

## Asset Based Finance

**Increasing overheads and pricing pressures are impacting SMEs' cashflow in the current recessionary environment, while late payments also remain a key concern.**

60 per cent of all respondents experiencing cashflow problems in the latest Lloyds TSB's Business in Britain survey, released in January 2012, cited late payments as a major contributory factor.

Management teams and their advisors are increasingly looking to secure flexible funding which responds to changing market conditions.

Asset based finance (ABF) solutions have come to the fore in recent years, with figures from the Asset Based Finance Association noting that total advances to UK businesses secured against invoices, stock, property and other trading assets grew by seven per cent last year.

Leveraged against companies' sales and tangible assets, these products grow as firms

expand, providing sustainable sources of capital.

Invoice finance, for example, advances up to 90 per cent of the value of issued invoices, freeing up funds for businesses to re-invest in growth.

Businesses should consider a range of products which work in tandem to answer the questions being asked of them in the challenging trading environment. Invoice Finance is an example, which can complement or act as an alternative to existing banking facilities.

Lloyds TSB Commercial Finance's position as an ABF provider within the wider Lloyds Banking Group has allowed them to develop an integrated funding proposition which can be tailored to suit companies' strategies and capital requirements.

**If you would like further information about Asset Based Finance, please contact us.**



# Cloud Storage Solutions

According to a leading I.T. consulting firm, the personal cloud will replace the personal computer at the centre of users' digital lives by 2014. So what will the impact be for businesses, and what products and services are likely to be made available in order to service the move to cloud computing?

Well, the impact for businesses will be quite positive – storage can be online rather than on a server, thereby reducing hardware and maintenance costs for business owners and managers.

In terms of services, Dropbox has already become popular with business users. Google is about to launch its own product which will compete in this space, called Google Drive. This will have an estimated 5GB of free storage space, charging only if users need more. Similarly, Dropbox offers 2.5GB of free storage with higher levels of storage available for a monthly fee.

Dropbox is quite user friendly and works by installing a Dropbox “folder” on to the client computer. Users can then simply drag and drop files into the folder in order to store them online. Google Drive will reportedly come with a local client and its interface will resemble Google Docs. At the time of writing, Google Drive is yet to launch. Dropbox has more than 45m users and reportedly even turned down an acquisition offer from Apple.

Either service should work well for businesses. Those who require larger amounts of storage can simply sign up to a monthly fee package.

## Facebook Advertising

Many of us have a Facebook profile. Most of us are aware that Facebook presents businesses with an opportunity to connect with potential customers. Few of us have worked out how best to utilise Facebook as an effective business development and marketing tool.

One way to use social media to market your business is by advertising through Facebook. There are other social networks of course, like Twitter, LinkedIn and Google+, and each offers users the opportunity to advertise. However, Facebook has the largest number of users.

**Below are 3 ideas for a simple Facebook advertising campaign:**

### Ask questions

One of the most effective ways to promote your business on Facebook is to ask users a question. Whether it is a survey or just a bit of fun, users will click through in order to find out if they are right or wrong.

If you offer a prize it may be easier to encourage users to enter an email address for future marketing purposes.

### Choose a good picture which is relevant to your product/service or company

Creative images together with catchy tag-lines can draw attention from potential customers.

For example, a recent IKEA Facebook campaign used a photo of a room decorated with IKEA products and invited users to “guess the price” of the products.

### Know your target audience

A useful feature of Facebook adverts is that you can target your campaign based on various user demographics such as country, age, interests etc. For example, if you are a wedding planner working in London, you can create a Facebook advert that is displayed only to people who are both “engaged” and are located in “London”.

Facebook also allows you to choose how you will be charged for your advert. You can either decide to pay a fee each time a user clicks your advert, or pay a fee for every 1000 times the advert is shown to users.

## Planning for the Reduction in the Top Tax Rate from 50% to 45%

It may seem early to consider this, in view of the reduction not taking effect until the 2013/14 tax year, but that depends on your circumstances.

The scope for deferring income and/or accelerating expenditure can require a long lead-in time. In addition, if profits of a sole trader or partner are based on an accounting period ending near the start of the tax year, the options need to be looked at now.

