

Chartered Accountants  
and Registered Auditors



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# Lambert Chapman

# SNAPSHOTS

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John Smith-Daye FCA  
Maldon



Nigel Whittle FCA  
Braintree



Nick Forsyth FCA  
Braintree



Chris Harman CTA  
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## Do you have a challenging tax issue?

The tax function is the department that holds together the modern professional practice as the hub from which the accounts, audit, bookkeeping, payroll and specialist services thrive.

Like many practices, Lambert Chapman has invested significantly in software to enable tax compliance work to be quickly and efficiently completed.

Where we have differed is to establish the resources to deliver the heavyweight tax advice our clients are demanding on a regular basis. Our clients' needs are a reflection of the fast pace of today's business environment driven by the technological revolution.

The beneficial and sensible current capital gains regime has, in particular, generated the need for top quality advice on property transactions, business acquisitions and disposals and other corporate finance activity.

Our response has been to structure our tax function so that we can meet these demands. In Braintree Gill Philpott was recruited from a major regional firm to support Chris Harman, head of tax services, bringing with her huge experience in corporate mergers and acquisitions. Kim Payne, ex Inland Revenue, offers support to Chris on

HMRC investigations, whilst Mike Carabine heads up corporate tax. Paul Knight provides the specialist tax advice in our Chelmsford office ably assisted by Brenda Okali in tax investigations. In Maldon, John Smith-Daye is supported by Debbie Monk, who has a wealth of experience which has been gained over a period of many years whilst working within the practice. The result has been a growth in specialist instructions from our legal and financial contacts.

Lambert Chapman are delighted to be able to offer specialist advice on;

- Inheritance Tax on estates of all sizes
- Trusts - an area that many accountants struggle with
- Capital Gains Tax
- Value Added Tax - an extremely complex tax in areas such as property
- Share Option Schemes - the cashing in of shares early can have significant tax penalties
- Tax Warranties on Company Share Sales
- Construction Industry and CIS regulations
- HMRC investigations

Many tax paying clients and advisors do not appreciate that specific instruction may be sought on a particular area of



their affairs. Tax is no exception to this and often the most important area in which to do so. You will find our department supportive of your issue and after consultation to establish the facts and your financial objectives, will be able to offer initial advice that will become, when finalised, a comprehensive report with clear conclusions. Our rates for this type of work are very competitive when compared with the London specialists and National firms who seek this type of work on a regular basis.

We would like to remind you that our compliance services are provided by specialist tax staff in all three offices with an impressive record for submission by deadline dates if information is provided to them in a timely fashion. Late filing of returns can now bring severe penalties and our tax team can help you avoid these fines. Chris Harman's involvement on the HMRC's Working Together Committee also means that we are aware of new taxing initiatives at an early stage.

So if you have an urgent tax issue needing advice or a self assessment return that requires attention before 31st January 2007 please give Chris Harman a call today and he will point you in the direction of the right team member.

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# Reinvigorate Your Business For 2007



Nick Forsyth

As we approach the end of 2006 and look towards 2007 should we be thinking, "New Year, new challenges" or just continue to run the business as we did for as long as we can remember? Now the truth is that

we as the owner of a business should make New Year resolutions for the business and its employees but all too often like the employees return, somewhat reluctantly, to work after an enjoyable Christmas and New Year break.

**So is this a problem?** I believe that it may be. In my mind the best opportunity to implement change with least resistance is at the start of a new calendar year as most people are attempting to make a personal sacrifice or change at this time. As many businesses operate without a plan and without formally minuted meetings a no change culture inevitably exists.

**Regular meetings are recognised as being essential in running a successful business** not only in covering operations but also strategies. The more strategic points need to be longer and are often more effective if held in relaxing conditions away from the business premises. They offer a great opportunity for senior managers to bond with one another and produce consensus on important issues

when a shorter agenda point in an operational meeting might have produced disagreement without conclusion.

**So when was the last time that your management team held an "away day"?** And could the start of a New Year be the catalyst to consider the benefits? Lambert Chapman holds an away day each year where the partners look purely at strategic issues.

