



# davidnewton

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We are all aware of the current financial situation and we hear about the credit crunch in the media on a daily basis. We know a lot of clients have very valid concerns about their businesses at this time and we hope that the articles in this newsletter will help to answer some questions you may have. If you have any concerns, please do not hesitate to have a chat with us about them.

*David Ink*



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## NATIONAL MINIMUM WAGE

- It's that time of year again and the full adult National Minimum Wage is set to increase from £5.52 to £5.73 an hour as from October.
- The rate for those aged 18 to 21 will be increased from £4.60 to £4.77.
- The rate for workers aged 16-17 years should increase from £3.40 to £3.53.

When the National Minimum Wage was first introduced on 1<sup>st</sup> April 1999, the main rate was set at only £3.60 for workers aged 22 and over and £3.00 for workers aged 18-21 years old.

Business Secretary John Hutton pointed out that before the Minimum Wage was introduced, some workers could expect to be paid as little as 35p an hour!

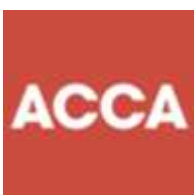


  
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# TRADING DURING A RECESSION by David Newton

Businesses will be aware that we are in the middle of very difficult trading conditions and as an accountant I hear a lot from businesses about the individual problems that they are facing. I would advise that all clients should take time to consider the following:

- Can anything be done to increase gross margin? When prices seem to be going up it is important to stay ahead.
- Are debtor days getting extended? It is very important to ensure that you collect what monies are due **as soon as possible**
- Can you reschedule hire purchase or mortgage commitments by extending the length of the loan or by going on a repayment holiday? This can really help to lighten the burden on vital cash flow.
- It is important to revise the business plan to reflect the current poor trading conditions, which a lot of clients are experiencing. If you haven't got a business plan yet - you really do need to talk to us and we will help with this.

- It is also important to continue with marketing activities at all times, whether you have too much or too little work. The business always needs to retain its exiting customers as well as to attract new ones.
- Put a freeze on personal drawings so as not to drain the company of its working capital.
- Talk to the bank manager regularly and **do not exceed your overdraft limit without first getting his approval.**
- Look critically at all overheads and cut out any questionable expenditure
- **Test and measure** all advertising and marketing activities in order to ensure that all advertising you do is paying for itself.

If you feel that you need help we will be very happy to talk with you and to try to help you and your business get through the tough time ahead.



## OUR NEW PAYMENT TERMS & CONDITIONS

Please will clients note our revised Terms & Conditions - valid from 1<sup>st</sup> September 2008

Payment can be made by cash, cheque, bank transfer, debit card, credit card or by Premium Credit.

Monthly Standing Order in advance	10% discount - as present arrangement
If invoice paid within 7 days	2.5% discount - on net fee excluding VAT
Net Payment	within 30 days of invoice
Interest Charge in excess of 30 days	1.5% per month (apr 19.56%) on overdue amounts

### PREMIUM CREDIT

We have arranged a scheme with Premium Credit Limited for our clients use, thereby spreading their accountancy fee payments. Premium Credit can be used to spread the cost of fees in excess of £500 equally over six, ten or twelve months and is collected by Premium Credit Limited from your bank account, at a day in each month to suite the client. For example:-

Fee £1,200 plus VAT	£1,410.00
Premium credit charge 4.7% (variable) (Typical variable apr 13.2%)	£66.27
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Total to be paid over 10 instalments	£1,476.27
Direct Debit amount	£147.62



## WORRIED ABOUT YOUR INVESTMENTS? TALK TO US!



It is always a concern when stock markets are struggling, because the value of savings and pensions goes down. In addition to which, the problems which lie behind the fall in value, tend to hit consumers badly too.

It is important, however, to retain perspective and to remember lessons that were learnt from previous bad times.