A year end of 30 April means that the year to 30/4/12 is taxed in 2012/13 with a top rate of 50%, whereas the accounting year starting on 1 May 2012 is taxed in 2013/14 with a top rate of 45%.

Changing your accounting date may create advantages – it all depends on the profit pattern, both actual and likely, and we will be pleased to undertake a fresh exercise for you on this.

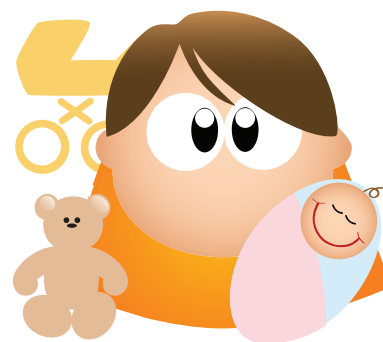
HMRC estimate that, based on their assumptions of the income shifted from 2010/11 to 2009/10, to avoid the 50% charge, income of £6.25 billion is likely to be shifted from 2012/13 to 2013/14. Let us see the scope for you!



## Tax and Nannies

Families who pay a nanny in cash are to be targeted by HMRC. Under the crackdown, families now need to contact HMRC every time they pay their nanny, instead of just each quarter as previously applied under the simplified PAYE scheme.

It is estimated that there are more than 30,000 nannies working in England alone - and a survey found that a fifth of them worked without tax or NICs being deducted. In theory, this adds up to a loss in tax totalling approximately £57m a year.

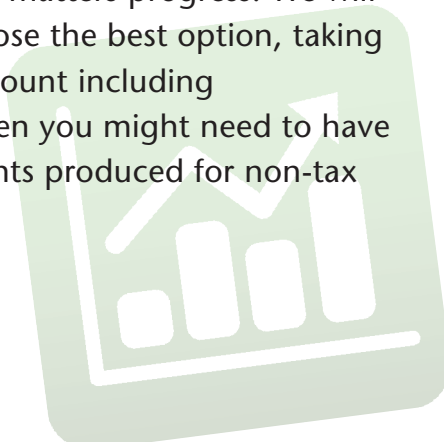


Please contact us for details if you have any concerns in this area.

## Business Turnover below £77,000

If this is you, there is the likely option for you to declare income and expenditure on the cash basis from April 2013, and at the same time claim some expenses on a flat rate basis (even using estimates for small items).

This idea may not necessarily be good news for you, as there will be plenty of losers as well as winners. We will discuss this with you nearer the time as matters progress. We will also help you choose the best option, taking all factors into account including circumstances when you might need to have a full set of accounts produced for non-tax reasons.



# Retirement Road Map Competition

## GETTING SOME DIRECTION

McEwan Wallace Wealth Management has invested in the latest software – able to calculate if you have the funds in place to see you through your retirement and solutions if you don't.

The Retirement Road Map produces a personalised report that is designed to indicate what level of retirement income you can expect to receive based upon your current levels of savings and current savings contribution levels.

It calculates what your level of retirement income is likely to be based on your current savings provision, and what level of input is required to achieve your target. The software can work out where your income could come from in order to maximise tax efficiency; in other words it does not just look at what is already in your pension fund.

The Retirement Road Map considers five stages leading up to and during retirement:

**Pre Retirement** – Contributions, state pension and benefits

**Initial Retirement** – Travel, hobbies, activities and part time employment.

**Seasoned Retirement** – Fewer activities, less travel

**Matured Retirement** – Reduced activities, health considerations

**Survivorship years** – Period following a death

The more active you are, the greater your living expenses and the greater the strain on your savings and provision in the early years. The Retirement Road Map suggests a split of retirement assets for each of the stages, and gives indications of where they may be falling short. It allows for the effects of inflation and longevity.

Retirement provision is something that concerns all of us. The law on pensions is undergoing a fast-track evolution. It is likely that within 15 years a State Pension age of 67 will be standard.

To enter our competition to win a Retirement Road Map Review visit our website [www.mcwallace.co.uk](http://www.mcwallace.co.uk)

For more information please contact Paul Bradshaw on **0151 647 6682** or email [enquiries@wallace.co.uk](mailto:enquiries@wallace.co.uk)

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Chartered Accountants & Business Advisers

Payroll Bureau

Taxation

Wealth Management

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For advice please contact our offices.

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