



Roger Perry and Kate Crawford heading up the Wealth Management Service.

## Monahans launch New Wealth Management Service

**Many people struggle to keep on top of their finances, juggling with their savings, investments, pensions, properties and tax issues, often having to deal with different organisations for each of these. To make life simpler Monahans have just introduced a new service, Monahans Wealth Management service, specifically for people who would like to have a single point of contact to manage all aspects of their wealth.**

Our team of tax specialists and independent financial advisers will manage all aspects of your finances, providing a single point of contact and a service tailored to your particular needs, priorities and objectives.

We will invest time to fully understand your current financial situation and develop strategies to maximise your wealth whilst minimising the amount of tax you will have to pay. We will send you regular updates on all of your investments and regularly review your situation, which will include an annual face-to-face personal review. You will also be able to access valuation statements at any time via our web site and use this as another method of communicating with us.

This service sits within Monahans Financial Services Limited and as such, all advice will be completely independent, with tax

specialists from Monahans Accountants seamlessly fitting into this service. A single point of contact will provide you with access to an extensive range of products and services whilst minimising your administration and the time you spend in dealing with multiple providers.

Unlike many other wealth management organisations, being independent means we can offer the products and services from the entire market which best meet your needs, rather than being restricted to those from a single bank for example. There is even the option of a bank deposit facility to collect your investment distributions.

This service is ideally suited to people with at least £250,000 of liquid assets. If you want to maintain or grow your wealth, need help in passing it on to your loved ones, or simply want to enjoy it, then this service will help you achieve your goals. Contact us to arrange a free no obligation meeting about how we could help you meet your financial aspirations by emailing [invest@monahans-fsl.co.uk](mailto:invest@monahans-fsl.co.uk) or telephoning us on **01225 785570**.



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# All change for Capital Gains relief

There has been much publicity surrounding the replacement of Taper Relief on 5th April 2008 with Entrepreneurs' Relief, in conjunction with the introduction of a standard Capital Gains Tax (CGT) rate of 18% for individuals. However, the two reliefs are fundamentally different and Dominic Bourquin, Tax Specialist at Monahans explains why.

"In summary, subject to certain conditions, Entrepreneurs' Relief can reduce the CGT rate applying to capital gains on disposals of a qualifying business, or part of a qualifying business or gains on disposals of shares in a qualifying trading company, from 18% to 10%.

## Asset Disposals

Previously Taper Relief applied for disposals of both business and non-business assets and, for owner managed businesses, assets used in trading businesses were eligible for an effective reduced rate of CGT of 10% after a holding period of just two years.

## New look tax team

Monahans tax team has been significantly strengthened by the recent arrival of Dominic Bourquin as a Senior Tax Consultant. His experience in industry and at major accountancy firms has given him a real understanding of the financial requirements of businesses and significant expertise in all aspects of business tax.

Our tax team provides a complete service for businesses, individuals and trusts, focusing on minimising the tax they have to pay.

In addition to assisting our clients to comply with their statutory tax obligations, we provide expert advice in more complex areas. For business clients these include reorganisations, acquisitions and disposals, share options and employee incentive schemes.

For individuals, we aim to minimise income and capital taxes, both to optimise everyday income and also undertaking specific tax planning with respect to capital disposals, retirement income and wealth preservation.

So whatever you are trying to achieve we can help you get there.

However, Entrepreneurs' Relief reduces the rate of CGT to 10% after a holding period of just one year, but only on the disposal of the whole, or part, of a qualifying business (defined as a trade, profession or vocation).

This is an interesting departure from the old Taper Relief position and on the sale of one asset from a trading business it is unlikely that Entrepreneurs' Relief will apply.

## Share Disposals

Taper Relief allowed shares in unquoted trading companies to broadly qualify for the 10% effective tax rate after being held for 2 years as long as the company was unlisted, or the individual was a full time working officer or employee, or at least 5% of the voting rights of the company were held by the individual.

However, Entrepreneurs' Relief has much stricter qualifying criteria in the context of share disposals and ALL of the following must be present to qualify:

- The shares must be in a trading company, and
- The shares must have been held for one year, and
- The individual making the disposal must be a working officer or employee of the company, and
- The individual must own at least 5% of the ordinary share capital of the company that allows the exercise of at least 5% of the voting rights.

