



newsline

An update on news that affects you and your business

Winter 2006

Happy New Year from everyone at Hillier Hopkins

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All that glitters is not gold

The advent of the Civil Partnership Act 2004 means that it is now possible for two people of the same sex to register their relationship and enjoy the same advantages such as social security, housing, family law, immigration, pension schemes, insurance and similar matters as married couples. In the area of taxation gifts made to each other will be exempt from inheritance tax (IHT) and capital gains tax (CGT). On death, assets passing to the other partner will also be free from IHT.

From a financial viewpoint this is all good news. But there are traps for the unwary. Just like marriage, a civil partnership will invalidate existing Wills and it is imperative that new Wills are executed after a partnership has been registered. And as Wills need to be revised after a

divorce the same principle applies after the dissolution of a civil partnership. What about beneficiaries in a Will? If a Will provides for a class of beneficiary including the spouses of children perhaps the definition should now include civil partners as well. Otherwise, the civil partner of a child might not be able to benefit.

Individuals can each own a principal private residence that is free from CGT on sale. Married couples can only own one residence between them and civil partners will therefore suffer from the same disadvantage when compared to two individuals. After registration they will need to decide which of their homes will in future be tax free. There is also a need to understand certain anti-avoidance legislation affecting married couples/civil partners who may be involved in trust arrangements or who may own businesses together. Civil partners should realise that there could be tax disadvantages as well as a number

of favourable tax and financial incentives. It should also be appreciated that not all countries accept civil partnerships in the same way. Clients who intend registering should notify us so that we can advise on specific tax issues.

Employers will need to ensure that employment contracts do not inadvertently discriminate against civil partners

Of course, this legislation has nothing to do with cohabiting couples of a different sex. Although many consider themselves to be in common law marriages there is no such relationship in law (except in Scotland) and for all tax purposes they will be treated as separate individuals not enjoying the same tax benefits as married couples or civil partners

If you have any queries on these matters please contact David Nye on 01442 269341 or email david.nye@hllp.co.uk

A big thank you!

We had a fantastic response to our client survey, which was featured in our autumn issue of Newsline. Thank you to everyone who took time to complete the questions on our website and congratulations go to Dr Terry Melia the lucky respondent who won an Apple iPod in the prize draw.

You gave us the highest scores (5 out of 6) for our expertise, our people, our attitude, and our fast response. You scored us slightly lower (4 out of 6) for other areas such as detail provided on fees, our website and our newsletters.

We are taking on board all of the helpful comments you gave us and are striving to score even higher next time. We are currently reviewing the weak areas identified above and would be interested to hear your thoughts on how we might improve these.

You can email your views to us at info@hllp.co.uk

Hillier Hopkins in the community

Last year the staff and partners of Hillier Hopkins raised just over £20,000 for our chosen local and national charities.

Our main sponsorship event for the year was a concert at the Royal Festival Hall in support of the Peace Hospice (Watford) and the Hospice of St Francis (Berkhamsted).

Volunteering, sponsorship, cake bakes, dress down days, raffles, race nights, bingo and clothes sales were just some of the other events and activities we held. At Christmas, Hillier Hopkins also made a donation to charity instead of sending you a Christmas card.



Wealth Management

Hillier Hopkins offers a full wealth management service. Our Wealth Management team are ideally positioned to offer advice to wealthy clients and trustees. Within one organisation we have experts with specialised qualifications and experience in investments, trust matters, all taxation matters, estates, and probate, and all associated areas of advice.

We are owned by our members and only by our members, and remain genuinely independent. We are able to research and select experts and solutions from the entire investment and taxation universe.

Fees are agreed in advance and are rarely simply based on hourly rates. Most clients agree a structure that includes unlimited basic telephone and e-mail support. The move away from hourly rates has encouraged greater communication between clients and Hillier Hopkins.

