

LIFECYCLE 

With you all the way

**HAS THE SELF-ASSESSMENT
SEASON REVEALED CLIENTS IN
FINANCIAL DISTRESS ?**

**FIVE ESSENTIAL STEPS
TO HELP CLIENTS TAKE
CONTROL**

In association with
accountingWEB

Part of the
Leonard Curtis
Business Solutions Group





INTRODUCTION

Last year, HMRC anticipated the completion of around 11.4 million self-assessment tax returns. Almost 10.7 million were filed on time leaving nearly 750,000 that were either late or not submitted.

The receipt of last minute data from clients can be problematic - especially if the information reveals issues that are causing financial distress. It may be that clients are simply not in a position to pay the tax due, or that the additional tax liability - coupled with other commitments - can often place the client in a precarious financial position.

Retaining control of the situation is key if a positive outcome is to be achieved. And whilst all accountants will provide all the support they can, heavy workloads and tight timescales at this time of year often make this task difficult.

Access to specialist knowledge and experience of these situations greatly increases the chances of a successful resolution and ensures that a valuable relationship is maintained for the future.

LC Advisory - a division of the Leonard Curtis Business Solutions Group (LCBSG) - supports accountants and their clients through all stages of their financial lifecycle. Concise advice is provided on specialist issues as part of the accountant's overall support to the client.

So with less than two weeks to go until the tax return deadline, we outline our top five steps to take at this critical time of year.

TIP #1 - BE COMPLIANT AND SUBMIT THE RETURN

Non-compliance is considered by HMRC as extremely serious. In their view, the non-submission of tax returns in accordance with the required timescale is symptomatic of an attitude that is likely to result in non-payment and possible tax avoidance.

In addition to the application of a fine for late submission, resulting penalties and interest, if the tax due is not paid on time, then further detrimental impacts could be suffered in the future. These include potential problems associated with raising finance.

Furthermore, in the event that the client wishes to negotiate the settlement of tax liabilities, full historic compliance will be required.

TIP #2 - UNDERSTAND THE FULL EXTENT OF THE PROBLEM

To ensure that the tax liability is accurately quantified, a full and comprehensive understanding of the position is required. In the event a negotiation arises, to agree the level of liability - or to seek any flexibility regarding settlement - the client, through the accountant, will need to demonstrate and communicate a credible explanation of the issues that have arisen and set out the steps that can be taken to resolve them.

The importance of a full and frank discussion between accountant and client cannot be overstated. After establishing the facts, an action plan can be developed to tackle the issues and, if required specialist support sought to assist with the process.



TIP #3 – DETERMINE IF THE TAX CAN BE PAID AND HOW

A comprehensive assessment of the client's financial position and potential sources of funding is required to determine payment prospects. Access to specialist advice, again via the accountant, is invaluable to ensure that all possible options and funding alternatives are explored to best manage the settlement.

LC Advisory has a thorough understanding of HMRC protocols which allows them to swiftly and effectively develop structured deals in line with HMRC's requirements - managing what is a difficult and stressful situation for clients. There are often many possible solutions to issues of financial distress and it is important that a bespoke action plan is produced to meet each client's situation.

TIP #4 – DETERMINE OTHER DEBTS, FINANCIAL ISSUES AND REASONS WHY...?

Often, preparing to file self-assessment tax returns brings to light other types of liability - such as credit cards, loans and personal guarantees - that crystallise when businesses fail or payments are missed. Divorce or commercial failure are typically key causes of financial difficulty. So for those clients with tax liabilities, it is unlikely that this is their only debt.

For some clients who have experienced or are experiencing corporate failure, it is the case that personal guarantees will crystallise. In addition, the client may owe the failing company and, as well as deferring tax, difficult financial situations are often exacerbated by taking out personal credit lines to support the company.



TIP #5 – TAKE CONTROL NOW

Recognition of the position by both client and accountant is essential prior to the implementation of a strategy.

Every day, the team at LC Advisory works with accountants and their clients to make complicated, stressful situations manageable – providing accountants with the expertise and support to help their clients take control of their financial distress and implement a plan to resolve it.

The advice provided by LC Advisory is direct and clear – it is important to quickly identify the problem and resolve the issue. To provide the client with reassurance and certainty, difficult decisions are made at the outset. Then clear and concise plans are developed and implemented with the involvement and agreement of both client and accountant.

Then, when the issues are resolved, LC Advisory and the other professional services within the Group will continue to work in partnership with the accountant to provide ongoing support. This helps provide a support network to get the client back on track to return to profitability.

All LCBSG services dovetail. The Group is client-focused and provides a seamless service to ensure comprehensive business solutions are provided, whatever is required.



