

LAWRENCE ROSE LTD CHARTERED ACCOUNTANTS

Newsletter 4
December 2006

National Minimum Wage

The National Minimum Wage increased again in October 2006.

The minimum wage is a legal right which covers almost all workers above compulsory school leaving age. There are different minimum wage rates for different groups of workers as follows:

- The main rate for workers aged 22 and over was set at £5.05 an hour. On 1 October 2006 this increased to £5.35.
- The development rate for 18-21 year olds is was set at £4.25 an hour this increased to £4.45 on 1 October 2006.
- The development rate for 16-17 year olds. This rate was increased to £3.30 an hour.

Arctic Systems Lords announce date of appeal hearing

The House of Lords have at last announced that they will hear HMRC's appeal in the case of Jones v Garnett on 5th June 2007. They have scheduled the hearing to take three days, and it will be several weeks thereafter before a judgement is published. This case concerns taxing dividends paid to spouses who do not generate income for the limited company.

The saga has dragged on in the courts for the last four years, creating fundamental uncertainties for many couples in business.

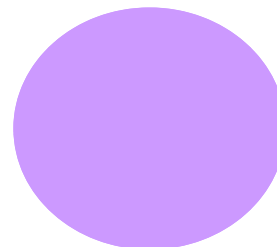
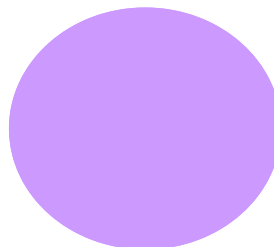
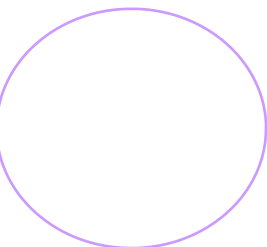
At this point in time HMRC's published guidance has not been proven to be correct, and the law as it stands is as found by the Court of Appeal last year, in other words that the dividend in question paid to the spouse remains non taxable whilst the spouse is not a higher rate tax payer.

Mileage changes

Please note that mileage for fuel only (ie company cars) changed on 1st July 2006.

	Petrol	Diesel	LPG
Up to 1400cc	11p	10p	7p
1401cc - 2000cc	13p	10p	8p
Over 2000cc	18p	14p	11p

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Companies Act

The Companies Act 2006 re-writes and amends most of the Companies Act 1985 and 1989 and consists of almost 1300 clauses. It is the longest Bill ever to have been considered by Parliament.

It received royal assent on 8th November 2006. At some point, possibly in 2007, there may be no need to have a Company Secretary.

Key Measures

Housekeeping

There is a radical overhaul of the memorandum and articles so that companies have a simplified set of internal rules contained in the articles. All companies will have unlimited objects and the new model articles will be deemed to be written into the articles of existing private companies and will apply for new formations. Existing memorandum and articles may need amendment and certainly will require a review, particularly if the company requires restrictions over its activities. The idea of an authorised share capital is also abandoned, it is not clear if this will affect existing companies.

Directors and duties

A director's duties are amended to introduce a new duty for a director to act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole.

We await full details of timings as to when and how the new measures will be fed in.

Forthcoming

During 2007 Lawrence Rose Ltd will be looking to continue to improve the services to our customers. We will be investigating:

Financial Services

Clients often ask why we don't offer pension, mortgage and investment advice in our services. We will be looking at ways we can do this in the future.

More Newsletters

We will be looking at how to deliver regular online newsletters (to those that want them!)

Additional services through our website

We want to make our website more useful to you, possibly including an online bookkeeping service.

We welcome suggestions on any of the above - either e-mail or call me to let me know what you think.

Merry Christmas and Happy New Year