

Hart Shaw

Europa Link, Sheffield Business Park

Sheffield, S9 1XU

Telephone: 0114 251 8850

Facsimile: 0114 251 8851

info@hartshaw.co.uk

HART SHAW

Chartered Accountants & Business Advisers

www.hartshaw.co.uk
www.hartshaw-bri.co.uk

The Adviser

Welcome to Issue 2

Welcome to the summer edition of Hart Shaw's newsletter, The Adviser.

In the Spring issue we introduced you to the different departments at Hart Shaw and the wide range of services available to you, our clients.

In this month's issue you will find up to date advice on the tax aspects of owning land and buildings, succession planning for SME's, Sage hints and tips, a new local project called Opportunity Sheffield, our sponsorship of a local sculpture exhibition, a new savings trust and exciting news from Hart Shaw's Corporate Finance team.

If any of the articles covered are current issues for you or your business please feel free to contact the relevant individuals whose contact details appear at the end of each article.

If you have any feedback, please contact The Adviser by email at adviser@hartshaw.co.uk



SUMMER 2010

Hart Shaw's Award Winning Corporate Finance Team

Hart Shaw Corporate Finance had a very successful evening at the Insider South Yorkshire Dealmakers Awards on 24th June 2010, with Partner Chris Sellars beating off stiff competition to bring home the prestigious Dealmaker of the Year award.

Hart Shaw's Corporate Finance team also played a big part in advising this years other award winners, with GRI Group winning the Deal of the Year award for their £35m disposal of Hallam Beauty to Swiss conglomerate Mibelle Cosmetics and Garnett Dickinson winning the Mid Market Deal of the Year for their £4m acquisition of Acorn Web Offset Ltd. Hart Shaw were lead adviser on both transactions.

Judges said of Chris's success: "Chris Sellars muscled his way to the top, courtesy of his involvement in several of the region's most talked about deals."

Chris stated: "In a turbulent year, we have successfully delivered deals that offer real value for our clients and we are delighted to receive recognition for this".

Chris said of the Corporate Finance team at Hart Shaw: "Our straight talking approach eases clients in to a deliverable transaction strategy, whilst ambitious individuals, businesses and management teams can progress with confidence, safe in the knowledge they have access to our complete range of services."

Building on this success the Corporate Finance team has expanded with Natalie Jeffries becoming a new Corporate Finance Executive. Natalie, who has been with Hart Shaw since 2004 has a broad experience of the SME market and will be a valuable addition to the team.

Steve Bell
Corporate Finance Associate
T: 0114 251 8850
Email: steve.bell@hartshaw.co.uk



Dealmaker of the Year, Chris Sellars, accepting his award from DLA Piper's Richard May

insider DEALMAKERS
DINNER 2010
WINNER SOUTH YORKSHIRE
DEALMAKER OF THE YEAR

Land Ahoy!

There are few areas which when brought into the taxation world cause as much furore as Land and Buildings. There are two main reasons for this:

1. It is not uncommon for tax charges to arise on transactions where no cash has exchanged hands. This can often lead to the situation where the vendor has tax to pay and no liquid funds with which to pay it.
2. Land and Buildings transactions bring into question all of the taxes.

Just some of the areas of concern for each of the taxes are as follows:

Income Tax – There is a fine line between property investment and a property business. Where property is held with a view to the realisation of rental income, or capital growth, it is likely to be classed as an investment. However, if a property is purchased with the intention for it to be resold at a profit it is likely that the gain will be treated as profits of a trading business resulting in income tax and national insurance charges instead of the more beneficial capital gains tax.

Capital Gains Tax – Capital gains tax charges arise when a property is deemed to be sold. Aside from when property is exchanged between parties in return for cash, there are many other occasions when a capital gains tax charge can arise. For example, when property is distributed between partners on a winding up of the business, when property is distributed to the shareholders of a limited company, or when property is gifted between family members. Relief is available in certain circumstances but does not always extinguish all of the tax.

Inheritance Tax – Property can often form the largest part of an individual's estate, and unless the property is used in business or agriculture there is little relief available.

Stamp Duty Land Tax – Everyone is aware that the sale of land can result in stamp duty land tax charges. However, fewer people are aware that stamp duty land tax can arise on company reorganisations and transfers between individuals where no cash is involved, but to name just two. There is relief available in certain circumstances, but you should not underestimate SDLT on any land transaction.

