

The logo consists of the word "Weightmans" in white, sans-serif font, centered within a dark teal, rounded rectangular shape with a wavy top edge.

Weightmans

# Plan, Protect, Prosper

A full service legal approach for owner-managers,  
family business owners and entrepreneurs

[www.weightmans.com](http://www.weightmans.com)



# Introduction

As an owner-manager, family business owner or entrepreneur, how often are you faced with the challenge of balancing business and personal motivations? Your ambitions for the business, and your aspirations for yourself and your family?

At Weightmans, we understand this overlap – which is why our Owner-Managed Business group offers both personal and business advice from a multi-disciplinary team of specialists working under one banner.

## Our OMB group can help you to:



**Plan** for the future



**Protect** value



**Prosper**

This means that as well as supporting you as you're managing and building value in your business, or planning for succession or sale, we'll also be there to advise you on your personal priorities, too.

By combining specialist corporate, private client and tax lawyers within one truly integrated service, we can help you develop ownership structures that align your personal motivations and plans alongside the operational needs of the business.

We work closely with wealth managers, financial advisers and accountants to help maximise and safeguard your business success.

We specialise in advising business owners on share ownership structures, share and business sales and purchases, and succession and estate planning – all as part of an overall wealth preservation strategy.

If you're preparing for an exit, we can undertake a business health check or seller due diligence to identify issues that may need addressing pre-sale.

With Weightmans, you're assured top level, practical, tailored legal advice to help you **plan** for tomorrow, **protect** value today, and enable you and your business to **prosper**.



**Paul Raftery,**  
*National Head of Weightmans  
Owner-Managed Business Group*

## Plan

### All businesses go through ownership change. The questions are simply when, to whom and on what terms?

Whether you're thinking of a trade sale, management buy-out, or passing the business through to the family, it's never too soon to start planning. Building up an expert team of trusted advisors will give you clarity and confidence, as well as peace of mind that the advice you receive is tailored to your individual circumstances.

At Weightmans, we recognise that each planning exercise is unique. As well as a pragmatic and structured approach to your business, our plans must also consider your personal estate planning and emotional attachments.

By reviewing your ownership structure alongside your medium and long-term plans, and making it as tax efficient as possible, we aim to give you, your business and your family the best possible protection for the future.

#### **Incentivising and rewarding staff through shares**

When our client wanted to establish an employee share scheme as a means of recruiting and retaining key employees, we advised on the company law and tax issues that needed to be considered in detail before proceeding. It was important to our client that the interests of the employees, who are key to the future success of the business, were aligned with that of the owner in order to enhance the growth of the company whilst at the same time taking advantage of HMRC approved schemes. In this particular case, we helped our client establish a share option scheme for the grant of enterprise management incentives (EMI) options which would be exercisable only on an 'exit'. We then worked closely with the owner, key employees and the company's accountants to design a set of EMI scheme rules and to identify what an 'exit' would look like.

## Issues we can help you consider include:



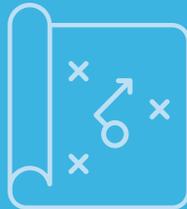
Where business assets, such as property, intellectual property rights or surplus cash, should be held and how should they be extracted



How to motivate and retain the best possible management team to ensure the business's ongoing value

The issues (tax and other) surrounding shares and share options allotted to key employees

Contingency planning for events including illness, death or a breakdown in a significant relationship e.g. divorce



The impact of new shareholders on future sale plans, the benefits and limitations of "drag and tag" protections



Examining and improving the tax position of shareholders in advance of, or following, an exit



## Protect

Protecting the value of your business is key to your future. Any review of your company should include revisiting your shareholding structure to consider how to best manage share ownership, how to put in place structures to pass on ownership tax efficiently and how to avoid problems arising should relationship breakdown or an unexpected bereavement occur.



**Lasting powers of attorney** can minimise the impact if you face sudden illness by ensuring an appropriate person is appointed to protect your business interests. They can also help to avoid delays should the business already be going through a sale process when ill health strikes.



