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THE ACCOUNTANT

JUNE 2013

Minority Shareholder Rights

The most common form of limited liability company in Ireland are private companies limited by shares. There are no minimum capital requirements for private companies. The main categories of shares found in such companies are:

- Ordinary shares – these are the most common class of shares, and usually carry the right to attend, speak and vote at general meetings, the right to participate in dividends declared, the right to a return of capital and to participate in surplus assets on a winding up.
- Preference shares – these generally provide preferential rights in relation to the payment of dividends, the return of capital or voting rights. These rights are generally set out in the company's memorandum and articles of association (rule book).
- Redeemable shares – these often fall within the above categories, are liable at the option of the company or the shareholder to be redeemed. Strict conditions apply to the issue of redeemable shares and to their redemption.

Shareholders in private companies generally hold ordinary shares, and their shares have the same rights. The rights of shareholders may be extended or limited by agreement or by the terms of the company's articles of association. Minority shareholdings have the following additional rights:

- Typically, where the shareholder holds 10 per cent or more of the issued share capital of a company, it can requisition the holding of an extraordinary general meeting, demand a poll at a general meeting, and apply to the court for cancellation of a special resolution approving the giving of financial assistance for the purchase of the company's own shares.
- Where a shareholder holds 15 per cent or more of the issued share capital, it can apply in limited circumstances to the court to cancel an alteration of the provisions of the company's memorandum of association (memorandum) to which it objected.
- The shares of a member holding more than 20 per cent of the issued share capital of a private company cannot be compulsorily acquired in a takeover situation.

- Finally, where a shareholder holds more than 25 per cent of a company's issued share capital, it can veto a special resolution

Unless provided to the contrary in the articles or a shareholders' agreement, a minority shareholder will not be able to prevent changes to the company's capital structure. Under standard-form articles, shareholders are generally entitled by ordinary resolution to subdivide or consolidate all or any of the company's share capital, or to cancel any shares which have not been taken or agreed to be taken by any person. The Companies Acts 1963 to 2012 include provisions protecting minority shareholders from oppressive conduct which renders it difficult, in the absence of agreement, to limit a shareholder's rights.

In most cases, shareholders' rights may only be limited by agreement with those shareholders. In the absence of unanimous agreement, a special resolution (requiring the approval of the holder(s) of not less than 75 per cent of the ordinary shares in issue) would be required to alter the company's articles to seek to limit shareholders' rights. The memorandum and/or articles commonly contain a procedure for modifying rights attaching to shares/classes of shares. In the absence of such a provision, the modification may only be effected with the consent of the holders of over 75 per cent in nominal value of the issued shares of the relevant class.

Shareholders' agreements typically contain provisions to enhance the rights and powers (especially veto powers) of minority shareholders. They also deal with the governance and frequently contain restrictions on the transfer of shares and provide for shareholders' information rights. Shareholders' agreements often terminate where all, or a specified majority, of the shareholders agree that it be terminated, or where all of the shareholders (or their assignees) cease to hold any shares. The parties may also agree to termination in certain circumstances, e.g. where the company's shares are admitted to trading on a stock exchange. Shareholders' agreements are generally not enforceable by or against other third parties unless those parties execute a deed of adherence to it. There is no specific requirement for shareholders' agreements to be registered in the Companies Registration Office (CRO). *****

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According to the CSO, a seasonally adjusted increase in exports of €53 million to €7.3 billion was recorded in April. Comparing this April with April 2012, the value of exports increased by €433 million or 6%. The main drivers were increases in the exports of medical and pharmaceutical products and of office machines and automatic data processing machines.

Overall Irish export growth last year was 2.9%, down from 5.1% in 2011 and 6.2% in 2010.

Euro zone inflation accelerated in May rising to 1.4% from 1.2 % in April. Consumer-price growth has been below the ECB's 2 per cent ceiling for four months. The European Central Bank recently kept its benchmark interest rate at a record low 0.5 per cent, with ECB president Mario Draghi saying the euro-area economy "should stabilize and recover in the course of the year, albeit at a subdued pace."

A new five-year €175m seed and venture capital (VC) scheme for high-growth Irish companies with the potential to generate additional export sales and grow jobs has been launched, targeting investment in the wider ICT and life sciences sectors. The first call for expressions of interest will see Enterprise Ireland committing up to €100m to VC funds.

Taxing Maternity Benefit

Maternity Benefit, Adoptive Benefit and Health & Safety Benefit, payable from the Department of Social Protection (DSP) from 1 July 2013, will be taxable in full. However, Universal Social Charge (USC) and PRSI will not apply.

A recipient of these DSP benefits who pays their tax through the PAYE system will have their annual tax credits and cut-off point reduced by the Maternity Benefit amount which will result in additional tax being stopped from any employment/ non-DSP pension they have. Employers will be advised of the adjusted tax credits and cut-off points on employer tax credit certificates (P2Cs).

