | 4 = S. in a D. of C.        | 7.  | ..... |
| 8.  | 7 = Y. of B. L. for B. a M. | 8.  | ..... |
| 9.  | 4 = S. on a V.              | 9.  | ..... |
| 10. | 2,000 = F. in T.            | 10. | ..... |
| 11. | 101 = F. to W. before Y. D. | 11. | ..... |
| 12. | 40 = D. and N. of the G. F. | 12. | ..... |
| 13. | 76 = T. that L. the B. P.   | 13. | ..... |
| 14. | 2 = T. the P. A. R.         | 14. | ..... |
| 15. | 3 = W. in "M".              | 15. | ..... |



Essex Office  
 Tel 01277 228444 Fax 01277 262022  
 Email [mail@mjresults.com](mailto:mail@mjresults.com)  
 Surrey Office  
 Tel 01932 336733 Fax 01932 336615  
 Email [byfleet@mjresults.com](mailto:byfleet@mjresults.com)

Whilst every effort is made to ensure that the information given in this documentation is accurate and complete, Moulton Johnson accept no liability for any errors or omissions in that information or for loss or damage resulting from any action taken or not taken on the information provided. These articles are guidelines only and, before undertaking any particular strategy, the reader should obtain advice from a competent professional adviser to ensure that any decision or action is appropriate to their personal or business circumstances.



[www.mjresults.co.uk](http://www.mjresults.co.uk)