INTRODUCING LC ADVISORY

LC Advisory is part of the Leonard Curtis Business Solutions Group (LCBSG). It provides support and advice to clients in financially distressed situations. The points of contact are John Bluer, Amy Mehers and Martin Maloney.

LC Advisory Director John Bluer said: "Leonard Curtis Advisory provides advice to individuals – mainly in financially distressed situations, but also provides advice in respect of contingency planning and strategies for those in business. "Whatever the situation, we create clear and decisive plans for our clients - in partnership with their accountants - and work collaboratively to implement the plan within an agreed timeframe."

"With 20 years' experience, we have worked with every walk of life - business owners, employed, unemployed, professionals and retired - in business, sports, media, academia and the professions. Regardless of the complexity of each situation – and the amount owed - we always keep our advice simple and non-judgemental."

"For accountants and their clients, the importance of tackling such issues immediately cannot be stressed enough. Most cases arise because clients either fail to recognise a problem or when they do, struggle on and make bad decisions."

"Instead, clients can engage the support and guidance of LC Advisory. Together with their accountant we will assist them in dealing with HMRC - and other liabilities - in a structured way to achieve the best possible outcome. In addition, working in partnership with the accountant, we can then provide a support network for future planning."

For more info visit www.lcadvisory.co.uk , call 0161 413 4940
or email: john.bluer@leonardcurtis.co.uk.

THE CHECKLIST - YOUR STEP BY STEP GUIDE TO MANAGING A CLIENT'S FINANCIAL STRESS

The key to dealing successfully with pending tax liabilities is transparency and recognition of the issues.

Remember these top five steps to take. And take them quickly.

- Submit the return
- Talk to the client and understand the problem
- Determine if it can be paid. And how?
- Determine other debts, financial issues and why?
- Take control now



CLIENT TESTIMONIALS

Here is some client feedback received by LC Advisory in recent months. Each worked with their accountant and the LC Advisory team to find the swiftest, most favourable outcome to their financial issue.

“

I will be eternally grateful for the swift, professional and compassionate way you dealt with my case, always focusing on what was best for me and without regard for potential fees. If I can pass on your details to anyone needing your services I will do so without hesitation and with the strongest possible recommendation.

”

“

The service I received from LC Advisory was not just about money, it was about me, the client. I was in a low place when I needed their services and from day one they went the extra mile. The most notable being on a Friday afternoon with a phone call, just to ask how I was before the weekend break. Not only did they deal with my financial situation professionally and expertly, they cared about where I was mentally in a very stressful situation.

”

“

My family and I were at our wits end with the worry however, by following the detailed plan worked out by the LC Advisory team, I was able to return to a normal life very quickly. Once again, thank you.