Hillier Hopkins Wealth Management Department is concerned with assisting clients in being confident that they will have the financing available to meet all their goals regardless, as far as possible, of financial conditions and catastrophes. Most of our clients are at a stage in their life where they have accumulated a substantial level of capital, often including pension arrangements. They are more concerned with protecting this hard earned capital from poor investment advice or poor taxation advice than with promises of some seemingly arbitrarily established rate of growth.

Wealth Management is led by Ben Sherwood and David Nye. Both have many years experience of dealing with private clients, and both assist investors in making intelligent investment decisions.

Money means different things to different people. Some clients are seeking financial freedom or independence to allow them to live without having to work. Many clients have achieved tremendous success in their career and want to leave a legacy either for their heirs or to establish a charity. Whatever our clients' requirements we provide them with disciplined and entirely independent advice. We seek out investment managers from across the world and advise on tax structures to maximise net returns. In most cases we can achieve far better terms than the standard retail terms offered by most UK investment houses. We have also arranged access to some funds that are normally only available to institutions.

The three key areas where we add most value are:

- 1) Asset allocation
- 2) Taxation advice
- 3) Expenditure reduction

But many of our clients tell us that what they value most is the reassurance that we provide and the removal of so much paperwork.

Case Study

Mr & Mrs Smith had been business clients of Hillier Hopkins for many years. The Smiths had accumulated c. £750,000 in liquid investments plus their main residence plus a holiday home.

Mr Smith had taken advice from various sources over the years regarding investments and had kept accurate records in this respect. A trust had also been established, primarily for tax planning reasons.

The Smiths had what they thought were straightforward aims. They wanted to have enough income to live comfortably regardless of their health. They were keen that both their relations but also some friends' children should benefit on their ultimate demise. They understood some of the risks and rewards of equity investment.

Finding the right solution proved frustrating and confusing. The newspapers seemed to give inconsistent advice, their friends all gave differing opinions and the manager at their bank referred them to their seemingly expensive private banking arm.

Mr Smith was, however, happy with Hillier Hopkins' investment philosophy, which was distinctly different from other advisers'. Hillier Hopkins did not profess to know which way markets were heading nor which shares to buy. They did however present a powerful argument for the proposed asset allocation. They also proposed retaining some of the existing investments

The key benefits of the Hillier Hopkins approach:

- a) The Smiths now had a clear understanding of how their money was invested.
- b) The ongoing fees suffered by the Smiths' old portfolio were halved.
- c) One all encompassing valuation is forwarded on a quarterly basis to the Smiths.

The above is a genuine case study with some key details adjusted to protect the privacy of the client.

This Wealth Management service is not for everyone. Our best work is often undertaken with clients over the age of 50 with investable assets of over £500,000, however we have many clients that fall outside of these criteria for whom we are able to provide a comprehensive service. Those who get most value out of this service are independent minded individuals or couples concerned regarding the stewardship of their capital who appreciate good value services.

If you would like a fresh perspective on your financial position from genuinely independent professionals please contact Ben Sherwood on 01442 220713 or email ben.sherwood@hhlip.co.uk

New team member for Hillier Hopkins Payroll Service



The increasing demand for our payroll services has led to the recruitment of an additional team member, Juliet Stewart who joins us as Payroll Manager.

Juliet brings with her payroll management experience from a number of large commercial payroll departments, including Pizza Hut and the restaurant chain Brightreasons Restaurants (former owners of Pizzaland and Bella Pasta brands). She worked for one of the World's leading hairdressers, with over 3,500 employees. More recently, she has been operating her own payroll bureau.

Carol Thompson assists Juliet, in the management of the department. Carol has over 15 years payroll experience and has been with Hillier Hopkins for 9 years. Both Juliet and Carol are IPPM qualified. The remaining team members are Kim Randall and Florence Hobson who both have a number of years' service with Hillier Hopkins, and a wealth of payroll experience.

