



Key financial dates

January 1

- Standard VAT rate returns to 17.5%

January 31

- Self Assessment - last day to file the 2008/09 Tax Return.

April 1

- Smaller companies corporation tax - The Pre-Budget Report announced a deferral of the proposed increase in the rate to 22% until April 2011. The rate will remain at 21% until then.

April 5

- Fiscal year end - last day of 2009/10 tax year
- ISA date - last day to use the 2009/10 ISA investment limit of £7,200 (£10,500 if already aged 50.)
- CGT date - last day to use the 2009/10 capital gains tax exemption of £10,100
- Inheritance tax date - last day to utilise 2009/10 inheritance tax exemptions

April 6 - New fiscal year

- Reduction in personal allowances - There will be a loss of £1 in personal allowance for every £2 of income earned over £100,000. Personal Allowance lost when earnings breach approximately £112,950 - giving an effective tax rate of 60%.
- New 50% income tax rate - 50% rate of tax applies to ALL income over £150,000. Dividend rate is now 42.5%. Trust rate increases from 40% to 50%.
- Increase in inheritance tax threshold deferred - Inheritance tax thresholds remain at £325,000, married couples and civil partners have an effective allowance of £650,000
- ISA allowance increases for those 18-49 - ISA allowance increases to £10,200 for all taxpayers 18 and over. The cash ISA limit included in this limit is £5,100
- Increase in Pensions annual allowance and lifetime allowance - Annual allowance increases from £245,000 to £255,000 - the lifetime allowance increases to £1,800,000. These allowance limits are to apply to 5 April 2016.

We strongly recommend that you seek our advice to confirm liability or reduce your potential exposure.

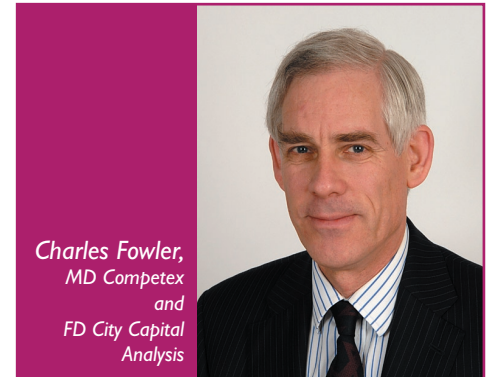
City Capital provides interims with the “missing link”

As managing director of a specialist accounting operation in the interim and consultancy field, I welcome any new venture that is committed to supporting interims and consultants. The industry has its interim providers, its networking organisations and its specialist accountant. Now City Capital Analysis provides the missing link - a one-stop-shop tailored to our market, providing contract review, professional indemnity, health insurance at group rates, and other relevant commercial services, as well as a comprehensive wealth management service.

Over the years, clients have continually asked for advice in this area, but the industry has never had its specialist adviser for this type of work, regulated as it is by the FSA.

The transition from full time regular employment is usually stressful and strange, but it can also be an exciting time with new challenges. It is certainly a time to take stock of one's life and to make serious and sensible plans for a new career and eventual retirement. And once out of the cosy environment of the large corporate structure it is all the more important to maintain that professional approach to these things that we all develop over the years. Independent advice at this point is so valuable.

As well as reviewing one's own personal affairs, there are also certain issues to be addressed when working on assignment. Regardless of whether you are continuing to work to keep body and soul together, or just to keep the little grey cells ticking over,

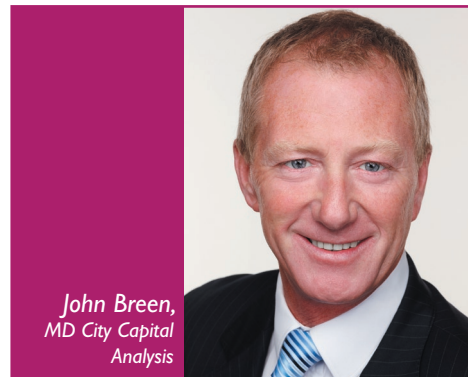
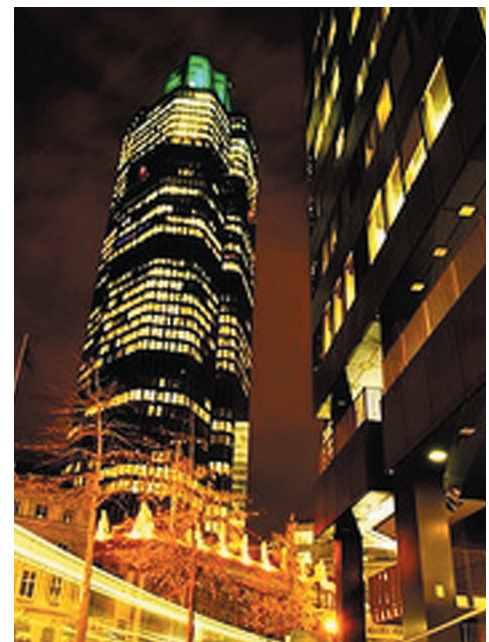