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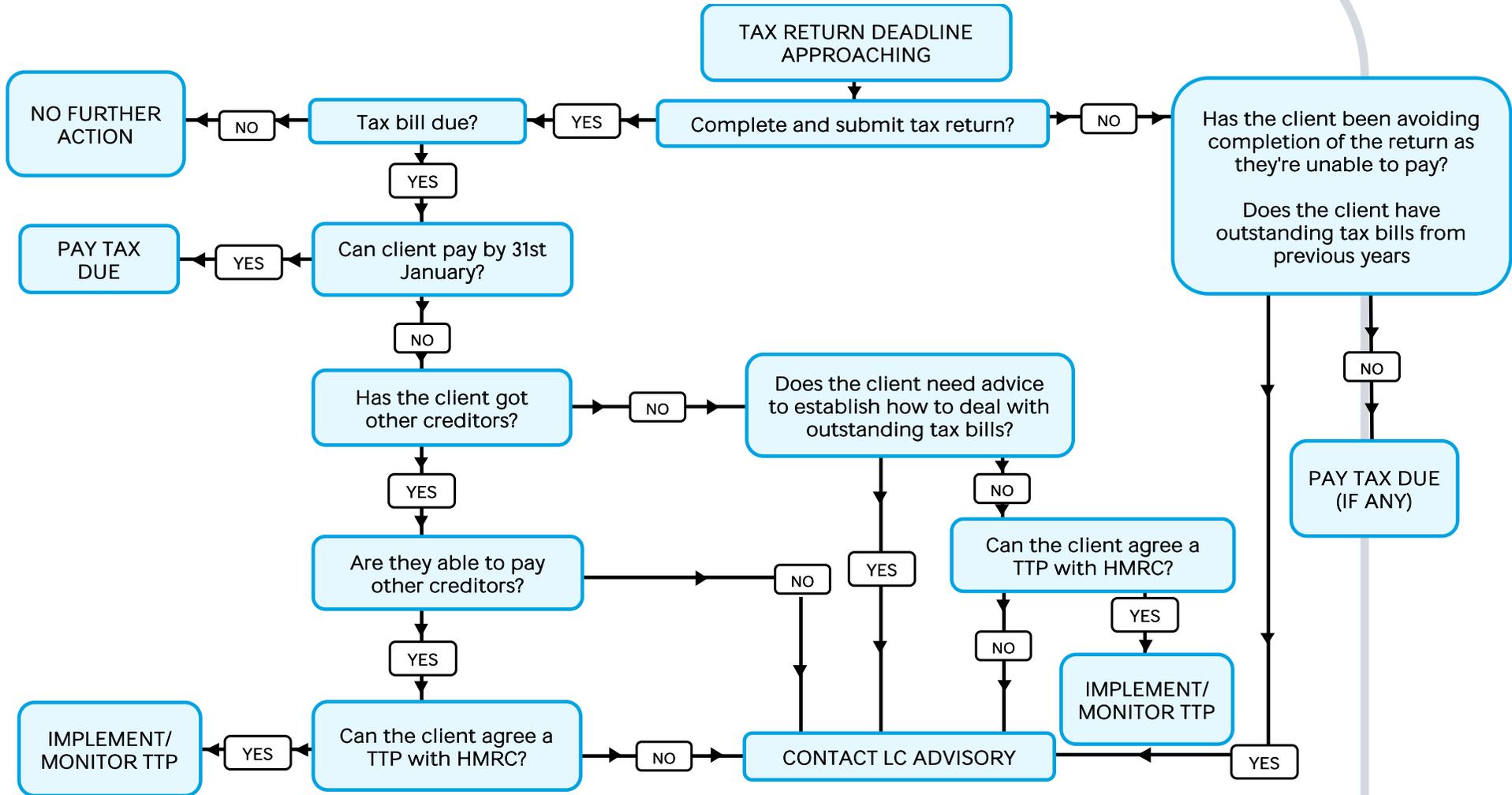
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“John Bluer dealt with our situation in a most professional manner. He was available throughout the process virtually 24 hours a day, seven days a week. The advice we received was exemplary, not only from John but from his whole team. Thanks to his skills we have been guided through to a successful conclusion. I felt that the whole team understood our difficult position and were very caring throughout the complex process.”

”



DECISION TREE



LC Advisory services:

- Assess the position and provide advice free of charge
- Help the client deal with their debt and implement a plan
- Refer the client to another division of LCBSG if appropriate
- Help to ensure that you retain your client



ABOUT THE LIFECYCLE NETWORK

Lifecycle is a unique network for accountants - provided by the Leonard Curtis Business Solutions Group.

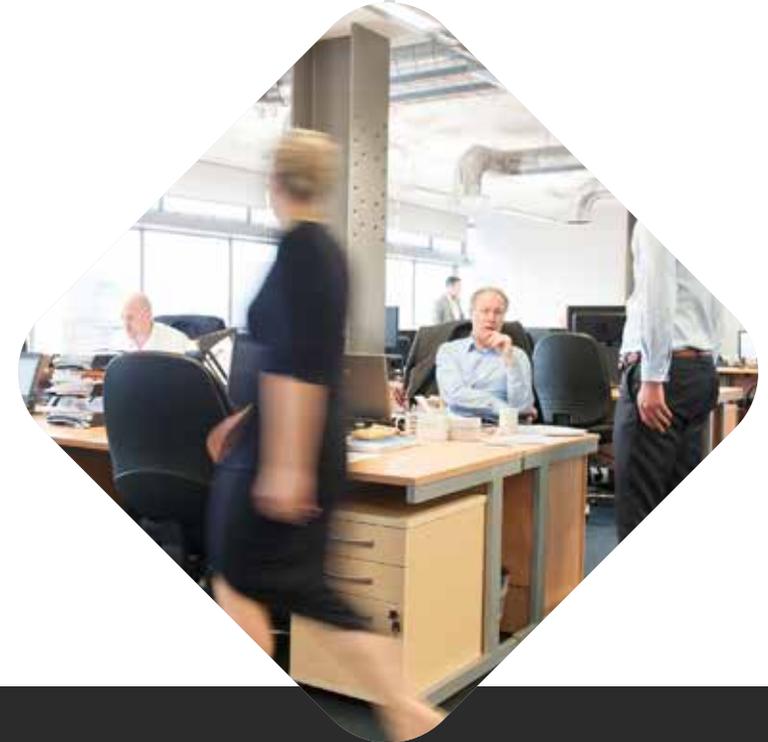
It provides member accountants with a comprehensive range of specialist services - and the expert support required - to improve their client offering at every stage of a business' lifecycle. From company formation to cessation and all stages in between.