Juliet says "Our payroll team is geared to dealing with all types of payrolls from weekly to annual, and everything in between. We can take care of all payroll related tasks, including handling your payments to the Inland Revenue, paying your employees by Bacstel-ip and filing Year End Returns on-line - so qualifying our clients for Inland Revenue financial incentives!"

If you would like to see how Juliet and her team could take the hassle out of your payroll with a cost effective solution, you can speak to your usual contact or Juliet on 01442 220750 or you can email her via juliet.stewart@hhlip.co.uk.

Corporation Tax Team

Corporation tax can represent a substantial outflow of funds from your business. A company not properly attuned to its tax environment may never truly be able to increase shareholder value, however agile and progressive it may be in other areas. Increased corporation tax and regulatory reporting obligations add to the drain on management time, while a more investigative approach by the Tax Authorities can result in harsher penalties for non-compliance.

Do you/are you:

- Confident that you are aware of the opportunities and risks?

- Actively managing your tax charge?
- Know whether you are in compliance with all your tax obligations?
- Effectively deal with the Tax Authorities?

The team

Hillier Hopkins are aware that the tax burden can be significant and are here to ease the burden so that you concentrate on running and managing your company. We have expanded our corporation tax department to meet the demands in this increasingly complex area. We believe in a proactive approach to minimising your tax liability and would like to talk to you on these issues:

Tax planning

- Buying or selling a business.
- Succession planning/shareholder issues.
- Profit extraction.
- Disposing of unwanted companies.

- Restructuring.
- Major transactions – for example, property acquisitions and disposals.

Compliance

- Corporation tax self-assessment.
- Calculating the tax provision for your accounts.
- Preparing and submitting returns.
- Agreeing contentious issues with the Tax Inspector.
- Advising how much tax to pay and when.

We know that tax is a complex area and as a result have expanded the corporation tax department to meet our clients' needs. We not only deal with corporation tax but all your business tax needs including VAT, P11Ds and share schemes. If you have any questions please contact Carl Stead on 01442 220766 or [email carl.stead@hlllp.co.uk](mailto:email.carl.stead@hlllp.co.uk)



How to get to the top

We often wonder why some businesses are so much better than others, even though they sell the same products and services. Rather than simply being a little better than their competitors, the top firms are often three or four times more successful. According to Mindshop, research into the reasons for success concluded that such levels of superior performance were not an accident.

There are thirteen factors that characterise the highly successful organisation:

1. A strong sense of identity felt throughout the organisation.

2. An openness to change.
3. Authority diffused broadly throughout the organisation.
4. Ideas evaluated more on their merit than on their origin.
5. A strong sense of support of the employees for the organisation, the organisation for its employees, and of the employees for each other.
6. Flexible organisation structure.
7. Orientation to achieve, more than to procedures or to ritual.
8. Open communications throughout the organisation: up, down and across.
9. Commonly held understanding of organisation's objectives and values.
10. Emphasis on a program for the development of people.
11. Meetings devoted more to problem

12. Broad content in individual jobs.
13. High performance standards.

On a scale of 1 to 10 rate your business on how good you are NOW in addressing each factor, then rate WHERE it should be. Develop strategies and actions to lift your performance in the areas with the biggest gap.

You may find our Growth and Profit appraisal helpful. The process takes 1.5 hours and will pinpoint key weaknesses and give you simple and powerful solutions to address them. Contact Colin Howe (Hemel) on 01442 269341, Neal Carter (Aylesbury) on 01296 484831, or Alex Bottom (Watford) on 01923 232938.

'A' Day It really is time to do something

Yes, another article on A Day planning. Our weekend papers are choc a bloc full of guides, supplements, the 10 key facts, and so on and so forth.

Here's our own version. More succinct we hope and written with Hillier Hopkins clients in mind.

The key point is this – at the time of writing there are less than five months to go. Less than 3,500 hours. Many individuals in the UK will be rushed into precipitant action. But a small group of clients will be disadvantaged if they do not take action NOW. Some pension companies and pension scheme administrators are already starting to creak. By Spring even if you realise that you need to take actions A, B and C you will not be able to because the already unsatisfactory administration systems will have ground to a virtual halt.