Charles Fowler,
MD Competex
and
FD City Capital
Analysis

you need to be professional about the way you organise yourself. You do need access to people who can review contracts, and offer professional indemnity, and probably also health insurance at group rates.

City Capital Analysis is set up to provide all these things. As managing director of Competex, I am delighted to have City Capital to support my clients. As managing director of City Capital, John Breen has many years experience in this field and I know he is keen to meet you. Do please contact him.

Charles Fowler is managing director of Competex Ltd and finance director of City Capital Analysis Ltd. 01737 234567. www.competex.co.uk.



John Breen,
MD City Capital
Analysis

In brief...

Economic/market overview

Central banks and governments continue with extremely stimulative policy, such as infrastructure spending. While this remains the case, output can continue to recover - albeit relatively slowly - and risky assets should be supported by abundant liquidity. However, there are risks. The long-term causes of the 2008 crisis have not been fully addressed - leverage is still excessive, particularly household debt, and this will cramp the growth of consumer demand for some time to come. The expansion of government borrowing has to be paid for, impacting public spending and pushing taxes higher - again, a curb to final demand. It also increases the risks of higher bond yields or currency volatility.

Perhaps the biggest challenge is the coming removal of policy stimuli: the weakness of recovery should lead the authorities to keep the stimuli in place for an extended period, but concerns over inflation, new bubbles or even over a stronger than expected recovery could lead to an earlier removal of the punch bowl.

More job losses forecast

Employers look set to shed more jobs in the final quarter of the year, suggesting that the UK labour market will remain under pressure even as the economy emerges from the downturn.

According to the latest monthly Labour Market Outlook report from the Chartered Institute of Personnel and Development (CIPD), job losses in the last three months of the year will rise, although at their slowest rate since the middle of 2008. The survey of more than 700 employers revealed that there is a balance of minus three percent between those firms planning to take on staff and those intending to reduce their workforces.

The figures are a significant improvement on the minus 19 percent and the minus 10 percent recorded in the second and third quarters of the year respectively, but they also indicate that the labour market is still in decline.

Wage increases are set to remain weak too. The survey found that the next average wage rise predicted by employers is 1.5 percent, down from the 1.7 percent of three months ago.

Drop IR35 rules - Chancellor told

Alistair Darling, the Chancellor, has been urged to scrap IR35 - the tax legislation affecting contractors who do not meet the HM Revenue and Customs definition of self-employment.

In a letter to Mr Darling, the chairman of the Professional Contractors Group (PCG), Chris Bryce, said that IR35 created huge uncertainty and was ineffective.

He added: "We know from past statements by ministers that IR35 is not known to be a revenue-raising measure.

"It is not at all clear that such monies as it raises in extra tax offset the considerable expenditure by HM Revenue and Customs in pursuing the many fruitless enquiries known to us."

The PCG has also asked that plans to introduce legislation on income shifting,

designed to prevent 'husband and wife' businesses from gaining a tax advantage by sharing their income via dividends, be abandoned.

"Treating jointly-owned businesses any differently to other businesses is iniquitous and unfair," he said. "These proposals fail to take into account the shared risk and responsibility involved in running a business, and would harm thousands of such enterprises."

The PCG also made recommendations on tax rules that stop agencies from paying freelancers gross unless they have a legal form.

Mr Bryce said: "PCG would like to see this measure abolished. It is a clear example of a tax measure distorting market behaviour, contrary to the government's own express desire that the 'tax tail' should not 'wag the business dog'."

