

### Inside this Issue

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## The growing gap between income growth and inflation

There is no doubt that life is tough at the moment with CPI, the government's favoured measure of inflation, reaching 5.2%, whilst in the background RPI notched up to 5.6%. There is a growing gap between income growth and inflation which is putting further pressure on household expenditure.

For business owners, not only are you facing a rising cost base, but the continuing Euro debt problems are leading to seemingly tighter restrictions on bank lending as the banks potentially look to improve their balance sheet positions further. Yet, still you battle on!

Those businesses that keep trading through and continue to weather the storm should be stronger for it by the time the upturn strengthens.

The needs of customers, business and consumer, still need to be met and if there are fewer companies meeting those needs, then those left standing will have more to go at. Customer service is paramount as it is a lot harder to win a new customer than it is look after an existing one.



Whilst there is great uncertainty in the business environment, there is some useful housekeeping you can get on with if you have not done so already which we consider further in this issue - protection of assets and separation of trades. In the 'worst case scenario' of a business failure, the less that is left for the creditors and the more that can be kept to one side to assist in starting again, the better.

Inside, we also take a look at keeping on top of your debtors together with

an overview of the legalities of social media. We also have a quick look at pensions, which is the subject of our next meeting on 6th December. The rules on auto-enrolment and the reduction in annual contributions will be covered to give you an idea of what they mean for you and your business.

If you would like more information on any of the articles in this edition then please get in touch. Meanwhile, sit back and enjoy the read.

### DSG: Delivering Sound Guidance...

- Liverpool 0151 243 1200
- Southport 01704 532722
- North Wales 01244 526030

## Autumn Statement

The Chancellor will deliver his Autumn statement on 29 November this year.

An update on the UK's economy, featuring a new economic forecast is expected, but because this replaces the previous Governments' Pre-Budget Report, there may well be announcements regarding tax, business and investment initiatives and regulatory changes.

We will be keeping you up-to-date on any announcements made, and a summary of the statement will be available from us shortly after the Chancellor has concluded his speech.

## Interest rates remain at record lows – how could you make the most of your savings?

Interest rates remain at 0.5% and as the economy remains sluggish, there are no signs of an increase on the cards.

But while interest rates remain at rock bottom, how could you make the most of your savings?

- **Use your ISA allowance** – no income tax liability means that the real return on any money saved in an ISA is higher
- **Shop around** – there are so many savings accounts available it is always best to compare what is available to make sure you are getting the best value
- **Consider whether you need a fixed rate or instant access** – the difference in the rate you receive can be considerable.



## Business Protection



In this article, Jean Ellis, a Corporate Partner at DSG, and Licensed Insolvency Practitioner, talks about ways in which businesses can protect themselves and their assets in case of business failure due to the recession and general tough economic circumstances.

“One thing I don't like to see is more than one trade operating within the same limited company. This immediately exposes each business not only to its own risk but also to that of the other. If one goes down, you could lose the lot! Consider separation of trades but be aware of the potential tax consequences.

I often advise clients to protect equity in assets from general business risk. For example a trading company which owns the premises from which the business operates. If there is equity in the property it is a good idea to extract that asset from the company to protect it going forward. It doesn't have to be tangible assets though, this simple restructuring can also be used for intangible assets like brands and licences.

There are a couple of ways that this can be done without triggering a large tax charge, for example; introduce a new holding company above the trading company. Significant assets can then be 'hived' up from the trading company.

There are many considerations that need to be taken into account when looking at this type of transaction, not least the commercial considerations and costs. However protecting the value you have already created in the long term could outweigh these issues.

With any transaction of this type it is important to get proper advice both from an accountancy and taxation perspective and we would recommend involving solicitors to formally document any transfers.”

If you have any questions regarding this subject please do not hesitate to contact **Jean Ellis** on **0151 243 1200/01244 526030** or by e-mail: **jme@dsg.uk.com** or your usual DSG contact.

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## Keeping on top of your debtors



### When businesses run into cash flow difficulties, delaying payments to suppliers can become a problem.

Make sure you keep on top of your debtors, and your cashflow by implementing a debt collection policy.

#### An example of a typical debt collection policy:

If your terms state that payment must be received 30 days after invoicing, you should...

