

hotels update

A hotel sector publication brought to you by Moore and Smalley Chartered Accountants and Business Advisors



What does the 2009 Budget mean for hotel owners?



With soaring public borrowing and the country in its worst recession since the war the Chancellor is caught between a rock and a hard place. He has the tough task of restoring public finances - whilst at the same time attempting to restore confidence.

In this article we highlight some of the Budget announcements most relevant to you.

Relief for expenditure

If you are looking to buy plant and equipment for your hotel there is a welcome increase in capital allowances for one year. This is provided by a temporary 40 per cent first year allowance for the plant and equipment you buy between April 1 2009 and March 31 2010 for a company and the 12 months ended April 5 2010 for sole traders and partnerships. This is in addition to the annual investment allowance which already gives you 100 per cent relief on £50,000 of expenditure on plant.

For example, if you spend £75,000 on plant and machinery before March 31 2010 the allowances you can offset against profits will be £60,000.

Unusually, this enhanced 40 per cent allowance is available for large companies and members of large groups. The bad news is this enhanced relief is not available for cars.

Taxation of high earners

There is bad news on the horizon for so called high earners. From April 6 2010 the personal allowance will be phased out for those earning more than £100,000. For every £2 of income over £100,000 the personal allowance will be reduced by £1. By the time your income reaches £112,950 you will not have any personal allowance left.

Those with taxable income over £150,000 will suffer a new 50 per cent tax rate on income over £150,000 from April 6 next year. This is a change to the Pre Budget

announcements which would have seen a more modest 45 per cent tax rate introduced in April 2011.

There was one additional measure announced in November 2008 which should not be overlooked. **A planned increase in national insurance costs** will be brought in from April 6 2011. From this date all national insurance contributions will go up by 0.5 per cent. This means by April 2011 the top tax rate for some high earners will be 51.5 per cent.

Losses

In November 2008 a temporary rule to increase the period in which you could carry back trade losses was announced. This allowed £50,000 of the losses to be carried back for up to three years, rather than the usual one year. This rule was originally devised for losses made from April 6 2008 to April 5 2009 (or losses from any company accounting period between November 24 2008 to November 23 2009). The Chancellor has extended this for a further 12 months, thus enabling £50,000 of losses arising in the year ended April 5 2010 (or company accounts to November 23 2010) to be carried back three years.

If you would like to speak to one of our experienced tax advisors about how the Budget affects your business and personal circumstances then telephone us at your nearest office.

Contact

Rachel Marsdin
Director of tax
01524 62801

rachel.marsdin@mooreandmalley.co.uk





Extra grants and marketing advice needed to protect Cumbrian tourism

Just five per cent of tourism business bosses in Cumbria believe further cuts in VAT would help boost the region's tourism sector. Instead tourism businesses would like to see additional government grants, tax breaks and help in promoting their businesses through marketing, finds a Moore and Smalley survey.

The Moore and Smalley survey reflects a poll carried out by the Federation of Small Businesses earlier this year that found 97 per cent of firms said the Government's VAT cut in November had made "no impact at all".

More than 15 million people visit Cumbria every year, contributing over £1 billion to the local economy and supporting around 36,000 jobs. The Northwest Regional Development Agency announced in January 2009 that Cumbria Tourism will share in a £20 million core funding grant to promote the region's attractions until 2011.

Whilst the news that Cumbria Tourism is to benefit from millions of pounds of grant cash is extremely positive, the Government needs to ensure that smaller businesses throughout the region are also provided for in the correct way. 2009 is set to be a testing year for tourism businesses throughout Cumbria, and the UK as a whole, as consumers increasingly tighten their purse strings.

One thing that is clear from this survey is that assistance needs to be made available to help small businesses engage with their customers. Promotion is paramount to surviving these difficult times and there are still a great number of tourism businesses throughout the region that have a poor web presence. If these businesses received help in creating or updating a simple website their bookings could increase markedly.

In the survey, 40 per cent of respondents said

the Government needs to provide additional grants to tourism businesses across the region to help the industry throughout the recession period.

30 per cent of business bosses would like to see tax breaks, while 25 per cent of bosses would like help in promoting their businesses with increased advertising support. Only 5 per cent would like to see further VAT reductions from the current 15 per cent level.

