

## Commercial growth

Commercial property specialist Mark Brookes, solicitor Khalil Akhtar and legal executive Lynda Blair have joined our growing property department.

"We're delighted to welcome Mark, Khalil and Lynda," said commercial partner Guy Lachlan, "as you can see, we're strengthening our presence in the region's commercial market particularly with SMEs where our client base has grown significantly in the past 18 months. We're looking forward to further growth in the department through expanding niche areas such as property development."



Guy Lachlan, Lynda Blair, Khalil Akhtar and Mark Brookes

## Time to think?

Why not take a few moments to think about the implications of these questions for you and your business?

- Could I be personally liable if one of my employees is injured or killed at work?
- How can I be sure that I'm up to date with all the employment legislation? Is there a claim waiting to happen?
- I'm developing a new product, can I do anything to stop my competitors just copying it?
- What are my legal rights and responsibilities as a company director?
- What rights do I have as a minority shareholder in a limited company?
- What steps can I take to minimise the risk of bad debts in my business?

For advice on any of these specific questions, please call your usual Godloves contact, and they'll put you in touch with the relevant expert!

## And finally... out and about



Photographed at the launch party – Francesco and Marta Mazzella, Diane and Ian Goldman

Godloves' Managing Partner Ian Goldman, and his wife Diane, recently attended the launch party of Casa Mia Millennium – the third of Francesco Mazzella's Italian restaurants to open in Leeds.

Situated on the corner of Millennium Square, Casa Mia Millennium provides delicious food and exceptional service which is characteristic of Casa Mia restaurants – in 2002 the original Casa Mia restaurant was voted 'Best Italian Restaurant of the Year'.

At the launch party, Ian commented, "Francesco and Marta are valued clients of Godloves. They care deeply about the quality of their product, and I'm certain that Casa Mia Millennium will be as successful as Casa Mia and Casa Mia Grande."

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# business

A big welcome to our new look newsletter.

Alongside our seminars and business clubs, this publication aims to give our business clients and contacts another valuable "legal perspective" on being in **business**.

We hope it also helps you to get to know Godloves and our team even better too!

As always, we are keen to receive any feedback or suggestions that you may have about the newsletter.

SUMMER 2004

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## St Gemma's Art Show



Geese by the river Hull  
By Janis Goodman

We're delighted to once again co-sponsor the annual St Gemma's Art Exhibition.

This year's event, at Leeds Grammar School, will be the largest ever with over 1,000 paintings exhibited by artists from around the country.

Our managing partner, Ian Goldman, commented. "It's great for us to be able to support such a popular event which helps to raise valuable funds for St Gemma's Hospice. We admire all the palliative work St Gemma's carries out with patients and the innovative events they organise to generate funds."

This year's event looks set to raise even more than the £12,000 raised last year.

If you want to see the exhibition and support St Gemma's, visit Leeds Grammar School between 15 and 18 July.



Pollard  
By Chris Pollard

## A different start to your day

Our recently re-launched Godloves Business Women's Breakfast Club, continues to grow from strength to strength with more than 60 women from local businesses and professional services firms attending our latest event.

Members and guests were keen to hear speaker Kevin Reagan, of Burton Reagan Detective Agency, uncover some of the murky secrets that his work involves.

Claire Carvis, Breakfast Club Co-ordinator, said afterwards "We've listened to our members, who enjoyed the relaxed and friendly atmosphere of a ladies only association and who also wanted a more structured opportunity to network. It's great to see so many new faces and hear another of our unusual and entertaining speakers."

Future events at venues across Leeds include:

17 Sept Grenache and Gueller's (Wine and Food Evening)  
26 Nov Politics and Power (A Local MP is the speaker)  
14 Jan Diamonds are a girl's best friend!

Members pay an annual fee of £50 and enjoy discounts on events and popular members' incentives. We actively encourage members to invite guests, so we meet even more ladies from the Leeds business community.

If you'd like to know more about future events, becoming a member, or know of any potential speakers please contact **Claire Carvis or Alison Wright** on 0113 225 8811 or visit our website [www.godloves.co.uk](http://www.godloves.co.uk)



Godloves' Business Women with recent speaker Kevin Reagan

## To agree or disagree? That is the question

*Shareholders' Agreements are vital tools for managing the ownership of limited companies. Unfortunately, many businesses don't realise their worth until it's all too late!*

As its name implies, a Shareholders' Agreement is a legal agreement between the shareholders of a company. At its most basic, an agreement will control how shareholders can exercise their contractual rights under the Memorandum and Articles of Association. It can also regulate some of their statutory rights too. A more detailed agreement will give a mechanism for administering the business, incorporate the first business plan, stipulate the method for agreeing subsequent plans, and will lay out the exit route for the shareholders. It may also include some of the more colourful techniques for resolving deadlock such as "Russian Roulette" or "Mexican Stand-off"!

So what are the **advantages** of having such an agreement? A key plus is that working through the matters to be covered in the agreement stimulates the shareholders to analyse what they really want from the business. Profits and cash will naturally be important. But is the company to aim for long-term growth – organically? by acquisition? by diversification? Is the intention to achieve a trade sale after five years? What proportion of the profits will be drawn out through dividends and how much re-invested? What is a fair balance between responsibilities and benefits for different shareholders?

There will undoubtedly be areas of potential conflict. Setting up a Shareholders' Agreement enables you to discuss these potential 'time-bombs' with the other shareholders and to agree a method of resolving those disputes now, rather than in the heat of disagreement when relationships may well have deteriorated beyond repair.

There is no need to share the contents of your Shareholders' Agreement with anyone else, since unlike the Memorandum and Articles, it is not registered at Companies House for public display.