- Invoice at the earliest opportunity, stating the payment terms clearly on the invoice.
- 15 days after invoicing, telephone the customer. Thank them for their business and ask if they are satisfied with your work or product.
- If no payment has been received after 30 days, send a reminder and call the customer to inform them that you are initiating collection efforts.

- Telephone the customer every two or three days. Slow paying debtors rely on the negligence of their creditors. Continual calling will let them know you are aware of the debt and show them that you are willing to take action.
- If there is a query or payment problem, arrange a new settlement date by telephone. Confirm this date in writing and state clearly that if payment is not made by this date, the matter will be referred to either:
  - A debt collection agency
  - A firm of solicitors, or
  - The county court small claims department.
- If the debt is still due after this, keep your word and take action.

**We can help you to establish an appropriate debt collection policy.**

## Are you saving enough for your retirement?

### The latest Pension Trends survey from the Office for National Statistics (ONS) reports that the recession caused pension contributions to tumble.

Meanwhile, life expectancy continues to grow, and the state pension age is creeping up as a result. The longer we are expected to live, the more we will have to save for retirement, and as the state pension amounts to just over £5,300 a year, it is clear we cannot depend on it.

Important tax allowances and reliefs make saving into a pension for your retirement attractive, but you may also want to consider other avenues. The amount that you need to save in

order to retain your preferred standard of living will depend on a number of factors including:

- Your age
- Your income
- Your outgoings

We would be happy to help you to prepare for your retirement. Please contact **Roy Crawford**, Director, DSG Financial Planning Ltd, **0151 243 1202** [rc@dsg.cuk.com](mailto:rc@dsg.cuk.com) or **Winston Ruddick**, IFA, DSG Financial Planning Ltd, **0151 243 1233** [wr@dsg.uk.com](mailto:wr@dsg.uk.com)



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## The legal implications of social media

**Social media is increasingly becoming a topic of conversation in Human Resources, as sites including Facebook, LinkedIn, Twitter and My Space are used by employees for both personal and business purposes.**

Employers should now be accustomed to providing members of staff with a social media policy in addition to the terms included in their contracts of employment.

Such policies should recognise that whilst the internet, in particular social media sites, provide unique opportunities for sharing information and getting involved in interactive discussions, care must be taken to ensure that the employer's reputation is not damaged and that confidential and proprietary information is not put at risk.

Employers should also set limits and expectations for the use of social media and clearly define the consequences of misuse. Any restrictions in use imposed by the employer must, however, be proportionate and realistic to ensure good employment relations are fostered.

Furthermore there needs to be a balance struck between monitoring employees' use of social networking and respecting their right to privacy.

An issue currently gaining attention with social media is the ownership of client and contact lists. Many employees build

their personal social media presence during the course of their employment. The fact that these contacts are formed in the employee's own name can prove problematic in terms of their ownership once the employment relationship ends, as employees can easily retain their former employer's clients and contacts on their own personal social media sites. Employers and employees will have different views on the ownership of this data.

This situation is further complicated when a former employee updates his/her profile to show contacts including former employee clients that he/she is now working for a possible competitor.

In the absence of clear contractual provisions an employee may claim the rights to act in this manner. It therefore becomes increasingly imperative for employers to ensure that the use of social media is covered in both HR policies and employee contracts.



### Business Owners Club - Next meeting - 6th December

Next meeting - **Tuesday 6th December.**

Kick off is at 7.45am for an 8.15am start. The subject will be pensions and auto-enrolment. The guest speaker will be Winston Ruddick of DSG Financial Planning Ltd.

**To reserve your place simply e-mail Sue Gallagher spg@dsg.uk.com**

Proceedings draw to a close no later than 9.30am so there is minimum disruption to your working day.

The club provides an alternative to conventional networking. It acts as a forum for like minded business owners to get together and share ideas and issues unique to owner managers, finance, fund raising, succession, etc, etc, who knows

there may even be an opportunity to do some business.

There is no charge to attend the business owners club, all we ask is that you own or part own a business with at least four employees and bring a friend in a similar position if possible.

### Future Topics

If there are any matters you would like covered in the newsletter or at a future meeting please e-mail **Sue Gallagher at spg@dsg.uk.com**

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