As Maternity Benefit is being taxed by reducing employees' tax credits and cut-off points, employers are **not** to include figures for Maternity Benefit on forms P45, P60 or P35L.

Where an Employer pay salary, etc., to employees while out on maternity leave and recover the Maternity Benefit from the employees or directly from the DSP only the difference between the wages, salary, etc. paid and the Maternity Benefit recovered is subject to tax, USC and PRSI in the pay period.

Employers who pay wages, salary etc., to employees while out on maternity leave (top-up etc.) and the employees retain the Maternity Benefit, tax, USC and PRSI should be charged only on the amount of wages or salary actually paid.

Where the Employer does not pay wages, salary etc., to employees while out on maternity leave and the employee retains the Maternity Benefit, Revenue will receive the Maternity Benefit notification from the DSP, reduce the tax credits and tax cut-off point by the appropriate amount, and issue a revised P2C to the employer.

On the employee's return to work after a period of maternity leave, any refund of tax which may be due to the employee for the current tax year, can be calculated having regard to their cumulative emoluments at the date of the pay day in question and the corresponding cumulative tax. An employer should not make a refund unless they are in possession of a current year cumulative P2C in respect of the employee in question. Where the P2C is on a week 1/month 1 basis, no repayment of tax should be made. In this case the employee can claim any refund due directly from Revenue.

If the period of maternity leave was spread over two tax years, the employee can apply to Revenue for any refund that may be due for the year prior to the current year.

Free SME Resource (compliments of CPA Ireland)

Financial ratio analysis is one of the simplest techniques a business owner/manager can use to look at their company's performance. It allows a business owner and their advisers to look at the performance of the company across a number of time periods as well as benchmarking performance against other firms in your sector.

Ratio analysis positions a business with regard to profitability, liquidity, asset utilisation, gearing and market value. It facilitates better decision making and validates the effectiveness of management interventions.

Financial ratios are an excellent way of analysing a company's financial position however they mean little in isolation. Comparative data gives a basis for comparison and can help determine if the ratio is appropriate for your business. If your financial ratios are very different to those in your industry, you may want to examine why and perhaps take corrective action. Trend Analysis is also useful. Past year's balance sheet data or monthly accounts allows you to calculate the financial ratios for several years, or months in order to track trends in your ratios.

CPA Ireland has launched a free Business Tracker web application that automatically calculates financial ratios. CPA Ireland Business Tracker may be accessed here .

CPA Ireland has also compiled a series of webinars from a panel of experts providing unique insight to business owners. These short twenty minute presentations are free to access and cover a variety of topics including Cash Flow Management, Recruitment, Marketing, HR and Risk. Seminars may be accessed via the list below:

Marketing & Sales
Finance
HR
Health & Safety

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SEPA - standardising bank payments across the EU

Normally, within a country where there's a common currency, the entire banking system is linked so that transactions between banks within that country are made easily. With the Euro zone, it's a little bit different. Although there's a common currency and payments within each country within the Euro zone are made and cleared easily, payments across boarders are not.

The Single European Payments Area (SEPA) aims to facilitate payments made in Euro by developing a standardised process that essentially means that all bank payment systems between countries will be aligned and speak the same language as it were.

New rules will come into effect on 1st February 2014 to enhance SEPA which will mean it will be as easy to make or receive payments in Euro cross border within the EU as it is to make and receive payments from one Irish account to another. So, for example, if you want to pay an invoice from France, from an Irish bank account, or pay a Spanish electricity bill, that will be very easy to do.

The good news about the SEPA implementation is that all of the complex changes will be automatically done by your bank. Your Account Number will now be referred to as your IBAN, International Bank Account Number, and your Bank Sort Code will be known as a BIC, Bank Identification Code. Bank accounts numbers and sort codes will not be affected. Effective from 1st February 2014 you'll need your International Bank Account Number (IBAN) and a Bank Identifier Code (BIC) any time you want to make and receive payments.

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Nationally, residential house prices annual fall has slowed to 1.2% year on year, its lowest level since January 2008. Prices are now 50.5% below peak levels, bouncing slightly from the trough seen in the first quarter. In Dublin prices are now 55.9% below peak levels, but 2.8% above the trough seen in August 2012. Outside of Dublin, property prices fell by 2.8% on an annual basis. Prices outside Dublin have fallen back by 47.9% since the high in 2007. Results again suggest that a fragile bottoming-out and recovery in some segments is continuing to unfold .

Investing in your Logo - at what cost?

Are you considering developing a logo for your fledgling company in the hope that your logo will be a catalyst to your business' meteoric success? You might first want to consider how much some famous international logo designs have cost. The listed price below by Stocklogos includes a complete branding package, unless otherwise noted.