We know many clients do not follow this practice because they believe there is not enough to talk about to warrant a whole day session or are not confident enough to do so. There is also often the concern about appointing an internal chairman pushes through an agenda that may be unpopular with the team.

**But are these strong enough reasons not to go ahead?** I don't believe so as they present an opportunity to revisit and improve strategies that may keep a business' position in the market place rather than allowing slippage through malaise. Lambert Chapman may be able to assist in the facilitation role with Melinda, John, Lisa and myself all able to provide this service. What is more we could also produce impartial notes and help draft an action plan for the team to put new strategies into place.



**So what might be the point of these sessions?**

- A better life balance might be a major goal for some who feel trapped in their current environment.
- A better return on capital if team members are satisfied with their hours but want to earn more from them.
- A more efficient business if you currently have inefficiencies that could be put right if only we had the time.
- Better long term job satisfaction for your employees.

Whilst not exhaustive these pointers indicate areas where most businesses would like to see improvement. If you would like to discuss this subject in more detail please email me at [nick.forsyth@lambert-chapman.co.uk](mailto:nick.forsyth@lambert-chapman.co.uk) and I will be happy to give my views on your situation.

## Age and employment



From 1 October 2006 the Employment Equality (Age) Regulations 2006 came into effect. This means that direct discrimination, indirect discrimination, harassment and victimisation will be unlawful on the grounds of age. The following areas

are covered by the legislation.

### Recruitment and selection

- It will be unlawful to specify a particular age unless an employer can show it is objectively justified, such as fixing a maximum age for recruitment to reflect training requirements or when there is a genuine occupational requirement such as a young actor for a particular role
- When writing job adverts employers must avoid using language which may imply they are looking to recruit someone of a particular age, such as 'lively' 'young' or 'mature'
- With regard to recruitment only, the legislation does not apply for over 65s.

### Service related benefits

- Employers may continue to use length of service criteria to reward staff, as long as the period of service is not more than five years. A

simple example would be where an additional day's annual leave is granted for each year of service. A length of service criteria exceeding five years can still be lawful providing it fulfils a business need, for example as a reward for loyalty.

### Retirement

- There will be a national default retirement age of 65, with lower ages having to be objectively justified on a case by case basis
- When an employer wishes to retire an employee of over 65 they will have to notify the employee between 6 and 12 months in advance of the intended retirement date and tell the employee of the right to request to work beyond the retirement date. If such a request is made, it must be made by the employee no less than three months before the intended retirement date. All employers must consider such requests, meet to discuss it, and provide a response within a reasonable time frame. Provided the correct procedure is complied with, there will be a presumption that a dismissal at or above the age of 65 is a planned retirement and there will be no right to claim unfair dismissal

- An employee aged 65 or over who is dismissed for any reason other than a planned retirement will have the right to bring a claim for unfair dismissal.

## Recruitment - 'get it right first time'



Julie Page

Active HR Limited is our unique and versatile 'one stop shop' offering a full Human Resource (HR) & Training Service to allow you, the employer, gain business profitability through your people. The service is delivered by Julie Page who has twenty years experience of HR in both large and small businesses.

When recruiting Julie can help you clarify and define your requirements before you place an advert, ensuring you will be successful in finding the right applicant.

She can offer advice on:

- The job description & person specification
- An interview checklist for objective assessment
- The Employment Equality (Age) Regulations
- The reference procedure to confirm past employment/ qualifications
- Offer letters
- Induction and 'on the job' training
- The probation period & review process.

For a meeting to assist your recruitment programme please call Julie Page today on 01245 216811 or by email at [julie@activehr ltd.co.uk](mailto:julie@activehr ltd.co.uk)



# Powers of intervention

In an effort to reduce the time and cost of enquiries, HMRC have promoted some new ideas for identifying errors that may have been made on self assessment tax returns.