"No time to go out on a limb"

Markets summary by John Breen, Director of Wealth Management

This is a very dangerous time for investors. A recent survey of investment managers by Goldman Sachs found that around three quarters believed that the underlying strength of the economy was insufficient to justify current equity market valuations.

The same can be said of many other asset classes - from commodities to property and gilts. These are all being propped up by lax monetary policies and, as central banks sit on rock bottom interest rates, speculators are crawling over each other to borrow funds in low interest rate currencies in order to buy higher yielding assets. All it would take is for Ben Bernanke or Mervyn King to hint at a lift in interest rates for this dangerous trade to come to a messy end.

One area that particularly concerns me, due to its immense size, is the oil market. The price (see below) is simply defying gravity, despite there being no shortage of the commodity. OPEC alone has 6-7m barrels a day of spare capacity, and a further 125m barrels is stored in offshore tankers. Land-based storage is also bursting at the seams, with global supplies approaching 61 days of total consumption (84Mbd) up from 52 days last year. In short, with the fundamentals being so weak and the price continuing to rise, this looks like a speculative bubble waiting to pop.

This is no time to put yourself out on a limb. Take steps to ensure that you have a fast and efficient investment programme capable of discretionary movement into asset classes that can defend against ongoing volatility.



Our Wealth Management Service includes:

- Personal and corporate finance strategies
- Remuneration strategy
- Specialist tax planning
- Pensions
- Life assurance
- Investments



Our Commercial Service includes:

Legal Contract Review - City Capital Analysis can help to establish your position in relation to IR35 by conducting a comprehensive review of your contract - the starting point for all planning. www.city-cap.co.uk/legal-contract-review/4536556303

Professional Indemnity Insurance will protect you against the cost of defending claims where it is alleged that a client has suffered financial loss as a result of your error, omission or negligence. www.city-cap.co.uk/professional-indemnity-ins/4536431776

Public and Employers' Liability Insurance is tailored to provide your business with the protection required to meet your statutory obligations. www.city-cap.co.uk/liability-insurance/4536432031

City Capital also provides general insurance, private finance and will writing.

Unique new wealth management service for interims and consultants

City Capital Analysis is a new venture with specialist accountants, Competex, to provide interim managers and consultants with first-class, independent advice on wealth management and financial planning.

Our expert team has a proven track record dealing with the specific issues of concern to interims and consultants, as well as over 25 years' experience providing independent financial advice.

We know that running your own interim management or consultancy business involves much more than simply applying your skills to a contract, and that there are many legal and financial issues that you may not have considered before. A prime example is the new 50% tax band which comes into force in April 2010.

We can help you to review your financial position and plan for a secure future, advising on a range of issues including remuneration strategy, specialist tax planning, protection, pensions, savings, investment and private finance.

Through our quarterly newsletter we'll keep you up-to-date with relevant legal and tax announcements and provide you with regular alerts to remind you of important dates when you need to take action.

Managing director John Breen is sure that the new venture will plug a major gap in

the services available to interim managers and consultants.

"Up until now, there has been no specialist wealth management and financial planning service for interim managers and consultants who regularly need expert guidance. They don't have the comfort zone of a corporate employer, yet they often have high earnings and need to plan strategically for the future.

City Capital Analysis will provide robust, cost-effective advice on a range of issues including a full financial review, remuneration strategy, specialist tax planning, protection, pensions, savings and investment.

The financial landscape is constantly changing and in the current tough, economic climate it is more important than ever that interims and consultants have access to the latest information and the best possible advice. They need to plan strategically to protect themselves and their families, otherwise they risk losing money."

City Capital Analysis Ltd is an appointed representative of Best Practice IFA Group Ltd which is authorised and regulated by the Financial Services Authority.

Take a look at our website www.city-cap.co.uk to see our full range of services and please contact us if you have any queries or would like to find out more.

What City Capital can do for you

Without careful planning, you risk losing money. As leaders in wealth management for interim managers and consultants, we can help review your financial position and plan your future security.

City Capital Analysis can give you unbiased, practical advice. We'll do this after reaching a thorough understanding of your financial and personal requirements and exploring the most suitable opportunities to create, manage and preserve your wealth.

