



Road charging – Set to become a reality?

Alarm bells are ringing across the business community as the Government looks set to trial road charging in one form or another, with a view to introducing it across the UK.

Paul Mustoe, LB Group's tax director, says the reaction is no surprise. Many people, he believes, will see this as simply another form of taxation. People are becoming aware that road charging will impact on nearly everyone; business owners, commuters and the general public alike.

Using the Government's own online petition, two million people have expressed concern about plans to charge motorists more for using public roads. Many appear to regard the move as a stealth tax and are seeking reassurance that funds raised will be used to improve road and rail networks.

The Government claims that charging motorists per mile is the only way to manage soaring congestion levels, which cannot be tackled by increasing road building and public transport alone. Only recently, the scope of London's congestion charge was extended to cover areas of the West End. Several other councils are known to be looking at this option too.

Paul said, "Whilst the haulage industry and those who travel long distances as part of their employment are likely to be hardest hit, the time will inevitably come when the effects are felt by ordinary people travelling to and from work and those simply going about their daily lives.

"According to the Department of Transport's own figures, the average daily commute is slightly less than a 20 mile round trip," he explained. "If the government goes ahead with plans to charge for mileage either by tracking miles travelled, or by charging for use of public roads, it could translate to a hefty bill every day simply to get to work. The impact of that on workers and employers has yet to be explored."

One way or another, according to Paul, motoring is likely to become increasingly expensive for everyone, as Gordon Brown looks to establish for himself a reputation for green concerns. Inevitably those living in rural areas would be worse hit. But those travelling within "congestion zones" could face an increasingly expensive day's work, he believes.

"There is no doubt whatsoever that we are seeing a trend emerging," said Paul. "In the recent Budget, for instance, he announced measures to penalise those using highly-polluting 4X4s. In targeting vehicles that emit more than 225 grams of CO2 per kilometre, he also included some estate cars and people carriers. They will see Vehicle Excise Duty rise from £210 to £300 this year and to £400 next. Fuel duty, in effect a double whammy for 'gas-guzzlers' went up 2p per litre too."

The debate is set to continue as the Government faces up to tough decisions. "Balancing environmental concerns and international obligations to cut carbon emissions, whilst at the same time addressing the financial and political implications of its actions, are likely to be major challenges," Paul said.



About us

Established in the 1960s Lake Bushells has offices in Colchester, Chelmsford and Walthamstow, and so is well placed to look after the financial affairs of businesses and private individuals from London, through Essex, into East Anglia and beyond. Experienced teams offer great breadth and depth of expertise and experience with a practical no-nonsense, jargon-free approach. Most directors of Lake Bushells have worked for international firms of chartered accountants, and in commerce and industry. They are widely experienced in finance, far beyond traditional accountancy. Directors, individually, take overall charge of each client, working through team managers.

Specialist divisions include LB Business Solutions, LB Wealth Management and LB Insolvency Services

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Welcome!

These are exciting times for us, and you'll no doubt have spotted that we are making some big changes. Not least to the name. Whilst "Lake Bushells" has stood us in good stead in the past, from the beginning of March we changed to become LB Group, with new logos, branding, literature and website – www.lbgroupltd.com.

It's a reflection of how we have changed over the years from the business we were in the early days. Today we have a very broad spread of expertise, with teams of highly qualified staff with City and international experience.

We've offices in three major business centres in the east of England (and our new office is planned to open in Stratford in June, close to the heart of another fast-growing hub of commerce). We work with a wide spectrum of clients of all sizes from all sectors locally, regionally and nationally.

Please be assured that we're still very much the friendly and approachable business that you've come to know and trust over the years.

If you'd like to find out more about the changes, or indeed would like to discuss any aspect of your business with us, please do not hesitate to give us a call.

New minimum wage rates announced

From 1 October this year, the National Minimum Wage increases. The new rates are £5.52 (from £5.35) per hour for workers of 22 and over; to £4.60 (from £4.45) for 18 to 21 year olds; £3.40 (from £3.30) for 16 and 17 year olds.

LB Group is on the move in London

Our London office is on the move. This summer we will be leaving Walthamstow and going into Stratford, one of the most promising commercial locations in the UK. We'll be based at 1 Vicarage Lane, E15.

The move has been on the cards for a couple of years, but with the Stratford area developing so fast, it had taken time to find the right premises. Our new offices, which front onto two busy roads, are in a very attractive listed building that offers plenty of scope for growth in the future.

"This is going to be one of the UK's most important commercial areas for many years into the future and there is huge potential for us there," explained director, Trevor Lake.

We have had a London presence in nearby Walthamstow for the past 10 years. Whilst we opened there with just a handful of people, today our team size has grown significantly, a reflection of our growth in the commercial sector.

Trevor said, "Stratford is the hub of some very important developments. The Olympic development will, we believe, create outstanding business opportunities for organisations large and small. We intend being right at the centre of that commercial activity."

"We're all very excited about this move because it's clear to see the development potential of this area," he added. "This is just the right location for our expansion."



Trevor Lake, Director of LB Group, London

Our new corporate finance boutique – helping you deal with “extraordinary” business

Once in a while, in every organisation, comes along a situation that is much more than simply “business as usual”. It may be a need to put together a strong and well-presented business plan for a new venture – something that’s attractive to banks and investors. It may be a need to raise finance through a bank loan, a capital investment or a government backed scheme.