Trials of these interventions, as they have been called, began in July this year. Essentially they involve a lighter touch than with a full enquiry and they will usually start with a letter to the taxpayer. This will be followed by an examination the nature and depth of which will depend on the perceived risk. The six methods of intervention are:

- **record keeping review:** during a 'live' accounting period a visit is made to examine record keeping procedures concentrating on cash sales, drawings and wages
- **risk review:** profiles developed for particular trades are compared with selected taxpayers and, if there appears to be a risk of error, a questionnaire is issued to obtain a measure of the actual risk that exists
- **self-audit:** possible errors in specific entries on the tax return are pointed out by letter, telephone or personal visit and the taxpayer is encouraged to make amendments where necessary
- **telephone contact:** a trained officer contacts the taxpayer by telephone to explain why HMRC considers that an error has been made and to give advice on making a correction
- **correction challenge:** where they have good quality information that an error has been made, HMRC will correct a return, ask for an explanation of why the error was made and ask for payment of the extra tax



- **health check:** a target population, where past compliance work indicates a risk of error, is contacted, advised of the risks and given assistance to put any matters right.

The trials are voluntary and the taxpayers chosen will need to consider whether it is in their interest to take part. HMRC's website states that a decision to opt out of the trial 'will not automatically result in an enquiry'. However, the website makes clear that the risk of error still exists and a number of taxpayers must expect an in-depth investigation.

The process has been criticised for a lack of consultation and because some letters sent out to taxpayers, as part of the trials, imply wrong doing and sometimes refer the taxpayer to highly complex tax rules on the HMRC web site. This has caused confusion and worry.

HMRC should give us advance warning of an intervention but, if you are contacted by them, please get in touch with us immediately so that we can discuss your approach thoroughly.

# Higher bills for van drivers?

For many years, the benefit in kind chargeable on an employee where there is private use of an employer provided van has been £500 per annum or £350 if the van is more than four years old at the end of the tax year in question.

Since 6 April 2005, private use has specifically not included travel from home to the workplace and back, nor any incidental private use undertaken on the way. Also, insignificant private use such as going to the rubbish tip once or twice a year is disregarded.

Private use beyond this will mean a tax charge and, from 5 April 2007, the benefit will rise sharply to £3,000 irrespective of the age of the van. In addition there will be a further benefit of £500 if free or subsidised fuel is provided for private use. This means a total potential tax charge of £770 per annum for a basic rate taxpayer.

Enforcement of these rules will be difficult but employees who only use the van for business journeys are encouraged to maintain a mileage log. With this they can demonstrate that there is no private use except that which is disregarded.

## Use it or lose it!

Each tax year an individual is given certain allowances which are not subject to taxation. If these aren't utilised in the tax year they are effectively lost.

These allowances include:

- A Personal Allowance to offset against income of £5,035
- An Annual Exemption to offset against Capital Gains of £8,800
- A minimum earnings amount per individual before National Insurance contributions are payable
- Various exemptions for Inheritance Tax.

It is important to ensure that careful planning is used to maximise these allowances and the tax saving opportunity they offer.

A business owner should always consider the employment of a

spouse or teenage children to ensure that the individuals utilise their allowances. Any remuneration paid will have to reflect the work carried out.

However, the reality is that in most family businesses the family members will often already be carrying out unpaid work.

For example, if the father works in his own business and is taxed in the higher rate income tax band. For every additional £100 in profit, he will be liable to pay £41 in tax and national insurance. Thus the net amount left to take home is £59.

If he were to employ one of his family in the business (who had no other income) on a part time basis and paid the £100 to them, no tax or national insurance would be payable and the family would effectively save £41 in tax. The whole of the £100 salary would be available as 'take home' pay.

### Capital Gains Tax

An Annual Exemption is available of £8,800 to Individuals to offset against any capital gains. This allows part or all of a capital gain not to be subject to a taxation charge. For a higher rate tax payer this will save tax at 40%.

Consideration should be given to investments which have capital growth and where gains can be easily crystallised.

### Inheritance Tax

Inheritance tax is payable at 40% on estates over £285,000. An annual exemption of £3,000 is available. There are also additional exemptions for some gifts, for example on marriage.

Careful consideration should therefore be given to utilising all of the allowances and exemptions available.



It was a fine and bright Sunday morning on 8th October and in the lovely setting of Hedingham Castle the thud of arrows hitting their target could be heard.

In the shadow of the Norman Keep, a number of Partners and staff along with their guests tried their hand at archery. It was the first time for many and we were grateful for the expert tuition given by the archery team who provided all the equipment. We had access to all of the Keep and after our practice session, we adjourned to the Keep for a filling snack of hot home-made soup, sausage and bacon baguettes and hot drinks.