Everyone's financial circumstances are unique and we can offer individually

tailored expert advice on remuneration strategy, specialist tax planning, protection, pensions, savings, investments and private finance.

There are times when many of us could benefit from specialist financial expertise, particularly those leaving permanent employment to embark on new ventures.

Our experience shows that with sound, strategic planning, interim managers and consultants can make considerable savings.



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Pre-Budget Report 2009 - Analysis

What the details mean for you

With Government debt running to hundreds of billions, the Chancellor was unlikely to give much away in this Pre-Budget Report (PBR). He did introduce further anti-avoidance provisions in a number of areas and gave a final prompt for individuals to disclose holdings in offshore accounts.

Some new green incentives were introduced. These include replacing your old boiler and selecting an electric car for your company car, as the Government continues to strive towards reducing our carbon footprint.

The announcement made in the 2008 PBR of increases in National Insurance Contributions (NIC) from April 2011 has been revised to make the increase 1% instead of 0.5%. The same increase will apply to both employer and employer contributions, so a total increase of 2% will apply to those drawing salary from their own company.

Personal allowances and thresholds have remained virtually unchanged based on the fact that the annual change in the Retail Price Index was negative for September 2009 (the month used in legislation).

The Basic State Pension, however, will be increased by 2.5% from April 2010 and certain benefits, such as Child Benefit, will increase by 1.5%.

The PBR announced a deferral of the proposed increase in the rate of corporation tax for small businesses to 22% until April 2011. The rate will remain at 21% until then.

VAT will revert from 15% to its previous level of 17.5% and the stamp duty holiday on

property purchases will return to its previous threshold, both on 1 January 2010. The rates for use with the VAT flat rate scheme have also been revised.

In a move that was widely anticipated, discretionary bonuses over £25,000 paid to bank employees will effectively be taxed twice.

Impact on financial planning

Key changes impacting financial planning focus on two areas: pensions and inheritance tax.

Pensions (PBR Notes 18 and 19)

Reduced relevant income threshold

The Chancellor announced that, from 6 April 2011, those with income over £130,000 will have employer pension contributions added to see if they are over the £150,000 income threshold that will trigger restrictions on higher-rate tax relief.

As a consequence, there will be an immediate increase in the number of individuals who will potentially have restricted relief on significant future pension accrual between 9 December 2009 and 5 April 2011.

Individuals whose relevant income (excluding employer contributions) exceeds £130,000 for the current tax year or two previous tax years will, from 9 December 2009, be subject to the same restrictive tax relief provisions that, since 22 April 2009, have applied to individuals with relevant income over £150,000.

Inheritance Tax (PBR Notes 20 and 21)

PBR Note 20 announced that the Finance Bill 2010 will freeze the limit of the inheritance tax (IHT) nil-rate band for the 2010/11 tax year at £325,000, reversing a previously announced increase to 350,000.

Offshore disclosure

PBR Note 21 announced that legislation will be introduced in the 2010 Finance Bill to counter two tax avoidance schemes that have been designed to avoid IHT charges on property in trusts.

Legislation will be brought forward to ensure that those who fail to declare offshore tax liabilities will face the tough penalties attracted by deliberate tax evasion. There will also be a new requirement to notify HMRC when opening offshore bank accounts in certain jurisdictions, supported by a separate penalty regime. Evading tax offshore could result in combined penalties of up to 200 percent of the unpaid tax. Further details are expected to be announced on this.

Summary

Many of these proposed announcements will not happen for another year or two and with a general election looming some of these may even change again before their start date. Given the possibility of two Budgets next year, making use of the planning opportunities which exist today may well be a prudent approach.

John Breen ~ Director of Wealth Management

John Breen, Cert PFS, MD and Director Wealth Management

John began his financial services career in Dublin in 1982. He moved to the UK in 1989 and has enjoyed working with some of the best known financial brands in the UK. John founded City Capital Analysis in 2009, following a successful career with Truestone Asset Management.



Charles Fowler, TD DL FCA, Finance Director

Charles qualified as a chartered accountant with Price Waterhouse in 1972. Having worked as a financial director with a city commodities company for 16 years, he is now the managing director of Competex Ltd, an accountancy practice specialising in the care of interim managers and consultants.

