



## NEWS UPDATE

### **Blueprint to a £Billion**

The odds of turning an idea into a billion-pound business are 20,000 to 1. Nevertheless many of us chase that dream. What does it take to achieve this? The answers come from a fact based analysis of successful companies. Here are some more reasons.

Exponential revenue growth is the distinguishing characteristic of billion pound businesses. Creating and sustaining exponential revenue growth are often the hardest part of building a business. It's not so difficult to find great teams who know how to spend and investors who know how to invest. Developing markets, customers and alliance partners, however, is the much more challenging part. The common essentials of revenue building are a) exploitation of high-growth market segments – these can be found in mature markets more than in newer industries b) building deep relationships with their best customers using best management practices and technology c) developing alliances particularly with suppliers to lower the cost for product delivery and product differentiation d) ensure that the business has multiple product lines or service offerings and e) import the talents and lessons from adjacent industries.

Next time we will look at building those customer relationships.

### **The Silly Season**

From 21<sup>st</sup> August “pricing in proportion” postage rates comes into force. What does this mean? A significant increase in postage costs. The real hit will come with the A4 sized letters. Currently if you send out a few sheets of A4 sized paper unfolded (e.g. a paper annual return to companies house) this will cost 32p first class. The new price will be 44p. If you send it second class the cost will be 37p compared with the old rate of 23p. For the unwary the increase in postage costs could be very significant indeed, so be warned! Indeed if you are silly enough to send what the Post Office deem a package (that's anything bigger than A4) then you will have to visit your local Post Office and stand in those interminable queues of pensioners and screaming, out of control children. Doubtless there will be no commensurate increase in the quality of service!

### **PAYE Incentive**

Just a reminder that last year's incentive payment of £250 for filing your annual PAYE returns on line is tax free. You will need to make sure that this amount is separately identified in your accounts (rather than just lost in payroll costs) so that it can be adjusted in your tax computations. We will be dealing with this automatically for our customers. If you forget to do this the tax cost to you will range from £47.50 right up to £100 depending on your business tax rate.

### **Private use of computers**

In this year's budget, it was announced that the tax exemption that applied to computers provided by employers which were used privately by employees and cost less than £2,500 (including VAT) would be removed for computers first provided after 5<sup>th</sup> April, 2006.

HMRC have recently issued a statement to allay fears that a tax charge would arise when an employer provides computers to enable employees to work from home. They take the view that private use of computers provided to employees solely for them to carry out duties of employment at home is not likely to be significant to business use and as a result no income tax charge will arise.

**Peter**

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