Key changes

- New investment rules – substantial relaxation of current position BUT SEE PS BELOW.
- All approved pension plans will fall under one new regime.
- Each individual will have a Lifetime Allowance for pension savings. This will start at £1,500,000 in 2006 / 07. Exceeding this limit will generally lead to

a tax charge of between 25% and 55%. Existing members who breach this limit, or who are likely to, can protect themselves from these penalties

- Tax relief on employer contributions will become less straightforward. They will now have to satisfy the "wholly and exclusively" test.
- The minimum retirement age will rise from 50 to 55 by 2010.
- There will be no requirement to "retire" when drawing benefits.
- There will no longer be an absolute requirement to purchase an annuity with a pension fund, even at or after age 75.
- Each individual will have an annual allowance for all payments to pension plans. This will start at £215,000. Individual contributions will be limited to the greater of £3,600 and 100% of earnings.
- Virtually all money purchase pension plans will be able to pay out 25% of the fund as Tax Free Cash.

Who should consider taking action?

The key groups are:

- Those with pension funds that exceed, or almost exceed £1,500,000. If you are in receipt of a defined benefit scheme multiply your annual gross pension by 25 to determine whether you breach this limit.
- Those close to drawing benefits – might it be beneficial to bring forward or postpone drawing benefits?
- Those expecting more than 25% of their fund as tax free cash.
- Carry back, carry forward will all become faded memories. If you wish to maximise

pension contributions and tax relief then 31 January is in many cases the deadline.

P.S. The article was written and was off for review and then Mr Brown piped up. It seems that the Treasury have done an about turn on residential property investment in pensions. Indeed most exotic assets including fine wines, antiques and classic cars are effectively, though not literally, excluded. At the exact moment of writing there seems to have been little uproar about this. Perhaps by the time you read this, this will have changed. Do not forget that senior Revenue personnel have been offering roadshows for over a year on this. Residential property has been the focus of many many investors and advisers. It has also been touted as one of the reasons that the housing market will continue its inexorable rise.

Well, in terms of investment, it seems we are back where we always were – almost anything sensible is allowed excluding residential property. The major change that, at this stage at least, has not been reversed is that connected party transactions will still be allowed. It will therefore be possible, we think, for a Self Invested Personal Pension to buy a property from its members for example. This is likely to be very useful to some owner managers.

For more information please contact Ben Sherwood on 01442 220713 or email ben.sherwood@hlllp.co.uk



hillierhopkins LLP

Chartered IT Solutions gives Hillier Hopkins client "Fantasia" an international edge

Winners of the best supplier award to WH Smith in 2000, Fantasia depends on its successful support back up to help differentiate it in the pens and pencils supply market.

A permanent partial move to Turkey, as well as maintaining a UK base, revealed that the incumbent IT support provider could not offer proactive solutions that enabled the business to operate on an international basis.

On the move needs

Founder and Managing Director, Nick Kaya, needed a computer system that enabled access across Europe from fixed locations such as hotels, exhibitions and airports, and also while on a boat at sea! He also requested real time and flexible access to email and the company's financial accounting systems. These demanding requirements in a dynamic market place, prompted Nick to seek the assistance of Chartered

IT Solutions in January 2003.

"...they have helped us make considerable savings in operational costs"

Universal Access

Nick Kaya is obviously delighted with the Chartered IT Solutions practical and innovative approach. He said "Chartered IT Solutions provides us with strategic advice, and they have helped us make considerable savings in operational costs. Also, I can get all the information I need from anywhere in the world on land or on water! We are able to access the Help

"I can get all the information I need from anywhere in the world on land or on water."

Desk and their personal and dedicated approach has made the seemingly impossible happen."

What was involved?

