

# h CORRESPONDENT

SUMMER 2004

THE CLIENT UPDATE FROM HARBINSON MULHOLLAND

## LEARN TO CREATE, NOT COMPETE

**“How will business be conducted in your industry ten years from now?”**

A timber dealer in New York became an outstanding success in a surprisingly short time. He made millions in the timber industry while his so-called competitors were scrambling around, trying to keep up with him.

When reporters asked him the secret of his success, he told them that every night, he sat quietly all by himself in a darkened room. During this time he simply meditated, trying to imagine how the timber business would be conducted ten years from then. He would jot down the ideas that came to him and try to put them into effect in his business at once, instead of waiting for the ten years to pass. In this way, while his contemporaries were competing with each other, he was always creating.

His secret? Never compete; create. Makes sense, doesn't it?

**“Thinking is the hardest work there is, which is the probable reason why so few engage in it”. Henry Ford**

When you ask yourself why the steering wheel on your car is round, it is not necessarily because you want to invent a square one – it is because you are practising your art – the art of creative thinking. You

are sharpening your mind, and encouraging it to perform a function only a human being is capable of – deliberate creative thought!

The world today consists of thousands of things people once thought were impossible. Your business' very beginning and success were based on innovation and you need to keep this process going to remain successful. But how many new ideas have you followed through to completion in your work during the past year?

**“Corporate Presidents of my acquaintance seldom indulge in serious, concentrated thinking between problems. They think in times of crisis - but what about all that time they have between problems?” Earl Nightingale**

A psychiatrist who was addressing a business group got a big laugh with his description of the modern executive: “There are four types of executive. First there is the ulceroidal type, who worries about the problem. Second, there is the thyroidal type, who runs around the problem. Third, there is the adenoidal type, who screams and yells about it and fourth, there is the haemorrhoidal type, who sits on it and waits for everything to clear up”.

It's healthy to form the habit of really thinking about, and questioning, what you do, and what you see. Some people can walk by a derelict building for years without



Senior Partner Jeremy Harbinson leads the team in creative thought.

giving it a second thought, without really seeing it at all. But one man will see it, not as a derelict building, but as a beautifully landscaped property, sporting a handsome new office building. He will do something worthwhile for his community and probably make himself a fine profit in the process.

**“A Creative Attitude”**

Make creative thinking a normal part of your life and attitude and you will find your world being filled with wonderful new interest.

Your team here at Harbinson Mulholland is continuing to think innovatively about ways to help you and your business. In fact, we have just taken a second floor of IBM House to give us room to enable us to further “Improve and Grow” the services available to you.

We'd like to say thanks to you again for your continued referral of new work and introduction of contacts which enables us to continue to say, **“Business is great and we are hungry for more!”**



### How you can save time by outsourcing your PAYROLL SERVICES

Administering your payroll can be time consuming and burdensome, diverting energy and resources from the core activities of your business. And the task is made all the more difficult by the growing complexity of taxation and employment legislation and the accompanying regime of penalties for non-compliance.

We have dedicated staff who can relieve you of this burden by providing a comprehensive and confidential payroll service, including:

- Customised payslips
- Administration of PAYE, national insurance, statutory sick pay, statutory maternity pay, etc
- Completion of statutory forms, including

year end returns, to issue to your employees and submit to the Inland Revenue

- Summaries and analysis of staff costs
- Administration of incentive schemes, bonuses, and ex-gratia and termination payments
- Administration of pension schemes

Even if you have only a few employees, you will make savings almost immediately, allowing you to focus on improving and growing your business in other areas.

*Test out the difference it can make to your business over six months, by calling Jane O'Rourke today on 9044 5100.*

## need help Marketing?

- ✓ How YOU can INCREASE your sales
- ✓ How YOU can have your own qualified Marketing Manager WITHOUT THE OVERHEAD costs
- ✓ How YOU can generate INCREASED awareness of your business
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**PLUS...**

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(028) 9044 5100 to find out more.

# NEW Anti Money Laundering Compliance, Training & Support Service Launched



John Horan training employees on money laundering

The new Proceeds of Crime Act (POCA) places a heavy burden of compliance on you and your business. It also threatens you with hefty fines or even prison sentences for failure to comply.

## Money Laundering – What Is It?

Money laundering is 'a process where the identity of the proceeds of crime is so disguised that it gives it the appearance of legitimate income'.

The government implemented the new money laundering regulations on 1 March 2004. These regulations, when combined with the Proceeds of Crime Act (POCA) that came into force in February 2003, demand a significant change in the way certain businesses deal with their clients.

The regulations extend the duty to report money laundering to anyone in the extended regulated sector. This includes solicitors, accountants, lenders, estate agents and any business dealing in cash for goods of 15,000

euros (approx £10,000). In addition, it extends to all money laundering activities and not just those relating to drug trafficking and terrorism as before. As a result, money laundering now includes dealing with the proceeds of ANY crime.