As a consequence it should also be noted that employees that are offered share options as part of their remuneration may press for more than 5% of the shares to ensure any subsequent disposal by them of the shares qualifies for Entrepreneurs' Relief.

## Lifetime Allowance

Taper Relief was unrestricted in relation to the amount of capital gains that could



Dominic Bourquin, Senior Tax Consultant.

qualify for relief but Entrepreneurs' Relief is restricted to the first £1m of qualifying gains arising during the lifetime of the specific individual from 6th April 2008 onwards.

## Cessation of Business

Where a business ceases, Entrepreneurs' Relief should be available on assets in use in the business at the time of the cessation where those assets are disposed of within three years. For instance this allows time for a property to be sold that was used in the business.

## Associated Disposals

Where an individual qualifies for Entrepreneurs' Relief on a share disposal, relief will also be available if the individual makes an associated disposal of an asset used in the business. Again, where a property is used in the company and after the sale of the shares the property is disposed of, Entrepreneurs' Relief should be available on any gains arising on the property disposal to the extent that market rent has not been charged for the use of the property by the business.

## Non-Business Assets

Entrepreneurs' Relief does not distinguish between business and non-business assets and therefore if a disposal does not qualify for the relief then the standard rate of CGT of 18% will apply.

Under the old Taper Relief rules, the maximum relief that a non-business asset could obtain would reduce the effective rate of CGT to 24%, so there is a small benefit in the change to a standard rate of CGT of 18%.

As with most tax changes, there will be both winners and losers with these changes. To discuss how they may affect you, contact me on **01225 472800** or email **dominicb2@monahans.co.uk**."

# Diamond celebration is a sparkling occasion all round

**Cheriton Nursing Home in Swindon has just celebrated its 60th anniversary, and Monahans are also celebrating having been their accountant for the whole of that period of time. Monahans marked this remarkable double diamond anniversary by presenting a 'Diamond Celebration' rose bush, which all of the residents of the nursing home will be able to enjoy for years to come.**

The Cheriton started life as a surgery and maternity hospital to coincide with the introduction of the National Health Service. One of the very first babies to be born there, in January 1948, was Tim Crook who is now an accountant at Monahans specialising in the agricultural industry.

It remained as a surgery and maternity hospital until 1959 when, due to new hospitals opening in Swindon, it became a nursing home. Originally consisting of two houses, the business has gradually expanded over the years, buying up other properties and building various extensions to become the establishment you see today.

The Cheriton currently houses up to 45 elderly residents and prides itself on creating a home environment and providing large spacious rooms. This has helped to ensure its success



Tim Crook, Jeremy May and Mike Shawyer.

in the past and, in an industry facing great change, should help to secure its future for the next 60 years.

Jeremy May, the Company Secretary and a grandson of one of the founders, is delighted with the strong relationship with Monahans "Like any business, The Cheriton has had its ups and downs over the years, but Monahans have always supported us and given us excellent advice to ensure our long term development and growth."

Mike Shawyer, Managing Partner at Monahans, has looked after The Cheriton for the last 20 years. "It is unusual for someone to use the same accountant for such a long period of time and is a testament to the strong relationship we have developed over the years. Clearly they appreciate the value we bring to their business and I'm looking forward to continuing to help the Cheriton Nursing Home to achieve their goals in the future."

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## “To Crunch or not to Crunch” - that is the question!

**Peter Lugg, Corporate Finance Partner, is increasingly being asked how he sees the “credit crunch” affecting owner-managed businesses and here he gives his thoughts on this subject.**

“Most people will easily make the connection between the tightening of consumer credit and declining figures in the retail sector. No prizes, therefore, for predicting that banks will be viewing retail as high risk and that they will be taking a firmer view on debt renewal to companies trading in this sector. The other sector that is particularly being hit by the credit crunch is property. Property developers, investment companies and business closely associated with the property market, such as estate agents and furniture retailers, are all feeling the pinch.

In my particular field of Corporate Finance where I help clients to sell or acquire

businesses and to raise funds for acquisition, growth or succession, I have definitely noticed a hardening of bank attitude on deals such as these.

Acquisitions in the owner-managed sector are often primarily funded by debt. There may not be sufficient real property or other assets for the banks to take as security, so many banks have lent on an unsecured basis - provided the cash flow is strong and the business plan robust. However my experience over the past few months is that obtaining unsecured debt to fund an acquisition or a management buyout has become extremely difficult indeed. Where it is available, the cost has increased significantly and this is having an impact on deals in progress.

