

PASSION FOR BUSINESS

South West

2019
Issue 2

INSIDE

**Building and
protecting hard-
earned wealth**

**Securing the future
for your family
and business**

**Case study:
When a partnership
swerves off course**

**Changing attitudes
to use of space**

Front cover image:
Rich Wilkey, Head of Cheltenham Office

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Building and protecting hard-earned wealth

Starting and building a business is a challenging and exciting time, working alongside people who share your vision for what the company can be and do. Your drive and determination is focused on business success, as it should be, but protecting that success should be in the back of your mind too.

Time to plan ahead

Once you have time to draw breath, you should make sure that you have planned ahead for major changes; these often come out of the blue and if you have the right safeguards in place, your business will continue to support you, your partners and your families. These bolts from the blue could be connected with partners or shareholders, perhaps because their priorities change over time and they are no longer able to give as much input, so ask yourself if your company structure is robust enough to cope. How can you separate without wrecking the business?

Get the right insurance in place

Or it could be because a partner or major shareholder dies or becomes unable to work. How will you feel about part of your business being owned by someone who contributes nothing to it? The answer could be to take out life or critical illness insurance, which can pay out cash to the company to enable it to buy the shares of the deceased or person who cannot work; this gives them cash to live on and the company can continue without increased debt.

You should also think about, when you consider a

partnership or shareholders' agreement, controlling how shares can be transferred – we have all heard horror stories about shares ending up with someone who only wants to asset strip, and the fallout is massive.

You can also act to protect against someone who uses the company like their own personal piggy bank. By placing controls on activities within the firm and creating agreements which penalise that kind of behaviour you can mitigate against such abuse. Additionally, by putting restrictions on what partners do when they leave means you can avoid them setting up a rival firm and taking customers with them.

Keep an eye on tax

Many people make the very understandable decision to give shares to their non-working spouse – after all, you trust them and it will save some tax. But if you want to sell, or if your relationship disintegrates, that advantage will be lost; there are other more tax-efficient options.

Think too about shares and employees – options are attractive in some cases but you need to consider how to use them most tax efficiently and safely; you don't want shares dispersed when employees leave, but you might want to use them to drive the right behaviours.

All of these safeguards and choices can be reviewed as your business grows and changes - it makes much more sense to do that than be forced to call the lawyers in when a crisis hits you. Make sure what you have in place is fit for purpose, works for everyone involved and protect what you have all built up.



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Business viewpoint



In my experience, it is vital to put in place a structure which everyone has signed up to from the outset. A business venture is a long term relationship and agreeing the key principles can help to avoid a huge amount of disagreement which will inevitably adversely affect the business and its value.



Hazel Hutchinson,
Director,
Aegis Corporate
Strategy Limited



Securing the future for your family and business

Whatever you decide to do with regard to your business, you should strongly consider planning ahead to look after the future for you and your family. This could include:

• Wills and/or trusts to enable:

- Proper legacy planning for you and your loved ones – for example, unmarried partners cannot inherit from each other unless wills are put in place;
- establishing legal guardianship for your children;
- efficient tax management of your estate.

• **Powers of attorney**, so your affairs can be looked after in the event that something happens which affects your long term health or your capacity to make your own decisions.

If you already have a will in place, make sure it is reviewed regularly so that it is updated at key times when your personal circumstances or asset base changes.

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Case Study: When a partnership swerves off course

Alan Rees' passion for motorsport led him to set up a racing team with business partner Jackie Oliver, but their commercial journey ground to a halt when Alan, the minority shareholder, found that his partner was taking money out of the company without his agreement.

Alan, now in his 80s, had been a racing driver himself and when he retired from driving in 1968 he went on to manage an American F1 team. He had known Jackie for about 10 years when they set up their own team and went into partnership.

When he discovered that assets were being diverted away from the business without his knowledge or consent, he called on Adam Finch to help him to resolve the problem.

