



Executor stress



Nottingham



Business planning



New domain names

The first new corporate legal entity in the UK for almost 100 years was introduced earlier this year – the Limited Liability Partnership.

A new choice for business structures

Although Limited Liability Partnerships (LLPs) are well established in the US and Jersey, they are an important new development for businesses operating in the UK and are likely to be of interest to a wide range of organisations – from start-ups to established partnerships.

What is a LLP?

LLPs give two or more people the opportunity to form a business that is neither a limited company nor a partnership, but combines the best of both worlds. Partnership structures have traditionally offered a flexible way to do business, with less onerous reporting requirements than those of a limited company. The problem, however, is that every partner is bound by 'joint and several liability', putting their personal assets at risk if the business fails to meet its liabilities.

With LLPs, partners can retain a flexible operating structure and safeguard their own personal wealth to a greater degree. In achieving this, the LLP structure balances the need for a modern and competitive business framework with the duty to protect the interests of investors and consumers.

A LLP is a separate legal entity. This means it can enter into contracts and own property and will continue to exist regardless of individual changes in its membership. To protect consumers, a negligent partner may still be held liable to the extent of their assets, but the collective liability of other partners in this instance will be limited. Under the previous partnership framework, the only way that individuals could limit their personal liability was by taking no active part in managing the business. This was a significant issue for large professional firms, where individual partners did not know each other well but were nonetheless expected to accept full responsibility for each other's mistakes!

So what's the catch?

LLPs do carry more stringent reporting requirements than traditional partnership structures.

In common with limited liability companies, information on the LLP's members and finances have to be lodged with Companies House.

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Chartered Accountants



A new choice for business structures continued

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If the turnover of a LLP exceeds £1 million per year, a formal audit will also be required, and, if its profits exceed £200,000 a year, the profit share of the highest earning partner has to be disclosed. However, the actual LLP agreement remains confidential, there is no requirement for a formal AGM, or for approval of profit distribution, and investors (partners) benefit from increased safeguards in cases of insolvency or fraud. LLPs are also taxed in the same way as traditional partnerships, with the transfer of assets from any existing partnership to an LLP being treated as tax neutral.

Key features

- Must consist of two or more members
- Limited personal liability for partners who are not negligent
- Limited liability for partners who do not breach insolvency regulations
- Formal audit required if annual turnover exceeds £1 million
- LLP is a separate legal entity
- Partnership agreements remain confidential
- Taxed as per traditional partnerships

The Department of Trade and Industry estimates that as many as 90,000 businesses could benefit from the creation of this new entity, and the LLP structure is certainly worth considering if you're thinking of setting up a new organisation. •