Lifecycle is free to join and also offers members many additional benefits. These include access to competitively priced Professional Indemnity insurance cover, a regular programme of free training and education and discounts on products and services relevant to their business and clients' needs.

Services offered by Lifecycle include: Company secretarial and formation; equity finance for SMEs; debt advisory for SMEs; personal debt advice; corporate restructuring, insolvency and cessation; debt finance for SMEs; cashflow maximisation; property solutions and legal services.

www.lclifecycle.co.uk

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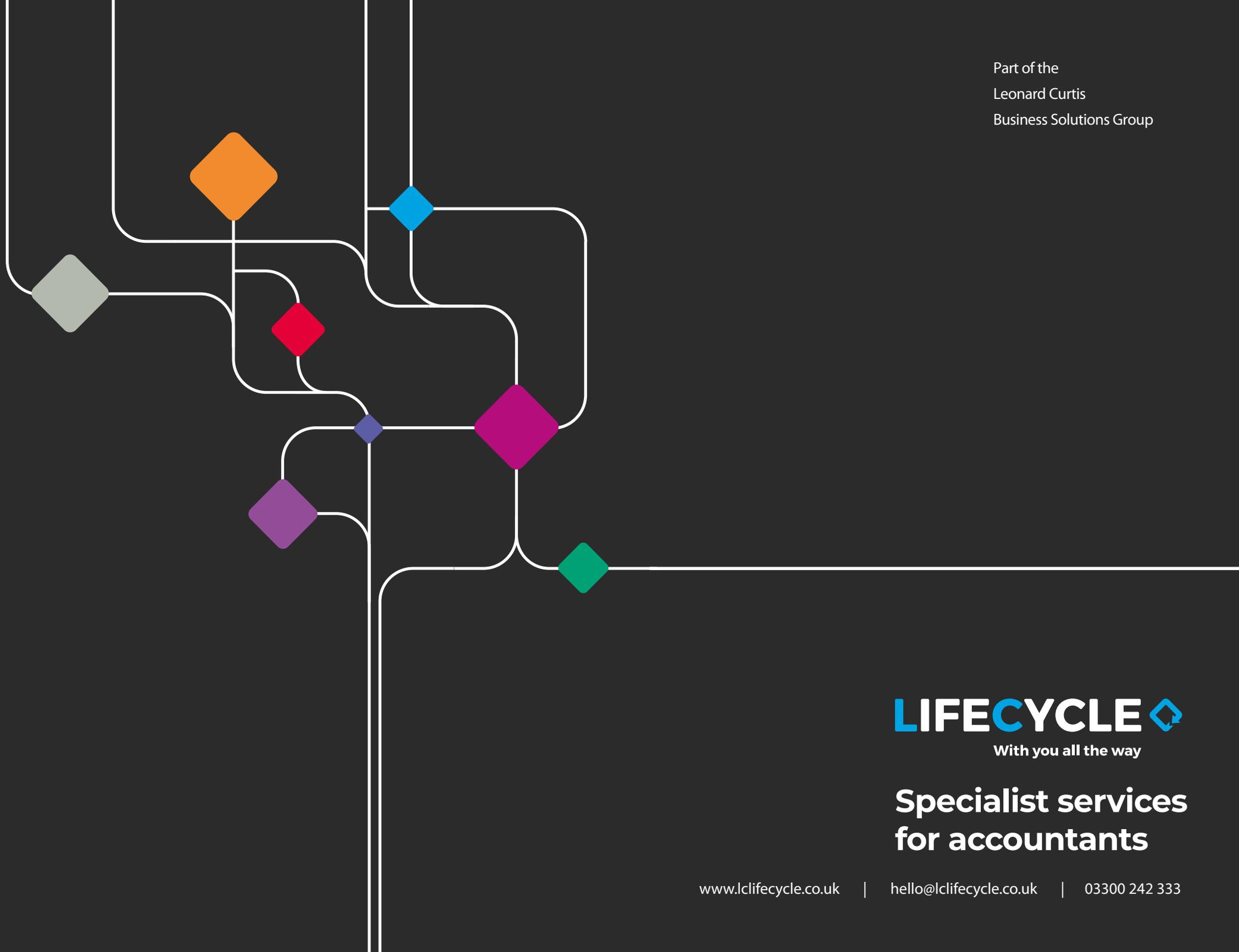
**DEBT ADVISORY
FOR SMEs**

LEGAL SERVICES

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