VAT – Quite often land transactions can occur without VAT being a concern.

However, this can lead to individuals and companies becoming blasé about the topic, if land is exchanged and the VAT position is ignored or misunderstood, serious amounts of VAT can become payable.

As land and buildings is such an important area where tax is concerned, we have a team of advisers who provide property tax solutions both in the UK and abroad on a regular basis.

If you are involved in a land transaction you should seek advice early in order that any tax issues can be identified from the start, and steps can be taken to mitigate those charges.

Graeme Davies - Tax Planning Executive
T: 0114 251 8850
Email: graeme.davies@hartshaw.co.uk

Opportunity Sheffield

Hart Shaw would like to introduce you to Opportunity Sheffield, a new free service aimed at providing impartial help and support to employers who pay their business rates to Sheffield. Opportunity Sheffield aims to help employers navigate and access the wealth of services and opportunities available to them.

Sector specialist advisors tailor services to each individual employer through one point of contact. They can lend their wealth of industry expertise coupled with knowledge of public and government initiatives to add value to your organisation. Opportunity Sheffield aims to help employers develop their workforce, retain staff, and make them an "employer of choice"

This service is available at no cost to the employer. You'll deal with a designated Account Manager who will identify your needs and help you get the right information and advice including:

- Recruitment solutions
- Redundancy support
- Access to training for your staff
- Business support services
- Ongoing mentoring and support for newly recruited employees
- Provide access to a bigger pool of applicants and free advertising
- Find you the right person for the job, help with short-listing and interviewing
- A tailored package of advice to assist you to manage and adapt to any needs that your staff may have and help you:
 - Reduce absenteeism
 - Increase productivity and revenue
 - Keep you up-to-date on constantly changing legislation

To get in touch or find out how Opportunity Sheffield can help, please contact Brendan Hall at Hart Shaw.

Brendan Hall - Marketing Co-ordinator
T: 0114 251 8872
Email: brendan.hall@hartshaw.co.uk



Fail to plan, plan to fail

In the years prior to the current recession the level of Merger and Acquisition activity grew year on year. A key driver of this activity was the owners of Small and Medium sized Enterprises (SME's) taking the opportunity to realise the value held within their business.

A significant number of our clients are owner managers who had various reasons for establishing their business although many of them would have been driven by an entrepreneurial gene, the ability to take risks and deliver exceptional service. Whatever the initial reason it is likely that all had a desire to realise value in excess of simply an annual income.

The onset of the recession saw many business owners delay plans to exit and simply look to survive the recession intact. We are currently working with many clients on structuring their businesses so that at the end of the recession they are positioned to maximise value.

The first question generally asked is what is the value of my business? Whilst there are many technical theories in respect of valuation models it is likely that the true value is whatever someone is willing to pay! Through our investment in our research capability we have access to company and deal information that provides a wealth of evidence to support any valuation.

Whilst we would establish a valuation we would also work with our client to identify how this value could be maximised. This work may include a strategic review, focussing on each aspect of the business whether this is, sales, marketing, production or finance. Positioning the business for sale is key to maximising value and it is important for any entrepreneur to consider:

- Who are the key employees
- Who has the key client relationships
- Am I fundamental to the business.

In working with our clients we can review the structure of the business so that when a decision is made to sell it would present an attractive opportunity for an acquirer. Any customer purchasing your products would expect them to fulfil a specific requirement and this is exactly the same with the Company.

It is likely that the sale of the business would be the single largest transaction completed by an individual in their life and therefore why wouldn't they look to plan for the sale and maximise the value.

The specialists within the Corporate Finance Department have considerable experience of acting for both vendors and acquirers and can therefore help you to consider:

- What options are available to me?
- What is the value of my business and how can it be maximised?
- How can I structure my business so that it is attractive to an acquirer?
- Do I need to take any specialist taxation advice?

At Hart Shaw we are committed to delivering true value to our clients and look to establish long term relationships where we would be your business partner.



If you would like to discuss any aspect of succession planning please contact Chris Sellars.

Chris Sellars - Corporate Finance Partner
T: 0114 251 8850
Email: chris.sellars@hartshaw.co.uk

Supporting the arts!

Hart Shaw are delighted to be supporting Derwent- Wye Fine Art in the upcoming promotion of the Rowsley Sculpture exhibition in the environs of the Haddon & Chatsworth estates.