The survey was completed by visitors to Moore and Smalley's website www.mooreandsmalley.co.uk

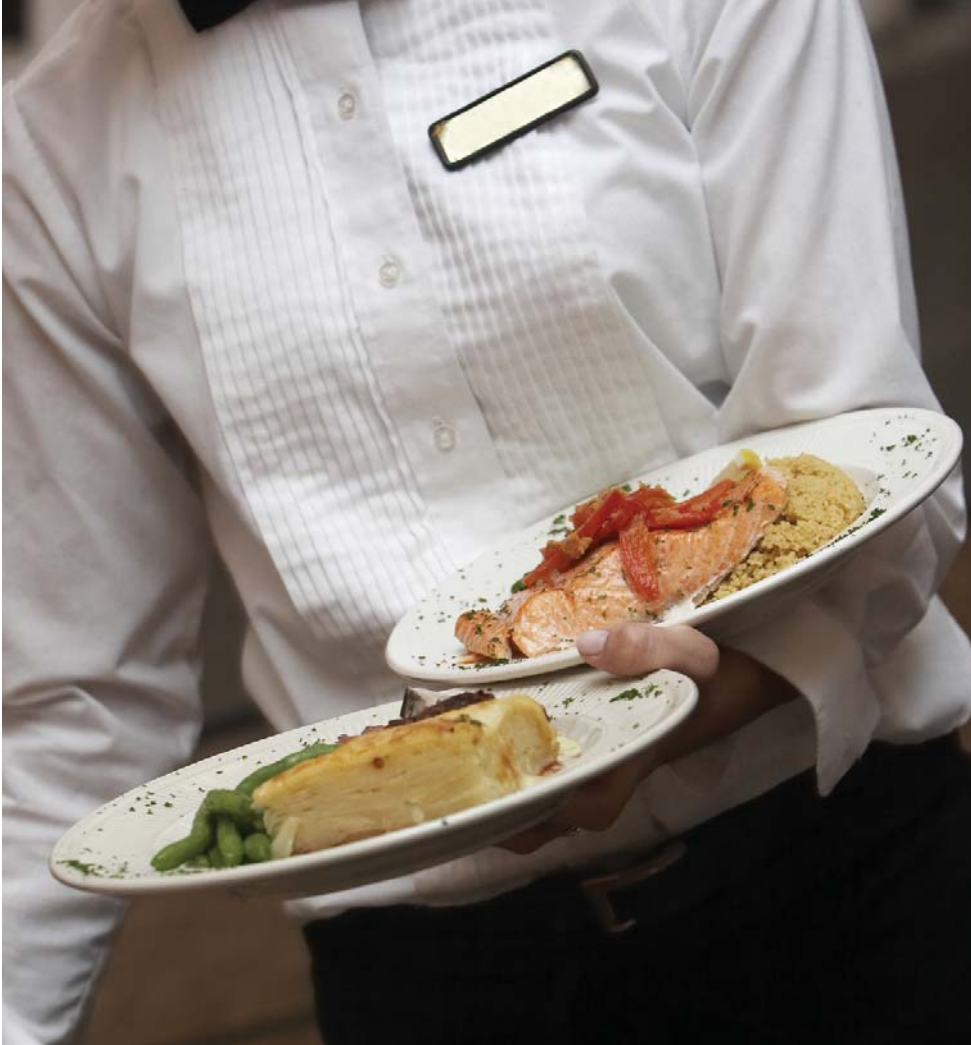
Contact

Colin Johnson
Director
01539 729727

colin.johnson@mooreandsmalley.co.uk



Flexible staffing



Job losses dominate the headlines as businesses across all sectors continue to operate in exceptionally challenging times. The beginning of the year saw redundancies on a scale not seen in the UK for almost 20 years.

In previous recessions, companies were quick to downsize but, as a consequence, many were unable to respond quickly enough when the economy went into recovery due to the loss of skilled and qualified staff.

This is a key lesson for businesses now, who, perhaps for the first time, are having to consider cutting costs in order to survive short to medium-term challenges. **For the majority of hotels the largest outgoing cost is wages, so as occupancy levels rise and fall, maintaining flexibility over staffing arrangements is vital.**

Removing overtime

This is one of the first areas to consider when wage costs need to be reduced. Ensure staff complete their work in contracted hours.

Flexible working

Flexible working has become more popular over the last few years, primarily driven by employees looking to establish a better work/life balance. It may now be time for employers to promote flexible working opportunities to the entire workforce thus benefiting both the business and its employees.

Redeploy staff to other parts of the business

If one area of the business has more work than another then redeploy staff to meet demand.

Reduce the use of agency workers

Use your contracted staff to perform additional tasks to minimise the number of agency workers.

Pay freezes or cuts

Whether or not an employer is obliged to give its employees a pay rise very much depends on the terms of their contracts of employment but in practice it is very rare to see contracts that give employees the right to a guaranteed pay increase each year. In the current economic climate it is likely that employees will be happy to settle for job security over a pay rise.

Changes to working practices or terms and conditions

As a general rule an employee's contractual terms and conditions of employment can be changed only if he or she agrees. If, following a consultation process, employees refuse to accept proposed changes to their terms and conditions, the most appropriate way to make a change from a contractual point of view is to serve notice to dismiss and then offer re-engagement on the new terms and conditions when the notice period expires. Dismissing an employee in these circumstances is a potentially fair reason for dismissal provided that the employer can show that it had a good business reason for making the changes, and that the correct procedure had been followed. However, the decision to take this course of action should not be taken lightly and may be considered a high risk strategy.