Recently two business sales I have been involved with have fallen through, even

though potential purchasers had agreed terms and timetables through to completion. Unfortunately the funding that had previously been promised to the purchasers by their banks was withdrawn without notice and the sales fell through.

Of course, if the banks stop lending money completely, they will lose a substantial portion of their income, so they will continue to lend money to finance acquisitions, management buyouts, etc. However, you will have to present to your bank a robust business case tested for sensitivity and having already carried out your own due diligence. Expect tighter covenants and a more stringent approach to personal guarantees. Naturally, Monahans Corporate Finance team is always happy to help put together these cases and to approach the banks on your behalf.”

# Peace of mind with Check-Tek support

Most businesses nowadays are dependent on their computer systems and if those systems fail, it can be inconvenient at best and at worst could be catastrophic.



Evan James, MD of Check-Tek.

Check-Tek provide a support programme which aims to prevent problems in the first place but ensures that when something does go wrong with your IT, it is fixed quickly and efficiently. Check-Tek have now enhanced the service to provide different support packages to meet your particular requirements, no matter what your needs.

This flexible approach offers three support options:

**Flex** – If you don't want to be tied into a prepaid agreement, this contract provides a 10% discount off our standard hourly rate for any support activity and also provides a free annual review of your IT systems to help prevent problems happening in the first

place. There is also an optional full remote server monitoring service for only £3 plus VAT per server per week so we can spot any problems with your server before they affect your operations. You only pay for what you use so this package is ideal if you have some IT expertise but may need occasional extra support.

**Reach** – This is an annual package that provides unlimited remote support during normal working hours. It also provides 15% off the standard hourly rate of any additional work that we do, including maintenance and installations. You will also benefit from an initial and annual comprehensive review and audit to ensure that your IT system works as

efficiently as possible and to minimise the risk of any downtime.

**Assure** – Our premium annual support package that provides everything in the Flex and Reach options, plus unlimited site support visits. Installation of new equipment and general system development benefit from a 15% discount off our normal rates. We will also develop an annual maintenance and replacement plan to help you to budget for new equipment.

So if you want to ensure your IT keeps working for you, contact Check-Tek now by emailing [marketing@check-tek.co.uk](mailto:marketing@check-tek.co.uk) or calling **01793 480022**.

## Top manufacturers recognise Check-Tek

At Check-Tek, we have always been proud of the quality of the service and advice we give to our clients and this has just been recognised by two leading IT manufacturers.



In March this year, Dell launched a new accredited Partner program. Check-Tek have been fast tracked onto this and a number of our customers have already benefited from lower prices and enhanced support. The good news for you is we can now supply Dell Business Computers, Laptops, Printers and Servers at a lower cost than most businesses can buy direct from Dell.

Our knowledge of the Dell Business range means we can save you time as well as money. By quickly gaining an understanding of your needs, we can select the best Dell system for you.

Check-Tek have also been awarded Microsoft Certified Partners status because of our proven record of competence and expertise with Microsoft technologies. In conjunction with our status as Small Business Specialists, this is recognition of our expertise in planning and building IT solutions for small businesses.

Check-Tek can provide a wide range of Dell and Microsoft products, at prices which are often lower than you could get direct from the manufacturer. This, along with our expertise in linking these products into your overall IT system and providing ongoing support, is a winning combination.

For a quote or a price comparison please contact us by emailing [marketing@check-tek.co.uk](mailto:marketing@check-tek.co.uk) or calling **01793 480022**.

## Getting the best from your people

Whilst there is a downturn in the economy and some organisations are tightening their belts, there are others that are looking long-term and are keen to recruit and develop their employees. As such we thought it might be an opportunity to remind you of how you can best utilise one of your greatest resources, your people, by:

- Setting the standards and expectations required within your business through strong recruitment and selection procedures, relevant employment contracts and employee handbooks.
  - Salary/benefits benchmarking to ensure that your salary and benefits budget is maximised and you remain competitive in your marketplace
  - Optimising the performance of your employees through development, coaching, appraisal/review and where necessary managing underperformers to achieve the required standards or managing them out of the business
  - Communicating with employees, keeping them updated on the successes within the business, understanding their perception and developing, where appropriate, improved ways of working.
  - Using statistical information to assist in managing employee turnover, sickness absence and the cost of activities to the business, as well as helping you to identify areas of improvement
- Remember, successful businesses are those that attract, develop, motivate and retain the best people and you will get the most benefit if you have supportive, commercially focussed people strategies for doing so. Contact Peta Fry in our HR team for further help in this area by emailing [petaf@monahans.co.uk](mailto:petaf@monahans.co.uk).