Suitably fed and watered, we all entered a 'Highest Score' competition from six arrows each. The challenge was taken up and the competition in the early afternoon was completed by all in an enjoyable and appreciative spirit. The winner, after a shoot off, was Charles Orton with Steve Hurd second and Duncan Forsyth third.

For a more detailed report and more photographs please see our website.



## Lambert Chapman undefeated but finish third



The firm put a side into the inaugural Holmes & Hills 5 A Side tournament at Halstead Sports Centre on Friday 29th September 2006. In a league table format we finished third and undefeated.

The squad which premiered our new kit of Purple logoed shirts, purple shorts and white socks is pictured as follows: Back Row Dan Drysdale, Chris Maher, Nick Forsyth Front Mark Pearson, Richard Hamilton, Mike Carabine and Craig Weavers.

Mark finished as the tournament's golden boot winner of a bottle of Scotch for his 5 goals on the night and Mike, for his superb goalkeeping, Craig and Chris were mentioned in dispatches for their excellent displays throughout.

We beat Bensons Motor School and Handelsbanken and drew with Corney & Girling, Clark & Carter, Holmes & Hills (who were the eventual winners) and Richard Edwards & Co.

Thanks to our loyal supporters Jayne, Sean, Clare, Sarah and Tiffany who cheered on the team throughout the night. Afterwards we treated our aches and pains with an excellent spread and pitchers of lager in Whispers Bar which were flowing well into the night. We look forward to trying to win the shield next year!

## Teams take part in charity Fun Runs



Our legal colleagues at Birkett Long and Wollastons organise charity fun runs in Colchester and Chelmsford each year and this year Lambert Chapman entered teams into both events.

The Wollastons run is the more established and attracts a huge number of runners. Our contingents covered two teams from our Braintree office and one from our Chelmsford office. Of the 20 runners our best effort came from Michael Harman who completed the 3.5 miles in 22.59 minutes and finished in 90th place and our first three runners were pooled into a team that finished in 30th place overall. Before setting off to the start line we had the obligatory group photograph taken which is above.

The Birkett Long Run for Fun has a smaller turnout but attracts a wider cross section including juniors. Braintree office had two teams, one male the other female and the fastest in each group were Craig Weavers in 18.17 minutes and 38th place and Marie Forsyth in 18.28 in 47th place. Once again the obligatory team photo was taken of the runners prior to the start.

Both events have raised a substantial amount of money for local charities and we thank both firms for organising the events. If you want to see more photographs and the full finishing times of the runners please visit Firm News on our website.

## Jayne celebrates 20 years with Lambert Chapman



September 28th 2006 was a red letter day for **Jayne Djidjelli** as she celebrated 20 years of hard labour, *oops apologies* - employment with Lambert Chapman. In her time with the firm Jayne has done many things. She was the first employee in the Braintree office when it opened in August 1986 and began in the accounts department before moving over to tax and latterly to Payroll as the Manager of our Bureau of over 200 cases. Over the years Jayne has been very important to the firm and is well known and liked by the clients for her diligence and calm and friendly personality.

Her current role within Payroll is much different to that she originally encountered where there might be one or two telephone calls in a day to one or two every few minutes but she finds her role rewarding and was appreciative of the bouquet of flowers she received to mark the occasion.

Are your employment contracts compliant for The Employment Equality (Age) Regulations which came into force on 1st October 2006? If not contact Julie Page at Active HR Limited on 01245 216811.



## Snapshots Winner

The winner of the autumn quiz on animals was Steve Baker of Laser Electrical in Chelmsford who chose to take his family to Longleat Safari Park. The quiz drew many entries, none of which had all the correct answers, so a random draw took place of those with one incorrect answer. There was some contention over the Hyena question but Lisa, our quizmaster, was happy about her answer. The full set of answers are published on our website within firm news. This edition's quiz has a seasonal flavour - please return your completed entries to Lisa Potter for a chance to win a Christmas hamper.

Highlights of Melinda's Himalayan Walk will appear in the next edition of Snapshots

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Wishing all our readers a Happy Christmas and Prosperous New Year