



# the insider

Are you  
doing all you  
can to improve  
your credit  
worthiness?

Whether access to credit for smaller businesses has improved or not seems to depend on who you ask, but anecdotal evidence suggests it is still both difficult to access and expensive.

To make matters worse, recent research reveals that an alarming 62% of SMEs are now considered to be above the normal credit risk as regards the likelihood of their defaulting on trade payments or getting into financial difficulties.

In part, this is due to a lack of available information on SMEs' accounts making it more difficult for the relevant agencies to assess their creditworthiness, a situation that has resulted from the reduction in the amount of information SMEs have to file with Companies House.

In the days of easy credit, this shortage of reliable financial information was less of a problem, but in today's tight financial climate it seems to be having a harmful effect on the creditworthiness of many smaller businesses.

Without reliable and current information, banks, suppliers, credit insurers, and of course credit rating agencies will naturally be cautious in their assessments.

One way to mitigate the situation is to provide relevant parties with regular monthly management accounts prepared to acceptable standards. Indeed this is something that is now being required with greater frequency.

**We would be happy to assist with this if you wish, and discuss other ways in which you might improve your creditworthiness.**



Time to  
automate  
your  
invoicing?

According to research, nearly half of UK businesses still process invoices manually, when automating the process could result in considerable cost savings and greater efficiency.

At a time when timely and accurate reporting is of paramount importance, businesses should give serious consideration to any method that could help to improve the process.

Moreover, when the business climate is so volatile with both customers and suppliers more unpredictable than usual, automating key elements of your accounts, can provide management with more finely tuned tools, and therefore greater control over their business.

If you think you could benefit from introducing or extending automation in your accounting, give us a call and we'll talk you through the steps you need to take.



## Keeping the lid on expenses

A well-designed expenses system can help promote both efficiency and productivity, but in this stringent economic climate where cashflow management is more important than ever it is essential to keep a tight rein on expenses, and especially to avoid unpleasant surprises.

Here are some tips:

- Create a company-wide system with clear parameters and firm deadlines and ensure that all your staff are familiar with it
- Ensure all expenses are charged against the correct codes in your accounts
- Develop and enforce a list of preferred suppliers and use the downturn to negotiate favourable terms
- Where appropriate automate the system, especially if you have staff working from remote locations or from home

Check with us if you need help with any of this.

## The changing shape of employment

Few would doubt that the recession has had a dramatic impact on employment patterns in the UK.

Combined with changes in employment legislation over the years and an employer-driven trend towards flexible working, the changes necessitated by the recession have resulted in a new emerging model for businesses of all sizes.

The trend seems to be towards a smaller permanent workforce of core employees supported by a peripheral force of freelancers, consultants, and temporary workers. There are now 1.4 million freelancers in the UK.

Even within the permanent workforce, flexible working hours and working from home are becoming major factors in shaping the employment model.

In addition, outsourcing, once the province principally of IT, is increasingly being extended to other non-core activities with services as varied as website development, data storage, recruitment, payroll, secretarial, sales and marketing, health and safety, competitor analysis, and even reception and opening the mail being contracted out.

International outsourcing is also on the increase with the latest figures showing that almost a quarter of SMEs are considering offshoring some elements of their business.

In many cases, these changes can have benefits for both employees and businesses, and smart businesses will embrace the changes where appropriate and turn them to their advantage.

Have you reviewed your employment structure recently? Maybe some of these changes could benefit your business. Talk to us if you need guidance.



### Don't hold your breath

**If you have cause to complain to HMRC about tax treatment don't expect a swift resolution. According to the latest figures, it is taking 13 months on average for tax disputes to be resolved.**

**And those involved in more complicated tax disputes, often the self-employed, are not seeing their cases dealt with for up to 18 months!**

## How energy efficient is your business?

The energy crisis was upon us before the credit crunch and the recession, and to some extent has been eclipsed by them, but it remains a very real concern for UK businesses

According to some experts, success in the post recession world will depend among other things upon putting effective energy management procedures in place.

At present, UK businesses waste £8.5bn worth of energy, which is an astonishing 10 - 20% of all energy produced!

With legislation and supply constraints projected to push up energy prices in the coming years, all businesses would be well advised to keep energy efficiency high on their agenda.