Should that time come, you’ll need advice from people who understand how to structure financial dealings. Our new Corporate Finance Boutique is just that - a very skilled and knowledgeable team with City and worldwide experience. They’ve worked across the world and at the very highest level and their contacts are second-to-none. Amongst them they have expertise in tax matters, financial control, business planning and human resources matters.

Turn to them if you’re thinking about mergers and acquisition. They’ll discuss with you the implications, hold your hand through negotiations and ensure the most profitable outcome for you. They can also help you find very efficient and innovative ways to maintain an income from your business without selling your stake. The “cash out transaction” is something that is proving very attractive to a number of our clients.

But, if you’re considering selling your stake in your business, LB’s team is where to access the advice you need. We can help if you’re planning to hand over to the next generation, allow your managers to buy out, sell, or wind the business up.

Whatever you’re doing, we’ll help you understand the pros and cons and complete your exit in the way that minimises your tax liability.

SIPPs & SSASs It’s business as usual

Our financial services division – LB Group Wealth Management Ltd – through its exceptional ability to act as Pensioner Trustees is well placed to assist you to invest for the future through tax-efficient SIPPs (Self Invested Personal Pensions) and SSAS’s (Small Self Administered Schemes) following regulation of this form of investment from 6th April.

Regulation means a greater level of financial protection for investors, and it was by no means a foregone conclusion that authorisation would be granted. Indeed many providers have opted not to undergo the rigorous process of authorisation.

Through our relationship with Greyfriars Asset Management LLP, a highly regarded independent firm regulated by the Financial Services Authority, we are able to offer their range of products.

How the “cash out” transaction works



John Jardine

John Jardine, who joined us recently from Royal Bank of Scotland, and has international experience of corporate finance has developed an innovative

service to help our clients release equity from their business without damaging its financial viability.

John explained, “A typical scenario might involve a 50 year old managing director who is the major shareholder in his business. The company makes an annual £500,000 net profit and he takes salary and dividends amounting to £300,000 each year. His wealth is bound up in the company, but he is reluctant to sell the company or his shares, in order to release funds.

“We have the expertise to structure a deal with the bank that delivers a loan of £1.2 million, for instance, to the company over four years. That means that the MD can continue to draw money from the company without damaging its profitability and the loan is paid off through the company’s continuing growth,” he added.

John recognises that this is most likely to appeal to individuals who have wealth tied up in successful businesses and who would like to extract some value without relinquishing their shareholding.

Income taxes – How to pay yours later!



Andy Buchanan

Whether you are employed or have a pension, you will have a PAYE Tax Code to determine how much Income Tax is deducted at source.

LB Tax Manager, Andy

Buchanan says that if your Tax Code is anything other than the standard Personal Allowance you will have received a PAYE Coding Notice from the Inland Revenue detailing how your Tax Code is made up for the start of the 2007/08 tax year.

Andy explained, “You may have noticed that the Revenue has included extra and sometimes quite sizable deductions to collect additional tax on your investment income, for example, property income or higher rate tax on interest and dividends. This allows them to collect taxes earlier than might otherwise be possible.

By having these deductions in your Tax Code you will have more tax deducted under PAYE during the current tax year and therefore will have a lower net salary. However, you will have less to pay via a direct payment on 31 January following the tax year.

“Obviously this will affect your cash flow, but there are ways to combat it,” Andy added. “If you would prefer to continue paying additional tax due on 31 January you can have these deductions removed. All you need to do is phone your Tax Office and request that the deductions are removed from your Tax Code.”

It is standard practice at LB Group to remove these deductions, so if we act in relation to your personal tax affairs we will be removing these deductions from your Tax Code, if we have not done so already.

Feeling inspired?



A kind word, an encouraging smile, a pat on the back... they cost nothing to give but can make the world of difference. It’s recognition of the importance of encouragement and mentoring in the workplace that led us to launch our Inspiration East honours programme several years ago.

Director, Trevor Lake, sees the eastern region as very dynamic and forward-looking with successful growing businesses of all shapes and sizes.

“What most of these businesses have in common is a supportive working culture, where people see the value of supporting and mentoring,” he said. “Inspiration East was launched precisely to encourage that largely intangible ingredient, because it’s something that makes all the difference to business success and to individual working lives.”

If you want to see someone recognised for the difference that they made to your career or your business, whether a colleague, employee or employer, then Inspiration East is for you.

The Inspiration East 2007 honours presentation ceremony will take place on the evening of 8th October at the Waterfront Place, Chelmsford.

Meanwhile, keep an eye on our website www.inspiration-east.co.uk for full details and a nomination form.

Pensions through the looking glass

Six years have passed since the introduction of Stakeholder Pensions, and reorganisation and rationalisation of the industry continues apace. Bill Walker, director of LB Wealth Management, says that these lower charged pension products have been the centre of a battle that few can win.

He said, “To make a profit from Stakeholder Pensions, a single insurance company has to secure 20 percent of the market. Yet more than two dozen companies are registered with Inland Revenue to sell them. There has already been a shake-up which has seen some sell out to larger competitors or close to new business.”

According to Bill, most policyholders are blissfully unaware that they are paying more than they need in charges, and to make matters worse, there is an increasing danger that those companies will not survive long term. This will undoubtedly mean increasingly poor performance as their top fund management talent migrates to more successful companies.

There has never been a better or more important time to review pension arrangements, as a result. It’s for this reason that LB Group is planning a series of seminars throughout the region to appraise people of the facts.

If you’d like to come along, speak to your normal point of contact and we’ll ensure that you are kept fully informed.