For further information visit the LLP section of www.dti.gov.uk/cld

Gary Epstein – partner, Brighton



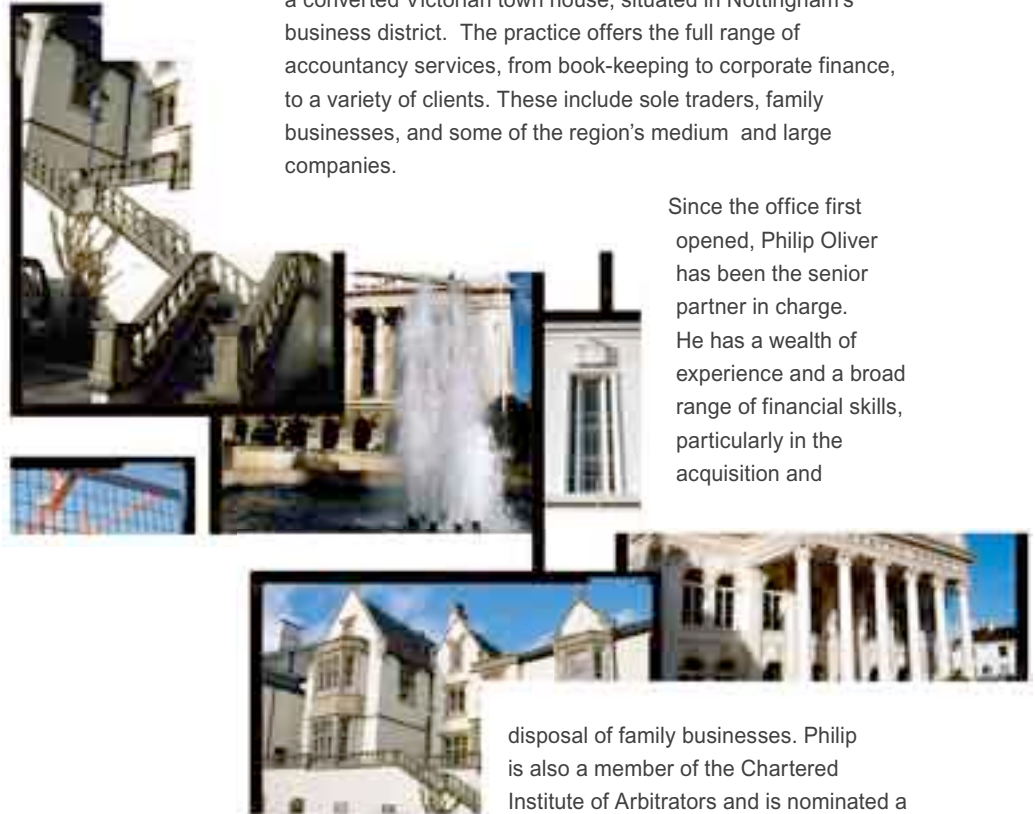
Gary Epstein

region^{by}region Nottingham

The Nottingham office was opened in 1982 initially to service regionally based subsidiaries of London office clients. However, since this time, it has established a significant foothold in the region, and a reputation as one of the East Midlands' leading accountancy and business advisory firms.

The team of four partners and 27 staff are located in a converted Victorian town house, situated in Nottingham's business district. The practice offers the full range of accountancy services, from book-keeping to corporate finance, to a variety of clients. These include sole traders, family businesses, and some of the region's medium and large companies.

Since the office first opened, Philip Oliver has been the senior partner in charge. He has a wealth of experience and a broad range of financial skills, particularly in the acquisition and



disposal of family businesses. Philip is also a member of the Chartered Institute of Arbitrators and is nominated a number of times each year to undertake arbitration appointments by the President of the Institute of Chartered Accountants.

Steve Hobson became a partner at Nottingham in 1988, after joining the firm a year previously. Steve is a general practice partner responsible for small and medium sized businesses. He has substantial experience and a particular interest in the provision of management and financial assistance to developing businesses.

Mike Carney first joined Hacker Young in 1984 after spending three years with KPMG. Mike then worked for 18 months at CCN Systems Limited (now Experian) as Chief Accountant, before re-joining Hacker Young. Mike has now been a partner at the Nottingham office for 4 years and is a litigation support and audit specialist. He is also a due diligence expert, with wide experience in corporate acquisitions and disposals.

Jon Warsop joined Hacker Young as a partner in 1997, bringing with him an established and diverse portfolio of clients covering many industry sectors. In addition to his role as a general practice partner, he specialises in strategic business planning and raising finance.

The Nottingham office recently added a dedicated personal finance company to its portfolio of services. Headed by an IFA, Angela Johnston, this company provides impartial advice on pensions, life assurance and investments. •

Executor stress

Nobody likes to think about their own death – but neglecting basic planning now can be very costly for your beneficiaries later on.

Steps can be taken to avoid these problems. These will depend on your circumstances and some of the matters you need to address are:

- Ensure you have a will and review it every few years to check it still reflects your wishes and circumstances.
- Do not, however, forget the executor. This is the person you nominate in your will to administer the will, obtain probate and ensure your wishes are carried out.
- Who do you choose? A friend or relative, an accountant or a solicitor? Without careful planning you could unwittingly leave your executor with a huge financial burden.

- Whoever you appoint as executor, you will help them by completing a ‘dying tidily form’. This lists personal investments, insurance policies, mortgages, standing orders, pension arrangements and details of gifts made within seven years. It also details where the relevant documents are located.

However, there are further issues for both you and your executor to consider:

- On death, probate is required by an executor to obtain access to bank or building society accounts and other assets so as to settle liabilities and pay the beneficiaries.
- However, probate can only be granted once the inheritance tax has been paid, but at a time when there may be no Estate funds to access.
- The executor may therefore have to take out a personal loan to pay the inheritance

tax. If some assets are held overseas, the delays are lengthier, because separate probate applications are required

- This ‘Catch 22’ situation can delay access to Estate funds and it is important to remember a further delaying complication that the inheritance tax must take account of gifts made in excess of £3,000 within seven years of death. Late payment can lead to penalties.

Hacker Young has highly experienced teams familiar with Estate planning and probate work and are available to help:

- with all matters relating to the preparation, updating, and distribution of wills,
- meet the deadlines set by the Inland Revenue (which if exceeded can incur penalties) and thus obtain probate,
- ensure your chosen beneficiaries receive the full

value of what you’re passing down to them,

- advise which assets can be held in a form that can be released without probate. For example, life policies can be written in trust; or a share portfolio can be held in a nominee holding through a stockbroker.