**Contingency plans** aim to set out what happens if a shareholder is incapacitated on a long-term basis. These plans can include the provision of future incomes, and insurance policies that cover the cost of recruiting a replacement specialist employee.



**Relationship agreements** (cohabitation agreements for unmarried families or pre or postnuptial agreements for married families) can be designed to protect business owners and their business partners if their personal relationships fail. Shareholder agreements, family charters and trusts can also be beneficial, depending on your circumstances. All can be used to provide peace of mind and minimise the adverse effect on the business of a personal relationship breakdown.



**Shareholder agreements** can offer real benefits in this context. It's too easy to regard them as "boilerplate" almost standard form arrangements. To the contrary, when given careful thought they can add real value, particularly if you want to bring on board minority shareholders. Covering issues ranging from authority for key decision-making, share issues, share transfers, exit policy, dividend policy and dispute resolution, a crafted shareholder agreement can be crucial not just in the lifetime of the business but as part of the planning for a potential exit.



**Cross option agreements** are suited to shareholders of similar or equal status. They can ensure the business can continue without a deceased shareholder's family becoming directly involved, while simultaneously providing the family with immediately accessible cash.



**A constitution or family charter** tries to ensure that family obligations and personal preferences do not stifle a business's future. These are best suited when ownership is already spread among wider family members. We can help to prepare a set of guiding principles that attempt to establish how, and when, the next generation becomes involved in the business.



**Wills** are crucial for all shareholders, offering the opportunity to plan and determine who will take over your business affairs, and how interests in a business will be left. Careful will and trust planning can also substantially increase the amount of money passed to your family and beneficiaries by minimising tax liabilities.

### Reducing a client's tax liabilities at work and home

When the founder of a family-owned retail company was looking to sell to a third party, we advised on pre-sale share transfers to maximise entrepreneurs' relief from capital gains tax. After the sale, we guided the client through establishing a family investment company as part of a plan to reduce potential inheritance tax liabilities. We also helped revise the client's will, ensuring his trustees can balance out payments to his children after his death to address any perceived unfairness from gifts he had distributed while living.



## Building up an expert team of trusted advisors who understand the detail of your business and your personal aspirations are the key to maximising a successful outcome.

If you're preparing for an exit it is vital to have advisors who know your motivations to help ensure that the final deal gives the best overall return to you and your family. We work closely with wealth managers, financial advisers, banks and accountants to help to prepare businesses for sale whilst also protecting and growing your family's wealth.

When preparing for ownership change or family succession we provide solutions that seamlessly align your personal requirements with your commercial objectives to ensure the continued success of the business.

No-one knows what challenges and complications lie around the corner, but with the right plans and structures in place you can concentrate on driving your business forward and ensure success for you and your family.

### **Future-proofing a client's business**

When our client undertook a business restructure, our team helped protect the company from any future matrimonial issues by preparing bespoke postnuptial agreements between the directors and their spouses. At the same time, the directors' spouses were granted new shares, with appropriate shareholder agreements. New wills were also produced for all shareholders, ensuring all shares were left to the shareholders' respective beneficiaries, and arrangements were put in place to give the company the option to buy back any shares following a death.



**Emma Collins,**  
*National Head of Weightmans  
Private Client Group*

# About Weightmans

Weightmans is a Top 45 law firm with offices nationwide.

- Leading UK Top 45 law firm with a turnover of more than £95m
- Offices in Birmingham, Glasgow, Leeds, Leicester, Liverpool, London, Manchester and Newcastle
- 197 partners and over 1,200 employees nationwide
- International reach as members of Insurance Law Global (ILG), Legalink and the International Association of Insurance Law
- 50 strong OMB group offering both personal and business advice from a multi-disciplinary team of specialists
- 114 specialism rankings and 230 individual rankings in Chambers and Legal 500 UK directories



## For more information visit our website or contact:

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