- The new Pepsi logo was designed by the Arnell Group in 2008 at a cost of $1,000,000.
- Over a decade earlier, back in 1997, the BBC logo was redesigned at a cost of $1,800,000.
- In 2009, the Australia and New Zealand Banking Group (ANZ) logo was redesigned at a price tag of $15,000,000.
- Accenture's current logo was designed by Landor Associates in 2000. The total cost is reported at $100,000,000!
- You think that's a lot? – the British Petrol (BP) logo was redesigned in 2008 at a price tag of $211,000,000!! The NeXT logo was designed by the famous Paul Rand for Steve Jobs in 1986 at a price tag of $100,000.
- The Enron logo was also designed by Paul Rand in the 1990s. The cost for the design was $33,000.
- The Nike logo was designed by Carolyn Davidson in 1975. The price only included the logo design, which later has been refined but the original concept has been kept intact. The cost of the design was $35. Later Nike gave 500 shares of stock to the designer, which is now worth over $600,000.
- The Twitter logo was designed by Simon Oxley in 2009 for $15.
- The original Google logo was designed in 1998 by Sergey Brin, one of Google's founders in Gimp. It has been fine-tuned several times, but the original concept was kept intact. The original concept cost was $0 – yes $0!
- The famous Coca-Cola logo was created by John Pemberton's bookkeeper, Frank Mason Robinson, in 1885. Robinson came up with the name and chose the logo's distinctive cursive script. The typeface used, known as Spencerian script, was developed in the mid-19th century and was the dominant form of formal handwriting in the United States during that period. Total cost: $0! *****

LPT Compliance

Revenue issued Local Property Tax (LPT) Returns, personalised letters and an LPT Guide in respect of just over 1.69 million residential properties either by post or by way of their Revenue Online Service (ROS) inbox.

The outcome of the voluntary phase of Local Property Tax was that LPT Returns were filed in respect of 1,517,902 properties. These numbers do not include about 160,000 residential properties where the local authorities or a social housing group is liable, and for whom special payment provisions were made in legislation.

Including these Revenue claims to have voluntary compliance in respect of some 1.68 million properties.

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Finance Act 2013 provides for the **repayment** to qualifying road transport operators of part of the **mineral oil tax** paid on the auto-diesel purchased by them for use in the course of business. This relief will apply to purchases made on or after 1st July 2013.

The amount of the repayment will vary in accordance with the average price at which auto-diesel is available for purchase during a repayment period. This will be calculated in accordance with a sliding scale, whereby the maximum amount repayable will be 7.5 cent per litre (when that price is €1.54 per litre or over), and Nil when the price is at or below €1.23 per litre, see table below.

The repayment may be made to licensed road haulage and bus operators. Claims may only be made in respect of auto-diesel that is purchased in the State by the qualifying road transport operator, either in bulk or by means of a fuel card approved for that purpose by Revenue.

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At JBW Consultants, we assist SME and start-up businesses, in the step-by-step process of developing your ambition for your business, be it increasing your turnover, diversifying into new areas or planning a retirement / exit strategy.

From our experience as accountants, auditors, taxation consultants and business management experts, we have developed methodologies to help you make the right decisions for the future of your business. We specialise in the provision of professional service solutions for family businesses and SME's in the South East region. Why not visit our website to see how we may be of assistance to you.

SUSI—Higher Education Grants

The **deadline** for applications for the 2013/14 higher education grants is **August 1** next. Student Universal Support Ireland (SUSI) is the body responsible to manage the grant applications. Last year, operational problems with the system resulted in lengthy delays, with many students not receiving their grants until January.

This year children of self employed parents could face lengthy delays if their parents fail to file their 2012 Income Tax returns well in advance of the ROS filing deadline in October. Students who live at home are typically assessed for a grant based on their parents' income from the previous tax year.
Evidence of this income in the form of a notice of assessment is required for the self employed.

The family income limits for eligibility for a maintenance grant for 2013-14 are set out below. These limits also apply to the full fee grant:-

No. of dependent children	Full Maintenance	75% maintenance	50% maintenance	25% maintenance
Fewer than 4	€39,875	€40,970	€43,380	€45,790
4 to 7	€43,810	€45,025	€47,670	€50,325
8 or more	€47,575	€48,890	€51,760	€54,630

The family income limits for eligibility for a partial fee grant in 2013-14 are set out below:-

No. of dependent children	50% Tuition fees and 100% student contribution	50% student contribution only
Fewer than 4	€49,840	€54,240
4 to 7	€54,765	€59,595
8 or more	€59,455	€64,700

The reckonable income limits may be increased as follows for each additional family member who is pursuing a full-time course of a least one year's duration:

- In full maintenance and partial fee grant categories by €4,830 where there are two such family members, €9,660 where there are three such family members and so on, by increments of €4,830.
- In part maintenance 75%, 50% and 25% categories by €4,670 where there are two such family members, €9,340 where there are three such family members and so on, by increments of €4,670.

In determining the reckonable income it is possible to deduct Maintenance payments made under a legally enforceable arrangement to a separated spouse and overtime payments earned in the reference period that are not recurring payments.