Of course, there may be some disadvantages. If you can already call many of the shots as owner of at least 75% of the shares, you may not want to be pinned down by involving and perhaps giving more rights to the minority shareholder(s). What's more, addressing areas of potential conflict can be difficult. Many of us would prefer just to avoid it and hope that circumstances never force the issue.

But what are the costs to the business of an unmotivated co-director or a financial backer who is only looking for the excuse to pull the plug on the business and get his money back? Certainly the costs of litigating a dispute under the infamous (minority oppression) section 459 of the Companies Act or defending a winding up petition will vastly outweigh putting the necessary agreement and possibly new Memorandum and Articles in place.

If you're not yet convinced, here's a recent example which may tip the balance:

*A successful owner-managed business and its majority shareholders with no Shareholders' Agreement in place faced a highly destructive action in the High Court brought by the "rogue member" of the family – though it might have been any minority shareholder. The costs to the losing side would have been around half a million pounds. In the event, it was settled before reaching the court in December last year – a great Christmas present for the majority shareholders and their company. But it might not have been. The lessons are obvious and they now have a Shareholders' Agreement in place so that it can't happen again.*

To discuss the implications for your business, contact **Guy Lachlan** on 0113 225 8816 or [glachlan@godloves.co.uk](mailto:glachlan@godloves.co.uk)



Paul Carvis,  
Andrew Charuk,  
Stephen Hattersley  
and Rashmi Dubé

## Further growth in Personal Injury

Our Personal Injury team has expanded even further with the appointment of three new team members.

Andrew Charuk, previously a partner with another regional firm, joins us along with Rashmi Dubé, an assistant solicitor. Stephen Hattersley has been appointed to the Industrial Diseases unit at the Leeds office.

Paul Carvis, head of our Personal Injury team, commented, "This is fantastic news for us and for our clients. We adopt a very different approach to the majority of firms and organisations in the personal injury market – with all of our team members handling cases being qualified and experienced solicitors. These appointments underline our success in this area and show how committed we are to maintaining the high standards our clients currently enjoy."

## How to give generously to the Taxman when you die

*Once the preserve of landed gentry or the rich and famous, Inheritance Tax is increasingly becoming an issue for the 'ordinary' mortals among us.*

A recent report revealed that, as a nation, we left assets totalling some £41 billion when we died last year. Of this amount, we gave the Government more than £2.4 billion in Inheritance Tax. However - and this is the part which should make you sit up and take notice - as much as £1.4 billion of this could have been avoided, by careful Inheritance Tax planning!

Essentially, if your 'estate' on death is worth more than the Inheritance Tax threshold (currently £263,000), then the assets over this threshold will normally be taxed at a flat Inheritance Tax rate which is currently 40%. This probably sounds high enough, but if you consider that you've bought these assets out of your net income, this means the true rate could be as much as 80%! Although anything left to a spouse is free of tax, Inheritance Tax will be payable on the surviving spouse's death.

There are a number of ways you can minimise the amount of your estate which the Government may 'claim', through effective tax planning and careful drafting of your will.

Of course, if you would prefer to let the taxman collect as much as possible - at the expense of your family and loved ones, then just follow the steps in our tongue-in-cheek guide!

### YOUR SPOOF GUIDE TO GIVING GENEROUSLY TO THE TAXMAN WHEN YOU DIE:

1. Do not use any of your tax exemptions (such as capital gains or gifts exemptions) while you are still alive.
2. Avoid all forms of tax planning for married couples.
3. Never consider using Trusts to protect your assets.
4. Leave it as late as possible to start tax planning (better still – don't do it at all).
5. Above all, do not take professional advice on drawing up your will or tax planning.

If you do want to invest your hard earned assets in the future of your loved ones, friends and worthy causes, then we suggest you take the opposite actions to the steps above!

To arrange an initial free discussion about your personal situation, contact **Alison Wright** on 0113 225 8809 or email [awright@godloves.co.uk](mailto:awright@godloves.co.uk)



## Compensation culture - does it exist?

*Do we now live in an age where everybody claims for anything? Or instead, are victims receiving proper redress for injuries they've suffered as a result of somebody else's fault?*

The current "compensation culture" has generated considerable negative publicity in recent years because of a handful of bizarre and excessive claims that have been highlighted by the media. However, these cases have distracted from the improvements and benefits that successful claims have made to working conditions and other services provided to the public.

For example, if your son, whilst on work experience, suffered a serious hand injury because the employers had removed a guard on the machinery he was working on to speed up the production line, or if your parent tripped on a pavement because the council could not afford or could not be bothered to keep it in a proper state of repair, what would you do to ensure the situation didn't occur again?

As in all areas of law, there are strict guidelines to follow to ensure that claimants' cases are fair and lawful. The main considerations when assessing the viability of any case are:

1. is there a fault, and
2. has an injury been caused by the fault?

Over the years we've been asked to deal with some unusual claims and these, in particular, spring to mind:

- A lady who, on the first night of a cruise, sleep-walked over the side of ship and fell into the water. She wanted to sue the cruise company. We had to advise her that this wasn't a valid case.
- A young man sat on a bench in the beer garden of his local public house but the bench was on a slight incline so toppled backwards. He wasn't injured and complained to the landlord. The landlord asked him to show him what happened so he sat on the bench which again toppled backwards but this time he broke his arm. Compensation of £3,000 was awarded to our client.
- A security guard, whilst walking round a building, found that one of the doors was jammed. Instead of calling maintenance, she decided to take a run at the door applying pressure with her shoulder. Unfortunately she broke her shoulder with the impact. We're still pursuing the claim and hoping for a successful result.

For an initial free discussion about an accident or injury you have sustained, contact **Paul Carvis** on 0113 225 8802 or email [pmcarvis@godloves.co.uk](mailto:pmcarvis@godloves.co.uk)