A review by Chartered IT Solutions qualified designers revealed that it would be beneficial to upgrade the company's existing system to a Microsoft small business server (SBS), version 2003. This was completed as a priority.

A timely plan of action then saw the following Chartered IT Solutions recommendations put into action:

- An upgrade to the latest version of Microsoft's Small Business Server (2003)
- Utilise 'Remote Desktop' software to deliver remote access services from both fixed and mobile services.
- Install 'Web Outlook' to facilitate reviewing, replying and editing all functions of Outlook via the internet.

"...their personal and dedicated approach has made the seemingly impossible happen."

If you have any queries on the above matters please contact Alan Meaning on 01442 220770 or email alan.meaning@charteredit.co.uk

Joel Harding promoted

Congratulations go to Joel Harding who will officially become a member of Hillier Hopkins LLP on 1st April 2006.

Joel has been with Hillier Hopkins for 10 years and started in the audit team where he spent his first 3 years with the firm. He qualified as a Chartered Accountant in 1998 and then in 2000 successfully completed his Chartered Institute of Tax exams to become a Chartered Tax Adviser.

Since then Joel has specialised in employee benefits and tax issues affecting contractors including IR35 and the settlements legislation.

Joel says "I am relishing the challenge of my new role at Hillier Hopkins. The firm is ideally positioned to enable me to work on a variety of interesting clients whilst maintaining a family culture and encouraging its employees to have an active social life."

Joel is a keen spectator of most sports and particular enjoys watching cricket and Arsenal games. He is married to Lucy and has a son, Sam.



Hillier Hopkins seminars Solicitors Seminars: CPD accredited workshops 2006

Thursday 9th March 2006	Pensions and 'A' Day
Thursday 20th April 2006	Inheritance Tax: mitigation that still works
Thursday 18th May 2006	Post Budget Tax Update
Thursday 22nd June 2006	Investments for all Trustees

Venue: Hemel Hempstead office
Time: 8:30am - 10:00am
Fee: £35 plus VAT (Includes workshop notes and breakfast)

If you would like more information on any of the above workshops or to reserve your place, please contact Anna Blake on 01442 220718 or email anna.blake@hhllp.co.uk



Deadlines Upcoming Filing Deadlines For The New Year

DATE OF DEADLINE	FOR	TAX YEAR	ACTION NEEDED
31/01/06	Personal Return	04/05	Self Assessment Tax Return filing deadline
31/01/06	Personal Payment	04/05	BALANCE of tax due for 2004/05
31/01/06	Personal Payment	05/06	1ST PAYMENT ON ACCOUNT for 2005/06
31/07/06	Personal Payment	05/06	2ND PAYMENT ON ACCOUNT for 2005/06
19/04/06	Employer Payment	05/06	PAYE & Class 1 NIC LIABILITY Payment of any balance
19/05/06	Employer Return	05/06	Manual P35 SUBMISSION to Inland Revenue to avoid penalty. Penalty £100 per 50 employees per month.
22/05/06	Employer Return	05/06	Electronic P35 submission - compulsory where > 50 employees
31/05/06	Employer	05/06	Copy of P60 to employees
06/07/06	Employer Return	05/06	P11D SUBMISSION to Inland Revenue and copies to employees
19/07/06	Employer Payment	05/06	Payment of Class 1A NIC liability
9m+1d from y/e	Company Payment	Your y/e	Payment of the corporation tax liability
10 months from y/e	Company Accounts	Your y/e	Your company accounts will need to be filed BEFORE this date to avoid a minimum £100 penalty (rises to £1,000 for non PLC)
12 months from y/e	Company Return	04/05	CORPORATE TAX RETURN SUBMISSION to the Inland Revenue

The deadlines for companies depend upon the accounting year-end. Speak to your regular Hillier Hopkins contact if you are unsure of your deadline.



If you have any feedback, questions or queries about any of the items in this newsletter, contact us on 01442 269341 or email info@hhllp.co.uk
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