



Audit rules set to change for smaller firms

As the small company audit and account rules in the UK are stricter than required by European Union (EU) law, the government is set to remove the audit requirements for thousands of smaller businesses. This will be achieved by amending the Companies Act in 2012 in order to bring the UK's rules in line with the EU minimum.

Consequently, certain small companies who currently have to have independently audited accounts would no longer need to do so, helping 42,000 businesses.

For even smaller businesses, with less than ten employees, the government will enable them to produce just one set of simplified accounts, instead of specific accounts for Companies House in addition to the set for tax purposes. Such a move would require

exemptions to the European rules, and would affect around two million businesses in the UK.

Currently, medium-sized businesses have to have their accounts independently audited, but the government is set to press the EU to release them too from this requirement. This change could free over 32,000 businesses from their audit obligations.

The government hopes that these measures will enable small firms to concentrate on growing and employing more people instead of paperwork. As a result, they will be able to grow and drive the economy.

However, many of the businesses involved may continue to opt for a voluntary audit due to the additional benefits, which outweigh the bureaucratic burden.

Sickness absence system under review

With working-age ill health costing the economy £100 billion each year, the government is to review how the current employee sickness absence regime can be reformed to allow more people to stay in work and reduce the costs for employers. It will also examine whether the costs are shared fairly between employers, individuals and the government.

When the review reports later this year, its conclusions will form part of the Employment Law Review, which is considering how to reduce the burden on business and cut red tape. Consequently, any recommendations on sick leave will need to be in line with its objectives of promoting private-sector growth and cutting regulation.

Each year, around 150 million working days are lost due to sickness absence, with over 300,000 people moving from work on to sickness-related benefits. Managing sickness absence more effectively should create a 'win-win' outcome, with improved productivity, better growth and people less reliant on state handouts.

Government considers how to reduce employment tribunal level

The government has completed a consultation process to consider how to improve the way in which workplace disputes are resolved.

Its proposals follow a record number of tribunal claims in 2010, with a year-on-year rise of 56 percent to 236,000. Each business involved spent an average of nearly £4,000 defending the claim.

This significant level of expenditure was acknowledged by the Business Secretary, Vince Cable: "Disputes in the workplace cost time and money, can affect morale, reduce productivity and hold back businesses.

"We often hear that knife-edge decisions about whether to hire new staff can be

swung by concerns about ending up in an employment tribunal if things don't work out. [Our] proposals address these concerns and should help give employers more confidence."

The measures outlined in the consultation document included:

- Increasing the qualifying period for employees to be able to bring an unfair dismissal claim from one to two years
- Encouraging the resolution of disputes as early as possible, with all claims needing to be lodged with Acas (the Advisory, Conciliation and Arbitration Service) in the first instance to allow pre-claim conciliation to be offered
- Speeding up the tribunal process
- Introducing a disincentive to weak

and vexatious claims by bringing in a fee, payable by the claimants, on commencing a claim

While the consultation closed on 20th April, the government is yet to publish its response to the comments received.

To complement the consultation process, an Employer's Charter was also published, which outlined what employers can reasonably ask and know about their employees and how they can tackle any problems that occur.

The team at Burton & Dyson can advise on the successful resolution of employment disputes (as well as other commercial disputes), including, where appropriate, the use of ADR and mediation.

Ignore your pension pot at your peril!

Numerous changes in pension legislation over recent years have added to the complex nature of pension arrangements. Pension simplification rules introduced in 2006 (commonly referred to as 'A-day') have resulted in further confusion. To add to this, the coalition government has recently introduced even more changes that will no doubt further perplex the mind of an individual planning for retirement!

It is therefore essential that advisers provide proactive advice and services to their clients. Not doing so can often result in the client suffering from a lower annual pension payout, or severe taxation on the remaining fund upon death, for example.

Personal retirement planning

The three questions that individuals should ask themselves to ensure their pension pot will meet expectations on retirement are:

1. How much do I have in my pension scheme(s)?
2. How much did my pension scheme(s) grow last year?
3. How much is it costing me to maintain the pension scheme(s)?

Answering these questions is usually the first step in ensuring an appropriate level of wealth is created within a pension strategy to meet individuals' targets in retirement.

Business planning

Self administered pensions can be used as a very effective business and tax planning tool. In recent years, financial advice has included:

1. Mitigation of the 55 percent tax on a pension fund upon death post drawdown
2. The use of a pension fund to purchase a retiring director's shares
3. Providing loan capital from the pension fund to the business

4. Long-term income planning
5. Ensuring commercial property can be passed down to future generations

Planning opportunities are not limited to the above points; in fact, the recent credit crisis has prompted the need for directors and business owners to generate alternative ways of funding.

Pension review

The team at Burton & Dyson has a number of contacts who can ensure that your pension fund is fully up to date with the most recent legislation. They offer individuals and businesses a 'without obligation' initial meeting and follow up report in order to completely review their pension assets and identify any particular issues to be considered in managing their retirement wealth.