- ◆ Remember **investment is about the long term** – five years or more, so there is plenty of time for markets to regain positive movement, which they have usually demonstrated.
- ◆ Only if you really need to raise cash now should you be thinking of selling holdings as this will only make sure that the loss is crystallised.
- ◆ **Do not stop making any regular contributions to a savings scheme or pension** whose investments are sensibly spread. Your money will buy more units and shares when prices are lower.
- ◆ Unless you really need the cash, **avoid cashing in ISAs**. It will be impossible to retrieve lost tax relief. If you are concerned about your current ISA holdings, it would be sensible to switch funds. Do talk to us about this if you are at all worried.
- ◆ If you have some funds available and you have some major expenditure you intend to make, it may be **better to spend the money now rather than investing it**. Retailers and builders are feeling the credit crunch right now.
- ◆ If you prefer to be cautious with your investments: Any money you have to invest right now might suitably be directed towards cash or money market funds, absolute return funds or strategic bond funds.
- ◆ If you are less concerned with risk – you could consider funds which permit the manager to invest in a variety of ‘asset classes’ – i.e. to decide on your behalf which of the following asset classes give the best chance of recovering potential – equities, bonds, property or alternative investments.
- ◆ Cash can seem the safest in the short term but it must be remembered that it will lose value as a result of inflation over time.
- ◆ Equities may be more risky and fluctuating but generally offer the best means of avoiding the effects of inflation.
- ◆ It is still unlikely that an authorised institution will go into liquidation. If you are worried, some writers are suggesting spreading deposits around banks and building societies to maximise the pledge provided by the government to guaranteed amounts up to £35,000 per person per institution. This may well rise to £50,000.
- ◆ Larger institutions are likely to offer more security but rates in small institutions may appeal.
- ◆ Gilts or Government index-linked stocks and index-linked National Savings certificates are the only investments which can provide guaranteed protection against inflation. But these can only be guaranteed if they are allowed to reach maturity and any real return on index-linked investments is low.

**If there has ever been a time when you need to be speaking to us and looking at your investments, NOW is the time. We strongly recommend you contact us to review your current investments.**

## HAVING A WEB SITE CAN HELP YOUR BUSINESS DURING THE CREDIT CRUNCH



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**davidnewton**  
Web Site & IT Services at davidnewton

At davidnewton, we strive to offer our clients "a total business solution". By offering computer solutions to our clients in addition to the catalogue of business and financial services on offer we come closer to meeting this goal.

We have a small team of dedicated and experienced staff, all of whom are qualified by the British Computer Society and have IT related degrees.

We specialise in web site development and maintenance for small businesses. We build all kinds of web sites from basic brochures on the internet to e-commerce sites. And as you would expect small accounts, domain name services and a variety of web site hosting packages are also available.

Other IT services offered include the provision of general IT help, support and advice from advising on appropriate software to PC maintenance and troubleshooting.

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Everyday we are hearing more and more about the problems that the current financial climate and the so called credit crunch is posing for both individuals as well as businesses.

- ✓ You can set up a web site to fit your budget from a small one page site that acts as a basic brochure about your company on the internet to a shopping site or a fully interactive site.
- ✓ Having a web site will stand you in good stead against competitors either because they already do have a site or because they don't.
- ✓ More people than ever before regularly use the internet and use it to search for products and services. Without your own web presence, these people won't be able to find and use you.
- ✓ Thus having a web site is an investment which can help to support you in bringing new customers to your business at a time when you really need them.

It is prudent that at a time like this you cut back on all unnecessary spending. As a business it may not seem like the right time to spend money on developing a web site. Whilst in reality you may find that it is now that having a web site has become more essential than ever!

If you are struggling to keep the work coming in, it makes sense to have a decent web site which can support you to gain business. If you have been contemplating having a web site but have decided to put it off for the time being, it is worth considering:

You do not need to spend a huge amount of money in developing a web site.

### CREDIT CRUNCH TIME WEB OFFER

**10% OFF THE DEVELOPMENT COST OF ANY WEB SITE YOU ORDER FROM US BEFORE THE END OF SEPTEMBER 2008. CALL FOR A NO OBLIGATION FREE CONSULTATION.**

# davidnewton news

## BUSINESS DEVELOPMENT SEMINARS

We are fast approaching our next Business Development Workshop which will take place at a new venue which is closer to home to our York Office. We are of course again inviting Practice Talk Readers to the FREE seminar which will be on Thursday 25<sup>th</sup> September from 9am to 1pm and includes a light lunch. As always all attendees will have the opportunity to talk with staff from davidnewton and ask questions.

Our enclosed flyer will give more details on the venue and encloses an application form if you would like a place on the workshop. Please do contact us if you would like to find out more.

Previous attendees say that have gained a lot of information from seminars which has been relevant to them and their business. They have also enjoyed the opportunity to chat with the team about issues that have arisen during the workshop and just to get to know us all a little bit better.

We do hope you will take the opportunity to come along. Further Seminars are likely to take place in: November 2008 and then more in 2009 - Dates, times and venues to be confirmed.

## IT'S GOODBYE TO JAMES AND WELCOME BACK TO CHRIS...

We are pleased to welcome Chris back who has now completed his degree in Accountancy at Sheffield university and will now start his professional training. And Goodbye to James who returns to University to complete his accountancy degree.

*Other News? We would love to hear from you, if you have any news which you think may interest our other clients, then please do let us know!*