The exhibition takes place from Friday 10th September to Sunday 17th October 2010 at the Exhibit Gallery, Peacock Hotel and East Lodge Hotel in Rowsley, Derbyshire.



From left to right: Andrew Maybery, Senior Partner at Hart Shaw, Jenny MacKenzie, Manager at the Peacock Hotel and Brendan Hall, Marketing Co-ordinator at Hart Shaw with 'Balancing Act' by Simon Manby, one of the sculptures on display at the exhibition.

The opening reception begins at the Derwent Wye Exhibit Gallery on Friday 10th September between 6pm and 8pm then the exhibition is available to view at the Peacock Hotel everyday from 10am to 6pm from Saturday 11th September and at the East Lodge Hotel Monday to Thursday from 10am to 6pm from Monday 13th September.

The exhibition will overlap the Beyond Limits sculpture exhibition at Chatsworth House 13th September - 31st October so this little piece of Derbyshire will be the UK capital of sculpture for a month and a half! As with all Derwent-Wye Fine Art's exhibitions admission is free.

Following a successful collaboration with Derwent-Wye Fine Art in October 2008 with the 'Century of Sheffield Art' project at the Millennium Gallery in Sheffield, Hart Shaw eagerly await the upcoming events.

Brendan Hall - Marketing Co-ordinator
T: 0114 251 8872
Email: brendan.hall@hartshaw.co.uk

National Employment Savings Trust (NEST)

What is this you may ask?

The National Employment Savings Trust (NEST) is a proposal by the Government to introduce a straightforward, low-cost savings vehicle, which should increase retirement savings and reduce the reliance on the State pension.

It is expected that Nest will be introduced in 2012.

Employer Duties

- Employees aged 22 and over but under state pension age must be auto-enrolled into a qualifying pension scheme from first day of eligibility. This will normally be the first day of employment
- Employees must have
 - o Gross earnings between £5,035 and £33,540
- Individuals can opt out but must be re-enrolled every 3 years
- Employee contribution of at least 4% of qualifying earnings must be collected by the employer and passed to the provider plus 1% tax relief
- Phasing from October 2012
 - o Year 1 = 1% employer 1% employee
 - o Year 2 = 2% employer 3% employee
 - o Year 3 = 3% employer 5% employee
- You can set up your own pension scheme under your own control at any time

Anyone who joins the NEST will be able to continue to save in the NEST even after they leave the workplace or move to an employer that does not offer the NEST.

The self-employed will not be subject to auto-enrolment but will be able to opt into the NEST.

Many of these questions can be discussed with an Independent financial advisor or you can visit websites such as www.money.made.clear.fsa.gov.uk to see if it may affect you or your business.



Mark Winterton - IFA

T: 0115 907 5127

Email: mark.winterton@hartshawfp.co.uk

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Function Keys



Accredited
Accountant Partner

This issue of Hart Shaw's Sage hints and tips offers advice on the function keys used in Sage to access a number of important features, including the calculator and the help system.

The features assigned to function keys are as follows:-

- F1 The main help file appears
- F2 The system calculator; allowing you to perform mathematical calculations and, if needed, paste the result back into a data field
- F3 Displays the Edit Item Line window when entering invoice details. Financial Controllers can also use this key to display the Edit Items Line in sales and purchase order processing
- F4 Displays the calendar, calculator or finder search list if the selected text box has any of these special buttons attached. Also, if you select a dropdown list box, pressing F4 displays the list
- F5 Calls the Currency Calculator when the cursor is in a numeric box. Calls the Spell Checker when pressed while the cursor is in a text box
- F6 The Duplicate Cell command in the Edit menu
- F7 The Insert Row command in the Edit menu
- F8 The Delete Row command in the Edit menu
- F9 The Calculate Net command button
- F11 This key launches the Windows control panel. Alternatively, you can configure this button to launch another application on your PC
- F12 By default, the F12 key launches the Report Designer. Alternatively, you can configure this button to launch another software title on your PC, or minimise your software

If your query is of a more technical issue and you can't find the answer by following the above instructions, please get in touch with us and we will be happy to talk through your problems in person.

If you are a Sage user, or are considering changing your Accounts software to Sage, Hart Shaw has access to monthly offers, software installation & assistance, software updates and training courses – all direct from Sage themselves which we can pass on to our clients at competitive rates.

Julian Wilkinson

Sage Accounts & Management Software

T: 07590 446067

Email: julian.wilkinson@hartshaw.co.uk