To this end, if you are interested in taking more of an active view of your pension assets, please email us at enquiries@burtondyson.com

Businesses respond to Red Tape Challenge

Following the launch of the government's Red Tape Challenge website on 7th April, thousands of businesses have already commented on more than 21,000 rules and regulations that affect their lives. Indeed, during the site's first week alone, more than 6,000 comments were made.

The website forms parts of the government's drive to eradicate badly designed or poorly thought out regulations that create an unnecessary burden for the commercial sector.

Every few weeks, the website will list all the regulations affecting one specific sector or industry and invite comments on them. These views will be collated and Ministers will then have three months to decide which regulations should be kept and the reasons why.

While comments on the retail, hospitality and road transportation sectors have now closed, along with those on the Equality Act, the website is currently considering the regulations that affect manufacturers. Further areas to be covered over the coming months are:

- Environment
- Employment
- Children's services
- Rail and merchant shipping
- Utilities and energy

Once the comments on any particular sector have closed, individuals can still send their views directly to redtapechallenge@bis.gsi.gov.uk.

Throughout the consultation process, comments will be invited on six areas of general regulations. These are:

- Employment law
- Pensions
- Company law
- Equalities
- Health and safety
- Environment legislation

Business secretary Vince Cable said: "This is an excellent opportunity for businesses to help shape the regulatory framework within which they have to work so that their lives are made easier."

He added: "Some of these regulations are there for good reasons, protecting employees, businesses or the public. But some, like the Indication of Prices (Beds) Order serve no purpose at all.

"That's why this campaign is different to the deregulation drives that have gone before. The onus is now on my fellow Ministers and me to justify a regulation."



Businesses beware as Bribery Act takes effect

After a number of false starts, the Bribery Act 2010 finally came into force on 1st July 2011. Consequently, businesses need to ensure that they have reviewed the associated risks and put in place any necessary procedures to prevent offences occurring.

The Act was originally due to come into effect this April, but was then postponed due to a delay in the publication of government guidance. This was required in order for businesses to get to grips with the new legislation before it came into force, and was eventually published on 30th March 2011.

While it is an offence to offer or accept a bribe, companies can now also be prosecuted for failing to prevent bribery by third parties working on their behalf. The only defence will be to show "adequate procedures" (not defined in the Act) to prevent bribery.

Consequently, any business which feels there is a risk of bribery being committed on its behalf needs to ensure its procedures are proportionate to the level of risk.

For example, it may be sufficient for smaller firms to simply have warned key staff members verbally about their anti-bribery policies.

The Ministry of Justice guidance says many organisations, particularly those whose business is carried out primarily in the UK, will face little or no risk of bribery.

However, the risks for manufacturers and suppliers who operate in sensitive sectors, or internationally, may be higher. The particular country and sector they do business in, the value and duration of any project and the people involved will all be relevant factors.

One area of concern is how the Act affects hospitality. According to the government guidance, hospitality or promotional expenditure which is "proportionate and reasonable" given the nature of the business is unlikely to fall foul of the new legislation.

Sensible corporate hospitality is not outlawed, but it is important that businesses can show that hospitality is being used to reinforce existing commercial relationships or as a way of 'showcasing' the products or services they offer. The regular practice of providing tickets to sporting events or taking clients to dinner is not punishable – as long as whatever is done is reasonable and proportionate for that company and the relationship it has with the client or clients in question.

The team at Burton & Dyson can advise on any specific questions or concerns relating to individual sectors and industries.



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Ensuring a positive online presence

While the recent issues surrounding Twitter and super-injunctions may not directly affect most businesses in the UK, the resulting furore should serve to remind companies just how powerful a tweet can be.

Following a ruling earlier this year by the Press Complaints Commission (PCC), all tweets are considered to be in the public domain and are, therefore, legally public and publishable (except, of course, when there is an injunction in place).

Many companies now employ a particular member of staff or department to tweet about their firm as a means of creating an information hub for both customers and suppliers.

Of course, most employers are very careful about what they say in any public forum and the written word can – and should – be edited before hitting the ‘share’ button. However, employers have little or no control over what might be written about them by staff.

The ruling by the PCC followed a complaint by a civil servant, Sarah Baskerville, following the publication of her tweets in articles in national newspapers.

In these tweets, Baskerville had spoken of being hungover at work, had criticised a course leader as being “mental,” and had condemned government spin and waste; which the newspapers in question said went against the requirements of the civil service code on impartiality.

The PCC ruled against Baskerville’s protestations that her tweets were private and only meant for her followers on Twitter. Indeed anyone with the slightest knowledge of social media would realise that tweets are frequently re-tweeted and can end up on the other side of the world in an instant – as recent events have proved.

Despite this being a privacy case, the implications for businesses are clear. As any tweet might be legally published in the future by anyone else, companies shouldn’t write anything on the internet that they wouldn’t want their customers or suppliers to see – and should ensure that their employees don’t either.

Careless words may not cost lives, but they can certainly damage a hard-won reputation.