## Do You Know What's Expected of You?

Every employee within the business has a personal duty to report such knowledge or suspicions to your money laundering reporting officer (MLRO). Failure on your part to report such 'knowledge or suspicion' is a criminal offence, carrying a maximum of 5 years in jail, an unlimited fine or both. If the report relates to tax avoidance, it will be passed on to the Inland Revenue or Customs and Excise as appropriate.

Failure to implement and maintain effective administrative procedures to prevent money laundering and failure to train all staff and keep records of staff training can lead to 2 years imprisonment, a fine or both.

## How Harbinson Mulholland Can Help You Comply with The New Regulations.

John Horan is the manager who is heading up a new service called Anti Money Laundering Compliance, Training and Support. He is a member of the Institute of Money Laundering Officers. John is recognised throughout the UK law enforcement and banking industries as both an expert in the investigation of money laundering and a top trainer on compliance with POCA. You will have the benefit of his experience as a detective for 24 years, the last 10 years of which were as a financial investigator specialising in money laundering. He has investigated offences at all levels including an international organised crime nexus and his cases have been the subject of TV documentaries and books.

You will have the backing of John's comprehensive knowledge of NCIS procedures and his worldwide network of key contacts. These include working relationships with key officers in the National Criminal Intelligence Service (NCIS), both locally and across the UK.

John will ensure that you and your staff are compliant with what the law demands of you. His training will increase your awareness of moral and legal applications, consequences of a breach and counter measures in an animated and lively atmosphere.

This new service therefore provides you with:

- Effective training for you and your staff.
- A confidential help desk providing practical advice as matters arise.
- Systems to help you ensure compliance with the law.
- Ongoing support and reviews of your compliance.
- Assistance with preparing NCIS notifications when necessary.

To find out more about the new anti-money laundering compliance service, give John a call on 028 9044 5100 or email [jhoran@harbinson-mulholland.com](mailto:jhoran@harbinson-mulholland.com)

# TAX TIPS FOR YOU

## Tax savings with company vans

1. Reduce the maximum tax charge on your company vehicle to £200 per annum until 5 April 2007 !

If you do a lot of private mileage, it may be worth considering having a company van as a second car. Until 6 April 2007, the maximum tax charge for a higher rate tax payer is £200 per annum and all fuel for private journeys can be paid by the company tax free. Remember though to review your position before 6 April 2007, as it is then proposed to increase the van benefit in kind to £3000 and add a separate fuel benefit charge of £500.

2. Tax free travel to & from work from 6 April 2005

From 6 April 2005, there will be no tax charge if a company van is merely taken home at night for safe keeping but is not otherwise used privately. This means that next year tax free travel to and from work will be available.

## Minimise the Capital Gains Tax on the sale of let property by careful choice of your tenant

Capital Gains Tax is payable on the gain arising on the sale of a property which is not your main home. Taper Relief can reduce the amount chargeable if you have owned the property for some years. However Business Taper Relief (available against gains on the sale of business assets) is considerably more generous than Non Business Taper Relief. For example – Business Taper Relief of 75% is available after you have held a business asset for 2 years. Non Business Taper Relief is nil after 2 years and only rises to a maximum of 40% after 10 years.

It therefore makes sense to claim Business Taper Relief if possible. Remember then that Business Taper Relief is available if the gain arises on the sale of a property let to an unquoted trading company. With effect from 6 April 2004, relief is extended to gains on properties let to unincorporated trading businesses. So choose your tenants with care to maximise the tax savings!

## "Quote of the Quarter"

"Imagination is more important than knowledge. Knowledge is limited. Imagination encircles the world."

Albert Einstein.

## TAX TIPS FOR YOUR BUSINESS

### Research and Development (R&D) Tax Relief

The minimum amount of R&D expenditure needed to qualify for this tax relief reduces from £25,000 per annum to £10,000 for accounting periods beginning on or after 27 September 2003. Also the guidelines on what expenditure qualifies have recently been revised.

For these reasons it may be worth reviewing again whether your company should be taking advantage of this relief which allows SMEs a 150% deduction for qualifying

R&D costs or such costs to be surrendered to the Exchequer in return for a 24% tax refund to the extent the company is loss-making.

### Enhanced Capital Allowances for Small Businesses

The rate of first year allowances for expenditure by small businesses on most plant and machinery has been increased from 40% to 50% for a period of one year. This applies to expenditure incurred by companies on or after 1 April 2004 and on or after 6 April 2004 for unincorporated businesses.

### UPGRADE TO A FIRST-CLASS SERVICE ON THE WWW...

HM is in the process of upgrading our web service. What this means for you is:

- Regular business news updates direct to your desktop
- A wealth of online information on your finances and how you can grow your business

Email [emcbride@harbinson-mulholland.com](mailto:emcbride@harbinson-mulholland.com) with your email address to ensure you don't miss out!

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