OCL ACCOUNTANCY

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BUSINESS NEWSLETTER

We hope you enjoy reading this newsletter and find it useful. Please contact us if you would like to discuss any matters further.

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The importance of a shareholders agreement

For limited companies, when it comes to making decisions, Company Law states shareholders who own more than 50% can pass a motion at a company meeting regardless of the views of other shareholders and if shareholder(s) owns more than 75% of the shares they control the company outright and can veto the decisions of all other shareholders.
This may not suit all business situations, especially where you have two or more founders holding equal share capital or a group of owners with varying amounts of capital, some of whom are directors and some who are not, but who are all working together for the company's success.

A shareholders' agreement is entered into between all or some of the shareholders in a company. It regulates the relationship between the shareholders, the management of the company, ownership of the shares and the protection of the shareholders. They also govern the way in which the company is run.
A shareholders agreement can help define how a business makes decisions to the benefit of all owners and is recommended where:

- A small number of owners want to reach collective and fair decisions for the benefit of all
- Some owners may want to be able to influence decisions that are particularly relevant to them
- Some shareholders may not be directors and cannot influence operations on a day to day basis

Typically it is seeking to deal with the three "D's" of death, disability and disagreement. It may also cover a variety of other significant areas, for example, retirement and buy back of shares.
Key areas for any shareholder agreement
This is not a comprehensive list as each situation is different, but it may help you collect the thoughts of all shareholders before you draw up an agreement.

1. Company details including structure, directors and officers
2. Purpose and aims of the company
3. Equity split of shareholders
4. Parties to the agreement
5. Shareholders rights, obligations and commitments
6. Decision making processes on major issues, required voting majorities and day to day operating decisions
7. Restrictions on the sale of shares
8. Rights of first refusal and pre-emptive rights to acquire shares on leaving, retirement, death or disability
9. Death, disability and other retirement compensation payments
10. Management contracts, director approval and remuneration amounts
11. Insurance and other protective requirements
12. Professional advisers and change of professional advisers
13. Dispute resolution
14. Changes to and termination of the agreement
15. Buy out provisions for leaving shareholders
16. Valuation of shares on changes and valuations of the business

Our view is that a shareholders agreement is an essential document for any limited company and an equitably drafted agreement should provide comfort to all parties to the agreement.
Please talk to us if you need help in planning for an agreement, especially where there are several shareholders, a new company is being formed, a shareholder wants to sell their shares or pass them to their children, someone is nearing retirement, or the company has borrowed money from a shareholder. We can help with share and company valuations and putting the shareholders wishes into an agreement with a local solicitor.

Poor Take-up of Tax Free Childcare Accounts

The government are concerned about the lack of take up of tax-free childcare accounts, with HMRC estimating that less than 22% of families eligible for the scheme had joined in March 2021. With many parents returning to work following the pandemic they should be encouraged to set up a tax free childcare account to help with their childcare costs. HMRC are suggesting that employers should make their employees aware of the support available to families with young children. With many parents working from home for part of the week tax free childcare accounts are more flexible than childcare vouchers.
Childcare vouchers continue to be available for employees who joined a qualifying scheme before 4 October 2018 and applies to children up to age 16.
Tax-free childcare is available for working families (including the self-employed) who are not receiving tax credits, universal credit or childcare vouchers. It can also be used at the same time as the 15 or 30 hours of free childcare in England. Key points:

- For working families, including the self-employed, in the UK
- Earning at least £142 per week (equal to 16 hours at the National Minimum or Living Wage) each
- Who aren't receiving Tax Credits, Universal Credit or childcare vouchers

- With children aged 0-11 (or 0-16 if disabled)
- For every £8 you pay into an online account, the government will add an extra £2, up to £2,000 per child per year

Note that the tax-free childcare scheme is not available if either partner expects to individually earn more than £100,000 a year.
For every £8 paid into an online account, the government adds an extra £2, up to £2,000 per child per year (£4,000 for disabled children). For example, for childcare costs of £500 per child per month, the family would pay £400 into their childcare account and the government would pay in £100 per child. This would be an annual saving of £1,200 per child.
The account can be used to pay for nursery fees, breakfast clubs, after school clubs, summer camps and OFSTED registered childminders.
For an overview of government childcare support see:
https://www.childcarechoices.gov.uk/

Help and support if your business is affected by coronavirus (COVID-19)
Watch a webinar and sign up for email alerts to learn more about the support available if your business is affected by COVID-19.
Statutory Sick Pay (SSP) Rebate Scheme
Register for the next live webinar about COVID-19 Statutory Sick Pay Rebate Scheme 2.
You will learn about:

- making payments to employees who are off sick or self-isolating because of COVID-19 on or after December 2021
- what employees you can claim for under the scheme

Watch a video about COVID-19 Statutory Sick Pay Rebate Scheme 2.
See: COVID-19 Statutory Sick Pay Rebate Scheme 2.
How to report COVID-19 taxable grants and payments
Watch a video about how to report COVID-19 taxable grants and payments.
See: COVID-19 support schemes – declaring your grants on your Company Tax Return (CT600)
How to declare your grants on your Company Tax Return (CT600)
Register for the next live webinar about declaring your grants on your Company Tax Return (CT600) to learn about:

- how to report COVID-19 support payments and grants on your Company Tax Return
- what happens if you've claimed too much
- records you need to keep

See: Help and support if your business is affected by coronavirus (COVID-19) - GOV.UK (www.gov.uk)