

all the reconciliation work, do the returns, for me personally as well as for the business. When I started Appoint Recruitment they were recommended, I met Bryan Elkins, thought he was tremendous, and have used them ever since and not looked back. I've been with them for five years, and wouldn't go anywhere else.

"I want someone who knows their stuff, for a start, and the personal touch is what I like about Spofforths. It really makes the difference. I don't just deal with Bryan though; the whole team is good. They put things in a way which I can understand. I'm not someone with that much knowledge of tax, or actually the interest really, to be honest. I want it done, I want to know I'm being looked after and I don't want to have to spend too much time on it!

"They are proactive, definitely. With Spofforths you will get the phone call, ahead of time, reminding you of what needs to be done. They're a really smart firm actually."

Lena Russell, Managing Director, Appoint Recruitment

"We run a campsite and a fishery, and we also have a working farm. We went to Spofforths when we wanted to set up a limited company, and it wasn't long before they sorted out some complicated VAT issues for us.

"I want someone who's going to be proactive in giving you advice, rather than just be reactive. I was looking for advisors who would give me

confidence that they're doing the right things.

"I don't have a background in tax myself and it's very important that things are explained in a way I can understand. They're dealing with inheritance tax for us at the moment and I feel they've been extremely helpful with that, they've come up with ideas, different options. Rather than reacting to questions, they've been coming with suggestions.

"I always have every confidence that Spofforths will come up with the right package for us. It's surprising how quickly Bryan Elkins grasps the situation - one of the reasons is that he listens - and gets down to business with it."

Simon Smith, Managing Director, Summers Ponds

"We were with Spofforth's predecessors, Harrison and Taylor, from 1959, so we're probably one of the very oldest clients Spofforths have! My son joined the family business over a decade ago and as a chartered accountant he is obviously able to relate to Spofforths on a technical level, but prior to him being with us, Spofforths were able to explain everything clearly. Bryan Elkins is our tax advisor, not only for the company but also for my personal tax advice. In my view, if he can't answer a technical point on tax, no-one will."

Ralph Streeter, Managing Director, Streeter Group of Companies

"Our company makes freshly prepared, ready-to-cook meals. In a tax advisor, I guess initially I'm looking for knowledge and understanding of the business environment in which we operate. Often you can get quite similar quotes from various firms of advisors so it's also how you can actually relate to people on a personal level. Accessibility is important, because if you're making a business decision you need to be able to pick up the phone and discuss it with your advisors. Actually, our audit was done by a separate firm and I've actually just moved it over to Spofforths as well."

"They'll call to ask if we've done certain things, and if there are certain deadlines they'll call and make sure we've done what we need to. They are very organised in that way. I'm a chartered accountant, but it's still important that things are explained because though I know the essentials and the terminology, there are specific points relating to the company that they need to talk through with me. I'm going to struggle to say anything negative - the relationship has all been positive."

Jane Watkins, Finance Director, Bighams Limited, London



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TAX EXPERTISE

DECISION

DECISION BUSINESS MAGAZINE

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The purpose of the following report was to identify and then validate the attributes, actual experience and performance of the tax advisors at Spofforths. The content was completely sourced by DECISION and written from interviews undertaken by its senior writers. Its compilation took place over a four-month period.

The report is also published as part of the journal's Tax Expertise Showcase project.

Spofforths were not able to make any changes to the report, apart from the correction of any factual inaccuracies should they have occurred.

As a consequence, the views expressed by those who have been interviewed are not necessarily those of the firm.

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Publisher

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KEY PEOPLE

Bryan Elkins CTA ATT, Partner,
Head of Tax Consultancy – 9
years with the Inland Revenue
before joining Spofforths 16
years ago.

Stuart Maggs CTA, Tax
Consultant – trained as a
barrister before specialising in
tax consultancy.

Daniel Grainge ACA, CTA, Tax
Consultant.

Francis Minchin ACA, CTA, Tax
Consultant.

Kevin Johnson ACA, Director of
Corporate Finance.

Other partners with CTA qualification:

Peter Lansberry FCA, CTA,
Partner – 23 years' of providing
accounting corporate finance
advice; also acts as a non-exec
finance director.

Mark Spofforth BSc, FCA, CTA,
FRSA, Partner – clients include
trusts, the largest of which has
assets in excess of £100million.

SPECIFIC EXAMPLES OF WORK

Remuneration and Share Options

- In order to enable clients to be able to extract cash from their financial services business, Spofforths set up a separate company to 'shelter' the fund-based commissions paid, plus a new LLP for new business, which produced an immediate tax saving of £50,000.
- For 15 divisional managers who each had a shareholding in a company which was sold, Spofforths successfully argued that they constituted a team which was growing the business for themselves with the aim of an eventual sale, rather than that they were employees who had received shares as an incentive to stay. Instead of a 40% tax liability plus NI, Spofforths reduced the figure to 10% as Capital Gains Tax.

- As part of its fast-growth strategy, a company tied in its senior managers with share options which could be exercised on sale, float, or merger. To enable two managers who left to set up a subsidiary in South Africa to still receive options, Spofforths set up an unapproved scheme for the time they were out of the country.