# Fighting rising household costs in retirement?

In today's world of rising energy, food and petrol costs the need for Equity Release is set to increase to help those over the age of 55 maintain standards of living, or pay for those unavoidable capital expenses, such as a new boiler, or adaptations to the home. Juliet Reid, Mortgage and Equity Release specialist at Monahans Financial Services Ltd explains more.

"With over £1,000 billion tied-up in the homes of the over 65s\*, releasing equity from the home can be a useful tool in supplementing insufficient pension income, or releasing a lump sum.

But how do these schemes contend with the current situation of falling house prices? You may remember when house prices last took a tumble in the late 80s and early 90s, many people with Equity Release schemes found themselves in the shocking position that their home was worth less than they owed to the lender. In the current conditions, with house prices falling, this is a concern that many people have when contemplating taking out an Equity Release scheme. However the market has moved on and now all reputable lenders offer a No Negative Equity Guarantee. This means that you will never owe more than the value of your home, and you can be sure that you will never leave your

loved ones with a debt from an Equity Release scheme to repay following your death.

The Equity Release market has developed tremendously in other ways in recent years, with a greater number of providers making it more competitive, as well as offering a far wider range of options and flexibility. You are now able to take not just a lump sum from the value of your home but also a regular income if preferred.

Equity Release schemes are not just about providing for the hard times, they can also be a useful tool when considering Inheritance Tax (IHT) mitigation. As house prices have increased over the last 15+ years, more and more people have found that they will be liable for IHT in the future, simply through the rising value of their home. By raising an equity release scheme against your home, you create a debt which can reduce the value of the property within your estate for IHT purposes.



Juliet Reid

But with this greater range of choice and potential tax implications, it becomes even more essential to seek independent financial advice. We offer a free initial consultation, and give you impartial professional advice. We are also planning several seminars covering this complex and intriguing subject in the autumn. Please contact us if you would be interested in attending."

\*Source: Council of Mortgage Lenders

## Take pension action now

**One of the consequences of the credit crunch has been that lenders have become more cautious, and borrowing has become more expensive for both individuals and companies.**

Depositors have benefited from the higher rates, and so also have annuity buyers, because annuity rates reflect the interest rates which companies have to pay on the borrowings which they make in the form of corporate bonds. However, the Government has been seeking to ease the plight of borrowers by relaxing interest rates, and commentators are suggesting that may lead to a reduction in corporate bond yields, and that the improved annuity rates currently available may not last.

There is therefore an argument for retired people, who may have deferred annuity purchase, to take this opportunity to commit at least some of their pension fund to the annuity market now, rather than waiting.

The types of annuity benefiting are those providing an income which remains level or

escalates at a fixed rate, and such annuities may in either case carry a guarantee that income will be paid for a fixed period. The types of annuity whose rates have not improved are those whose payments are linked to the Retail Price Index and therefore provide protection against inflation.

The reason that index-linked annuity rates have not improved is that they are backed by index-linked Government fixed interest securities, for which demand has surged because of concerns about inflation of energy and food prices.

Whether retirees opt for level, escalating or index-linked annuities, and whether they decide to buy a guarantee (the cost of which will inevitably reduce the annuity income), will depend on their personal circumstances and the amount of risk they are willing to take. However, in most cases it will be appropriate to opt for a mix of annuity types.

There is also a new type of product which must now be taken into account, namely the

"variable" or "third way" annuity, which offers a middle road between annuities and the riskier option of income drawdown. These products come in a number of forms, but most invest in equities to produce a potentially higher income and provide a guarantee that the capital invested will not be eroded.

Third way products were first developed in the US and most of the providers are American, but some leading UK providers are poised to enter the market. The questions which need to be asked are whether the price of the guarantees can be justified; and what options are open to the investor at the age of 75, when tax considerations provide a strong encouragement to purchase a conventional annuity.

