

Compliance Check List

The obligations on company directors are many, and often quite onerous. These only increase at the time that the company is insolvent, and directors must be very careful to avoid personal liability. This White Paper looks in particular at the position for distressed companies.

One area of great importance is the company's compliance with key financial reporting obligations to the Crown Agencies (HM Revenue & Customs "HMRC", and Companies House etc.). Most company rescues and Company Voluntary Arrangements ("CVA") are highly dependant upon the support and goodwill of HMRC and they now make an increasing point of checking past compliance to gauge if they have confidence in the company's management and directors.

It is therefore key that all compliance is up to date, and that the company has a good compliance history if a rescue is going to be achieved.

The following is a quick checklist of the main compliance points. Check now that these are up to date, and also look back to understand your history on these areas as well. Knowing the true story in these areas will help in building your case later on.

Companies House

Annual Financial Statements (Statutory Accounts)

All private limited companies (the rules are different for PLC's) must file their Annual Accounts 9 months after the end of their "Accounting Reference Date" ("ARD"), or financial year end. This means they must be with Companies House by the required date, not even a day late!

One small thing to bear in mind ...the due date is exactly 10 months ...so if your ARD or year end is 28th February then you accounts are due at Companies House no later than 28th November ...not 30th!

Are your accounts up to date now? ...if not, get them filed quickly!

Annual Return

Every company must file an Annual Return every 12 months (normally on the anniversary of it's incorporation), and whilst there is no penalty for a late filing, Companies House can prosecute directors for failing to provide a return, or have the company removed from the Companies Register.

Is your Annual Return up to date?if not, get it filed quickly! Additional copies of the return can be obtained from Companies House if you ring them up on 0870 333 3636.

Inland Revenue

Monthly Payment of PAYE and National Insurance contributions

The employees PAYE Income Tax and National Insurance deductions, plus the employers National Insurance contribution is due to be paid to the Inland Revenue on the 5th of the month following that on which the payroll was paid. As a long standing concession the employer is given a further 14 days to pay, so the normally acknowledged payment date is the 19th of each month. This is further extended to the 22nd of each month if paid by BACS or electronically.

Remember most of this money is not the companys, but deductions from the pay of employees. It can be argued that you should not pay your employees if you cannot pay this sum as well!

Despite the fact that many companies experiencing financial difficulties do not pay this sum over when due, the yellow payslip should still be submitted. The non-submission of these monthly yellow slips has recently worked against some companies when seeking approval from the Voluntary Arrangement Service to their CVA proposals. However if you normally pay electronically the Yellow payslip booklet is not normally now issued!

From April 2010 a new penalty regime was introduced in respect of late PAYE payments.

Payroll Annual Return – P35

The Annual Payroll Return, the P35 form, should be submitted each year by 19th May, together with individual employees P14 forms (two copies). At the same time, and by 31st May, the employees P60's should be distributed.

There are significant penalties for late filing.

Returns of Benefits – P11D

A P11D form must be submitted for each employee earning in excess of £8,500 per annum and each Director (regardless of earnings) by 6th July each year. In addition the form must be distributed to all employees by the same date.

This is also the last date for any return and payment of Class 1A NICs to reach your Inland Revenue office, penalties will be charged on any P11D/P9B returns not received by 19 July. There are significant penalties for late filing.

Changes to employees car and fuel benefits – P46(car)

These must be submitted quarterly if there are any changes, by the 2nd of the month following the quarter in which the change took place.

Corporation Tax Return – CT600

Every company must submit a Corporation Tax Return 12 months after the end of its ARD, failure to do so will incur penalties.

In addition any Corporation Tax payable must be paid 9 months and 1 day after the ARD, which in effect means that in order to pay on time the CT600 return must be completed by then!

HM Customs & Excise

Value Added Tax (VAT) Return – VAT 100

Most companies are on quarterly VAT returns and these align to the company's financial year. However it is possible to elect to have other quarter dates or file returns monthly.

In any event any return is due at the VAT Central Unit in Southend-on-Sea, Essex (there are no longer any local office collection points) by the end of the month following the period to which it relates, or the date shown on the return (this may be different!). The return must arrive no later than that date, so would normally need to be posted a couple of days earlier in order to ensure timely arrival. Postal delays are not normally an acceptable excuse for late filing. From April 2010 all VAT returns for businesses turning over in excess of £100,000 must be filed electronically, and this is highly advisable for all businesses.

Even if you cannot pay the amount on the return, it is essential that the return is submitted in a timely manner (without the "payment included" box ticked!).

Are your returns up to date, do you have any history of late returns?

If you have filed late you will normally receive a yellow Surcharge Liability Notice. Have you had any of these (not necessarily just recently)?

EC Sales List - ECSL

If you sell products and services into other European Union (EU) Member States you are obligated to send in quarterly EC Sales List.

Do you have such a requirement, and are your returns up to date?

Intrastat Returns

Every business that trades goods with other European Union (EU) Member States in excess of £600,000 per annum for arrivals (imports) or £250,000 per annum for dispatches (exports) is required to provide details of these transactions for statistical purposes. Intrastat is the name given to the system used to collect these statistics.

Intrastat Returns must be submitted monthly, by the end of the month following the month of the return.

Do you have such a requirement, and are your returns up to date?

If you require any further guidance on any of the matters discussed above please see the contact sheet overleaf.

- Call us on 0800 180 4265
- Email us – info@insightassociates.co.uk
- Contact us through our web site at www.insightassociates.co.uk
- Contact your usual Financial Advisor or Accountant
- See the HM Revenue and Customs website at www.hmrc.gov.uk
- See the Companies House website at www.companieshouse.gov.uk

A LITTLE BIT ABOUT US

For businesses like yours, we build and manage the financial controls, systems and processes needed to put you in control. We also have extensive experience and solutions to managing companies through extensive turnaround situations, and in providing on-going “Finance Director” roles.

We can help your business in three main ways:

INTERVENTION

By actively working with you and your team our experienced finance managers can build and manage the financial controls, systems and processes needed to put you in control. We also work extensively with financially distressed businesses to bring them back to good health, and provide on-going part time “Finance Director” roles to supplement your in house skills.

THE OUTSOURCED FINANCE DEPARTMENT

An alternative to building the systems inside your business is to outsource all the workload to our experienced commercial team. *The finance team that your business deserves* will not only get all the finance administration right, but will provide you with the up to date financial information and strategic input that you need to stay in control of your business and on top of your game.

STRATEGIC AND BUSINESS DEVELOPMENT

Our "**JUST ONE DAY**" structured planning session is a highly effective and very powerful tool to help businesses deliver lasting results - including a workable plan to give the business a better future.

Helping Businesses to Better Manage Their Money