All the above alternatives rely heavily on effective communication and consultation with your workforce if you wish to maintain sound employee relations in these difficult times.

Contact

Tina Clayton
HR consultant
01772 821021

tina.clayton@mooreandsmalley.co.uk



How online marketing can fill your rooms

With the increase in internet usage for home buying, leisure and travel planning, coupled with the surge of foreign visitors to the UK, it is now more important than ever to ensure online marketing helps grow your business.

In 2008, 38 per cent of all holiday accommodation in the UK was booked online (up 12 per cent on 2006) and by 2010, it is estimated that over 50 per cent of all bookings will be made online with a further third of bookings influenced by the internet.

Earlier this year, at a seminar hosted by Moore and Smalley, David Pollard, head of Business Development at Touch Marketing & Design offered advice to hoteliers on how to improve their online marketing.

Freshness

If your site isn't fresh and up-to-date it's time to consider a re-design. If your site is over 12 months old, a website refresh is due but if your site is over two years old, a full website re-design is critical.

Book online

For hotels and guest houses, ensure you offer the ability to book online – most now do but ensure it is quick, easy and offers a selection of payment methods.

Promote your location

Push the local area and local events as well as your hotel. Selling location as much as accommodation and amenities is crucial and it also assists in improving search engine performance.

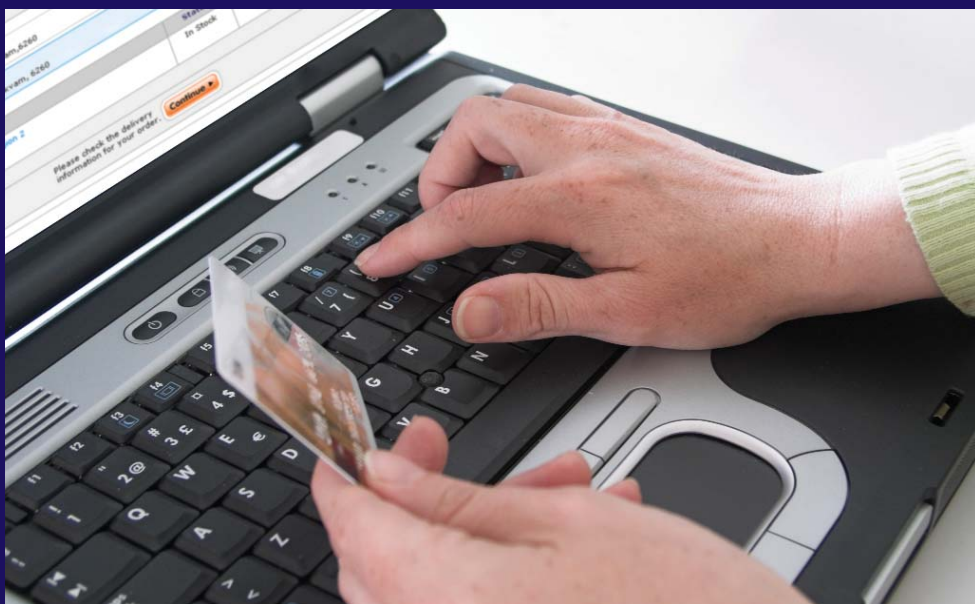
Photography

Dated or poor photography can have a negative effect on the consumer in this high choice market.

Contact details

A key but often forgotten tip - make sure contact details are on every page and that people can easily complete a feedback form or find your email / phone number.

For further advice you can contact David Pollard on 01254 602260 or e-mail david@touchmarketing.co.uk



Your specialist team



Michael Proudfoot

Partner
michael.proudfoot@mooreandsmalley.co.uk



David Gill

Audit partner
david.gill@mooreandsmalley.co.uk



Colin Johnson

Director
colin.johnson@mooreandsmalley.co.uk



Judith Dugdale

Director
judith.dugdale@mooreandsmalley.co.uk



Tina Clayton

HR consultant
tina.clayton@mooreandsmalley.co.uk



Preston (head office): Richard House, 9 Winckley Square, Preston, Lancashire PR1 3HP Tel: 01772 821021
Blackpool: Tel: 01253 404404 **Castle Donington:** Tel: 01332 856347 **Kendal:** Tel: 01539 729727
Kirkby Lonsdale: Tel: 015242 71402 **Lancaster:** Tel: 01524 62801 **Central Fax:** 01772 259441

www.mooreandsmalley.co.uk

Moore and Smalley LLP is a limited liability partnership registered in England and Wales: No. OC313896. Registered office: Richard House, 9 Winckley Square, Preston, Lancashire PR1 3HP. The term "partner" indicates a member of Moore and Smalley LLP who is not in partnership for the purposes of the Partnership Act 1890. A list of members is available from our registered office.

Registered to carry on audit work by the Institute of Chartered Accountants in England and Wales and authorised and regulated by the Financial Services Authority for investment business.