Company sale

- To reduce Corporation Tax liability, a company had £600,000 on its balance sheet, of which £100,000 was working capital. But when an unexpected offer was received from an acquisitive rival, the sale would have meant a 40% tax liability on the sale proceeds. Spofforths were able to show that the cash in question was earmarked for specific business development projects, and put forward evidence from board minutes. As a result, the tax liability was reduced to 10%.
- A deal to sell a business to an Indian company had reached heads of agreement before the directors sought advice from Spofforths, who identified that the earn-out provision

would mean a 40% tax plus NI liability rather than 10% capital gains, which would have made the deal unviable.

Claiming allowances

- After a client met to discuss funding the refrigeration of their 6000sqft industrial building, Spofforths were able to successfully make a case to the Inland Revenue that the chiller units to be installed constituted plant because they were integral to the manufacturing/distribution process, which resulted in a capital allowances claim.

Inheritance Tax

- To transfer a 250,000acre estate in Ireland from father to son, with the intention of keeping it for generations to come, Spofforths set up two Isle of Man companies to eliminate stamp duty. The estate was transferred to one of the companies in return for the shares, which would minimise capital gains. The shares were then transferred from father to son, both UK residents, using the two offshore companies. Insurance cover was put in place should the father die before the seven-year inheritance tax provision. The family saved £2million in tax.

Inland Revenue investigations

- When a former resident was about to return to the UK from the Canary Islands, Spofforths found that he hadn't declared income to the Inland Revenue. Spofforths successfully argued that the client was non-domicile when he (finally) set up trusts and he did not intend to avoid tax.
- The death of the owner of a company revealed that UK assets had been diverted to Switzerland, which resulted in an investigation by the Special Compliance Office of the Inland Revenue. The tax liability could have gone back 15 years, plus

interest and 40% inheritance tax, which could have meant the estate would have ended up with a liability. Although the estate was prepared to make the £1million payment, Spofforths identified areas for negotiation and achieved a £500,000 settlement.

Tax implications

- Recently appointed, the new finance director had a feeling that there might be some tax issues from the company's past, but was anxious about the cost of their Big 4 auditor doing a "fishing expedition." Instead, he arranged a meeting with Spofforths, who instead of attempting to trawl through all the historical paperwork, discussed and identified the possible "at risk" areas. As a consequence of that focus, Spofforths found that the expenses paid to self-employed inspectors would be deemed to be taxable if the personnel concerned were considered by the Inland Revenue to be agency staff. A plan was then implemented to minimise any exposure to PAYE/NIC on the risk areas identified.

Company re-structuring

- A company was concerned about the tax implications relating to business property relief should its main shareholder die. Spofforths proposed a restructuring of the group, making the holding company into a trading company to provide opportunities for relief to be claimed, and instead of the group selling off the former brickworks it owned, the property was developed on a joint-venture basis to demonstrate it was a trading entity.

REFERENCES

"Eighteen months ago, the London firm of accountants my company was using would have needed to assign a new partner to us, so I decided that it was a good time to see who could help us closer to home. I remembered that when I had been a tax commissioner, I was impressed that the cases made by Spofforths were well presented, with the facts as they saw them clearly laid out. I always felt that they had done their homework. Now that Spofforths act for me, I find they have a genuine desire to take on a problem and to find the best route forward. I get the impression that it's a one-to-one connection, that when I phone them it's a problem shared.

"Decisions have to be made more quickly than perhaps they used to, and it helps if your advisors are working to your pace rather than you having to adjust to theirs. I also find that Spofforths' ability to communicate in everyday English rather than accountancy jargon to be very refreshing."

Robin Lamb, Chairman, WT Lamb Holdings

"The family business we started about ten years ago has recently been sold, and I just have a small stud-farm now. We had wanted someone bigger than a 'corner-shop' advisor, but not one of the huge 'corporate' firms. Spofforths fitted the bill very well for us. With the top four or five you usually meet a partner and then end up with one of the boys. With Spofforths I always speak to the partner if I need to, but the whole team is good. There's always someone there on the phone when you need advice – that's where they fit the bill, and they're very open to discuss issues. When my father died Spofforths were very helpful with the estate, and sensitive."

Geoff Tregaskes, private client

"I need a tax adviser to keep me legally safe, to save me money and to help maximise the profits from the company. Spofforths provide all of that for me. The nucleus of the relationship is with the partner, but their whole team has the knowledge and ability to take hold of a problem and work with it. Most owner-managers don't have a tax background, so you've got to feel you can trust that your advisors will look after your best interests. With that level of trust I don't need to have every little detail explained. In terms of minimising risk Spofforths act very sensibly. They keep ahead. For example they were pro-active in explaining the pensions changes talking place in 2006. They nurture you. They don't try to accelerate you or the business too fast, or overload you with information."

George Matthews, Director, Team Teach, providers of training services

"Ease of accessibility, sound advice, and the belief that what they tell me is correct are the reasons I have been with Spofforths for the last seven years, I used to deal with a large city firm and I found them too remote and too expensive, so you can add value for money to the list of reasons for using Spofforths. When it comes to anything I don't understand they are able to pitch it at my level – we have a very good working relationship. You have to be happy with information you're given, a feeling at least that it makes sense if you are to have peace of mind."

Tony Parsons, Managing Director, Sussex Industries

"I have several businesses which Spofforths help me out with, but the main one is Appoint Recruitment – we're a local recruitment agency that supplies permanent and temporary staff. I literally give Spofforths everything and they do