Adam said: "We reviewed the evidence and it was clear Alan had a case for unfair prejudice under s994 of the Companies Act 2006. As the minority shareholder, Alan had less control of the company. Jackie was taking money out of the business against Alan's wishes, diverting assets to other companies Jackie owned.

"Alan didn't have the resources to take the case to trial. We believed in it and him, so we backed him on a no win, no fee basis." Adam and Alan tried to

resolve the problem via mediation, but Jackie wasn't willing to take that route. Adam said: "It's always sensible to explore alternative dispute resolution – no-one wants to end up in court – but mediation requires the parties involved to take a pragmatic approach and sometimes it just doesn't work."

Finally, only about a week before they were due to go to court, Jackie Oliver settled. Alan received a sizeable settlement.

Alan said: "There are a lot of things I didn't get to do during the five years or so that this was going on. I want to catch up on those and make a plan for the future. Adam and the team were wonderful. I would definitely recommend Harrison Clark Rickerbys."

Adam said: "If you're a shareholder, in particular a minority shareholder, and you're worried, perhaps because other shareholders and directors are using the company as their own wallet, dividends aren't being paid but you can't see a logical reason why not, or assets are being paid away, always seek advice from a professional."



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“There are a lot of things I didn't get to do during the five years or so that this was going on. I want to catch up on those and make a plan for the future. Adam and the team were wonderful. I would definitely recommend Harrison Clark Rickerbys.”

Alan Rees

Changing attitudes to use of space for work, homes and businesses

Breakout space, flexible working, re-purposing of retail space for offices – the property landscape in the South West is changing, as it is across the country, with a mixture of economic, entrepreneurial and policy factors coming into play.

The very existence of a competition for Office Breakout of the Year is proof, if it were needed, that workspaces are changing. Set up by HomeLeisureDirect.com, the contest featured three South West firms in the final; the title went to SLG, whose new offices in Cheltenham's Brewery Quarter have featured in many photo spreads for their innovative and flexible use of space.

Open plan offices are no longer modern enough – these finalists, which included Bristol businesses Ashville Asset Management and People Source Consulting, all include space for their employees to mix and spend time during lunchbreaks, with pool tables, games consoles and arcade games.

SLG has gone further than most, with a variety of spaces for staff to spend time in, all to encourage people to mix with each other away from their desks to help foster working relationships.

They're taking one further step by subletting about a quarter of their space on a flexible basis to entrepreneurs and start-ups in the high tech and cyber security sectors as a way of using the space to enable new businesses to grow.

As office design changes, so too do locations – with changes to the planning rules in the offing and the traditional High Street suffering because of increased online traffic, retail spaces could soon become offices,

Our own changing landscape

One new feature on our own skyline is new partner Ben Thomas, who joined us in February. Ben has extensive experience in landlord and tenant work, but also in retail and leisure, both locally and nationally and we are delighted to welcome him to the team.



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creating a new commercial mix in town and city centres. There will still be restrictions on which shops or commercial premises can be converted into houses, but brownfield sites in central locations are becoming increasingly attractive. One example, in Bristol city centre, will see a leisure and warehouse site converted into 42 homes and a range of commercial units.

Greenfield sites still have their uses – the west of Cheltenham development, including a cyber park next to GCHQ, shows that ambitious multi-use developments are still being created. The cyber park has support from the GFirstLEP, and a consortium of four universities – Gloucestershire, Bristol, Bath and Cardiff – have already attracted seed funding for a cyber hub project there.

For us, while the landscape is changing, some fundamentals are constant – landlords still want leases, tenants still want security, developers still want land and planning permission, local authorities still want to be in control – we play our part with all of these, and help plans to become reality.



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Facts from our Cheltenham Office...



20% growth
in turnover
year on year

150
EMPLOYEES

ACTED FOR
3500

clients over
the past year

TALK TO US



If you would like to know more about our services or how we could support you, please call us for an informal, no-obligation chat on 01242 224 442.

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