If you need help with planning your retirement then watch out for our Retirement Options seminars which will be held throughout the summer. For more immediate assistance please call your usual Monahans contact or Roger Perry at [rogerp@monahans-fsl.co.uk](mailto:rogerp@monahans-fsl.co.uk).

# Monahans top tax tips

## Tax News

**Monahans Senior Tax Consultant, Dominic Bourquin, gives a quick round up of some of the latest tax news you should be aware of.**

From 1 April 2008, the increase in the small companies tax rate from 20% to 21% and the decrease in the mainstream corporation tax rate to 28% from 30% has meant that companies with profits in the marginal band of £300,000 to £1,500,000 now pay tax at 29.75%. In the past it has been more beneficial where company profits fell in the marginal band to pay a bonus rather than a dividend. However, it is now more beneficial to pay a dividend (41% to 47% effective rate of tax) rather than pay a bonus (48% effective rate of tax) whichever rate of corporation tax a company pays. The differential is small, but with the economy faltering and rising food and fuel prices it is a point worth noting.

The changes to the personal allowance and higher rate thresholds for the 2008/09 tax year to compensate taxpayers for the abolition of the 10% income tax band are still, despite heated exchanges in the Commons and adverse media coverage, only expected to remain in force for the current tax year. Watch this space for further developments, as this issue is expected to run and run.

Turning to another unresolved issue, we are still waiting for the revised income shifting proposals. HM Revenue & Customs lost a court case, colloquially known as the "Arctic Systems" case, last year and as a result the Treasury produced draft legislation to tax situations where an individual receives a significant partnership share, or company dividend despite not economically contributing to the business. Many

commentators concluded the legislation was unworkable as proposed and would utilise disproportionate resources to enforce when compared to the relatively small increase in the tax take. HMRC accepted this position in March this year and say they are still looking to introduce new legislation from 6 April 2009. We are still awaiting the revised proposals and hope they will be significantly watered down to target only what are perceived as the worst abuses.

For many small companies the introduction of the new capital allowances regime from 1 April 2008 is very beneficial other than for the most capital intensive of businesses. From 1 April 2008 each company (or group of companies) will receive an Annual Investment Allowance of £50,000. This will allow the first £50,000 of capital spend on plant and machinery to be deducted from the company's taxable profits. The Allowance replaces "First Year Allowances" and cushions the blow of the reduced rate of capital allowances from 25% to 20%. Good news for many small businesses!

No summary would be complete without a further reference to Entrepreneurs' Relief. Academic commentators are at odds with each other regarding whether the property element of a disposal of a sole trader business, followed some time later with the disposal of the property from which the business was carried on, will qualify for Entrepreneurs' Relief. The jury is still out, so take advice if you are proposing to sell and we will keep you posted.

Contact Dominic on **01225 472800** or email **dominicb2@monahans.co.uk** for further information on any of these issues.

## Monahans sponsor Business Awards

**Monahans recognise the importance of encouraging excellence in business and as such are delighted to sponsor two business awards this year.**

The Wiltshire Business Awards have rapidly become one of the highlights of the business year in the county and Monahans will be sponsoring the entrepreneurs category. We recognise the great importance of individuals who have the vision and drive to create and develop businesses. They create jobs, both directly and indirectly and help to ensure a thriving and growing local economy.

The winners of this award will be announced at a gala dinner in February 2009 but is open to entries now.

We are also one of the sponsors of the 2008 North Wiltshire New Business of the Year Award which is organised by the Wessex Association of Chambers of Commerce. Companies close for a host of reasons, such as retirement, sale or bankruptcy, and new companies need to take their place to create wealth and jobs both directly and indirectly through their use of other services.

We would urge any entrepreneurs who have recently started up a new business to consider entering for the cash prizes on offer and the publicity and prestige that goes along with such an award.

Further information on both these competitions can be found on our web site **www.monahans.co.uk** or by contacting our marketing department.

### Dates For Your Diary

2nd October	<b>Buy to Let Property Seminar</b>	National Self Build & Renovation Centre, Swindon
16th October	<b>Brain of Wessex</b>	Civic Hall, Trowbridge



**Monahans**  
integrated financial support

For further information on any subject please email **marketing@monahans.co.uk** or telephone your local office.

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#### INDEMNITY CLAUSE

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