If on the other hand you’re an executor currently in need of help and advice – or are worried about your future responsibilities – it’s not too late to enlist our help. Hacker Young’s probate team can advise and support you. •

John Salton – Trust manager, London



John Salton

This is the first in a series of articles in which we will be looking at aspects of business planning. But when the pace of change is accelerating, and unforeseen events can throw the best laid plans, why should we bother in the first place?

Business plans – why bother?

Contrary to popular belief, a good business plan is not something which is compiled once a year from numerous statistics and reports, then sits on a shelf gathering dust. It can, and should be, a living, working guide for your whole management team, ensuring that your business is getting the best use of its resources. And those resources include its people and financial reserves, as well as its physical assets.

But to be worthwhile a business plan must be flexible to adapt to changing circumstances, realistic in its aspirations and assessments and tied in with budgeting and management reporting systems, so that progress can be easily assessed.

Above all, completing the business planning process allows you to readily:

- define a direction for the development of the business. Clear objectives encourage everyone in the business to pull together.
- measure progress towards the objectives on a regular basis. Early warning signs of problems will be visible, as will early achievement of targets, which can be reviewed upwards if growth is good.
- satisfy lenders that their money will be used wisely and responsibly.

Even if your business is funded with your own money, don’t you want to know how your investment is going to grow? No business is too small to have a business plan. •

Laurence Sacker – London corporate finance partner



Laurence Sacker



People at Hacker Young

A new VAT team joined the London office in May, headed by **Paul de Beresford**, VAT partner. Paul's experience of VAT is unsurpassable, and he sits on the Council of The Institute of Indirect Taxation and as a member of the Joint VAT Consultative Committee. Paul is joined by Simon Newark and Ian McNicholls.

Clive Gawthorpe, joined the Manchester office as a tax partner in April. Clive's experience covers all aspects of personal and business taxes, and he has particular interest in company share schemes and employee trusts.

Miles Cary, tax consultant in the Brighton office was made partner in April. Miles coordinates the Brighton office's financial services arm, as well as heading management and IT consulting work.

Vinod Vadgama, senior business advisory manager in the London office was made partner in May. Vinod has developed a special service ensuring that the UK interests of overseas clients are well monitored.

Jamie Watts, audit manager in the London office became an Associate Partner in July. Jamie's specialisms include solicitor and financial services clients and audit bureau circulation work.

Angela Johnston, a qualified IFA, joined the Nottingham office in June to lead its financial services division.



Paul de Beresford



Clive Gawthorpe



Vinod Vadgama



Jamie Watts

Are you ready?

The introduction of the Euro currency on 1 January will affect your business if you have suppliers or customers from the Euro-zone countries. Make sure that you are prepared to make and receive payments in euros, account in euros, and have price-lists in euros, where necessary. For more guidance and detailed publications visit www.euro.gov.uk •

Not too late...

With the deadline of 8 October passed, the Occupational Pensions Regulatory Authority, the stakeholder pensions regulator, has started policing the new regime with a "light touch", relying initially on whistle-blowing by employees, trade unions and trade organisations. If you are one of the tens of thousands of tardy businesses, you should act now, before you get fined up to £50,000 for non-compliance. See <http://stakeholder.opra.gov.uk> for more information. •

Domain names – new horizons

This Autumn businesses around the globe will be using new top level domains to market themselves on the internet. As well as the ubiquitous .com suffix, commercial operations will be able to register .biz or .info domain names. Professionals (initially solicitors, accountants and doctors) will be able to distinguish themselves with .pro and individuals will have their own arena, .name.

However the choice is even greater. Some smaller countries are already offering their country suffixes for wider use:

- Belize is allowing .bz to be used as an alternative to .biz,
- The Cocos Islands are making .cc available, suggesting 'company code'
- Western Samoa is allowing .ws to be used to identify a 'world site', indicating global reach
- Tuvalu has made .tv available for internet audio or video streaming

From early next year European businesses will also have the option of using .eu. It is possible to pre-register to ensure you get the names you want.

All these developments allow businesses to choose more precisely how they want to be perceived, to widen their catchment of web users and, more importantly to some, as a defensive measure to protect their brand names. •

To register for any of the above, please go to our internet domain name service on the Hacker Young website – www.hackeryoung.co.uk.



The Hacker Young Group is a group of independent partnerships represented in Birmingham, Brighton, Chester, London, Manchester, Nottingham, Wrexham and York.

All offices except Birmingham are registered to carry on audit work and authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales. Birmingham is registered to carry on audit work by the Association of Chartered Certified Accountants.

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