



We are pleased to attach our Summer 09 newsletter.

### **Economic Climate**

The economy continues to be difficult for many businesses and the credit crunch continues. Many businesses especially in the food manufacturing sector are finding raw material costs rising but their ability to pass this on as price increases is difficult thereby putting pressure on their margins and profitability. Now more than ever businesses need to watch their cost base. In particular, those businesses coming up to rent review need to be vigilant to ensure that Landlords do not try to hike rents too high in these current markets. We are getting anecdotal evidence that some landlords are trying to do this. Landlords know that most SME's are unlikely to engage professionals to negotiate rent reviews and are therefore trying their luck. If you need some advice on rent reviews or controlling your costs contact Alok Mitra for an initial free discussion.

The bank of England base rate at just 0.5% is now at its lowest level since the bank was founded in 1694! Interest rates take approximately a year to work their way through the economy and therefore most businesses should now start to see some benefits from the reduced base rates. Unfortunately, rate reductions are not as great as implied by the base rate cut as many banks have increased their margins on business loans and overdraft. The impact of this is that many businesses are only seeing a modest fall in their borrowing rates. Loans also continue to be hard to come by despite the fact that many of the banks are effectively nationalised.

Those clients who are fortunate enough to have cash deposits would have seen deposit rates slashed to almost zero. However, it is now possible to get around 4% on cash deposits if you are prepared to take a long term view and shop around. If you want to know the interest rates currently available or are concerned about holding too much money with one institution, you can contact our office. We will explain the options available to you to ensure that, to the extent possible, you can protect your cash while maximising your returns.

### **Tax update**

Given the current size of the government's spending plans over the coming years, further and substantial tax rises are now unavoidable. The implication of the late 2009 budget has been highlighted on page 3 of our business network newsletter. You can download a free copy from:

[http://www.embg.co.uk/EMBG\\_Intouch\\_Spring09\\_2%20SP.pdf](http://www.embg.co.uk/EMBG_Intouch_Spring09_2%20SP.pdf)

The full 2009 budget summaries can be downloaded from:

<http://www.amitra.co.uk/A%20Mitra%20A5s%20-%20Budget%202009.pdf>

Tax matters covered in this edition include the new rules that you need to be aware of as a result of the powers the taxman has to investigate and fine you for errors, late filing etc. We have also set out the rules for dealing with losses, the VAT implication of supplying goods and services to the EU, what to watch out for when paying dividends when profits are falling and a number of other tax related articles.

If you are likely to be impacted by any of these changes then call our office for advice to minimise their impact on your business and personal tax liability.

If you can't see the attachment to this email then you can download it from our website:

<http://www.amitra.co.uk/news/090623A%20Mitra%20Summer%20NL%2009.pdf>

### **Credit Crunch**

Now more than ever, sound financial and risk management is essential if you are to stand a chance to survive and even prosper in the current economic climate. It is certainly not inevitable that these things will only get worse and there is nothing that can be done. In fact at times like this those with the knowledge and support can find the best opportunities. However, in order to do this it is necessary to take proactive action yourself. Through our consultancy firm CJM Consultants we have consultants who have worked in and helped to run blue chip organizations through a number of recessions and have the experience and the know how to help you in these difficult times. Our experience suggests that a lot of businesses that fail would have survived had they sought help earlier and received the correct proactive prompt action.

See our tips on surviving the credit crunch and what is likely to happen next in our Autumn 2008 business network newsletter.

<http://www.amitra.co.uk/credcrunch.html>

Look at what is likely to happen next beyond the crunch and how to benefit from it in our current business network newsletter.

: [http://www.embg.co.uk/EMBG\\_Intouch\\_Spring09\\_2%20SP.pdf](http://www.embg.co.uk/EMBG_Intouch_Spring09_2%20SP.pdf)

If you have any questions or concerns about how the credit crunch might impact on you or your business and wish to discuss this matter then please contact me for an initial free consultation.

Alok Mitra - Partner  
AMitra & Co