



# crombie wilkinson solicitors

WELCOME to  *All about business...*

March 2009 Edition

## CROMBIE WILKINSON

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As one of North Yorkshire's longest established firms we are committed to providing quality customer service. In order to keep you up to date with legal changes that affect your business, we have put together this news update.

Please feel free to pass it on to other members of your team if there is an article that would be of interest to them.

This editions includes:

- Protecting your business from bad debt
- How to manage redundancies
- Family run business? - Plan for your financial future
- The new Employment Bill

**Do not hesitate to contact us with any questions or to arrange to see one of our specialist teams.**



### Managing Redundancies

With all the talk in the media over the past few months regarding the current economic crisis it is no surprise that businesses of all types across the region are feeling the squeeze. Businesses can be impacted in many different ways, however if you are at the point of considering staff cut backs make sure you know where you stand first.

At the very least, in order to plan and implement a redundancy situation properly, there are a number of stages to be followed in most cases. The exact procedure varies according to the timescale and size of the redundancy and these

can be discussed with a specialist employment law solicitor so you get the most appropriate advice for your circumstances. Making redundancies is never an easy decision to have to make for any business. The impact is felt across the business and it is important to remember those who remain.

**If you would like advice on making redundancies please contact our specialist employment law solicitor, Neil Largan on 0800 0086651.**

*“Our commitment to clients is to provide a personal service which is delivered efficiently and cost effectively by taking the time to listen and give practical, helpful advice”.*

## Protecting your business from bad debt

The current economic downturn is presenting businesses with new challenges to face, not least the difficulty of managing cash flow in these uncertain times.

To be confident that you will survive a slowdown in the economy you need to ensure that your business is not exposed to debt that has "gone bad" due to poor management.

We all know the importance of good business relationships with customers and suppliers. You may have long term customers who are feeling the strain of the current economic downturn more than yourself. Accordingly you may wish to help them by giving them short term extended credit terms to make payments easier for them. However beware; this could leave you more exposed to risk than you think. You may be able to manage the extended wait for payment from one customer but it could quickly become unmanageable if others come knocking on your door asking to delay payments also.

You need to make sure you know the options available to you to try and resolve payment issues in a constructive and non damaging way for the future of your business and working relationships. A good customer will understand the importance of you getting paid and will be willing to agree how they can make the payments in a beneficial way for you both.

*"Bad debtors can very quickly become a menace to the day to day running of your own business if you don't take the right action at the right time. Businesses need to take positive action now!"*

Take positive action now!



Make an action plan of what you are going to do. **Who can't pay and who won't pay?** Be pro-active with those who **can't** pay and come to an arrangement which works for you both. For those who **won't** pay you need to decide what action to take. You may wish to speak to a specialist who can advise on your options on the most effective recovery action.

Take time out to review any contractual documents, particularly terms and conditions of payment, to make sure they are up to date and practical for your current trading requirements. If any previously good customers are failing to communicate with you regarding your unpaid invoices, this is a real sign they are in difficulty.

**If it is in fact your business that is struggling to pay their debts**, it is vital that you communicate with your creditors so as to agree an appropriate payment plan. If you fail to do so recovery action may be taken against your business, which will only increase the debt, often significantly.

**If you would like advice on managing or recovering unpaid invoices please contact our specialist business lawyer, Marc Porritt-Allison on 01904 624185.**

## Corporate and Commercial Law at Crombie Wilkinson Solicitors

Our Business Law department deals with a diverse range of legal services for our business clients. We have particular experience and expertise on transactional business deals, Corporate Finance, Owner-managed Firms, Supply Chain Management, Intellectual Property and Legal Right Management. If you would like practical guidance and advice on business matters please do not hesitate to contact our nearest office to you.

Alternatively, please visit our new website and see the 'Law for Business' section.

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Selby – 0800 0086663  
Malton – 0800 0086667  
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[www.crombiewilkinson.co.uk](http://www.crombiewilkinson.co.uk)

## The new Employment Bill

### Make sure you know how its regulations will affect you.

The new Employment Bill is expected to become law in the next few months and it is important you are aware of its implications.

The overhaul in employment law will include fundamental changes to discipline & grievance procedures and flexible working. Key parts of this important piece of employment legislation are due to come in to force in April 2009.



The main proposals of the new Employment Bill are:

- Repealing the statutory dismissal and grievance procedures.
- Allowing tribunals to increase awards by up to 25% if an employer unreasonably fails to comply with the new ACAS Code of Practice on discipline and grievance.
- Extending ACAS's powers of conciliation and removing the fixed conciliation periods.
- Changing the methods to enforce the national minimum wage and calculate arrears.
- An unlimited fine for underpayment of the national wage or employment agency offences.
- Strengthening the investigative powers of the Employment Agency Standards Inspectorate.

ACAS have published a revised draft of the Code which has been approved by BERR (The Department for Business, Enterprise & Regulatory Reform), but it is still subject to consideration from Parliament.

Introduced back in October 2004, the provisions currently require employers to follow a minimum statutory procedure when disciplining or dismissing an employee or when they receive a written grievance from an employee. The Government now intends to repeal these statutory procedures and replace them with a requirement that employers follow the ACAS Code of Practice on discipline and grievance. It is also intended that, under this new regime, employment tribunals may take into account a failure to follow the code when assessing compensation. There will be other important changes introduced under this legislation relating to employment tribunals' powers to determine cases and the extension of ACAS's powers to conciliate in disputes.

**Do not hesitate to contact our employment team to discuss how we can help you put in place the necessary procedures to protect your business to ensure you to not leave your organisation vulnerable to a claim for compensation, especially in the current economic climate.**



If you would like to speak to an employment specialist to discuss the new Employment Bill or any of the following which may be applicable to your business, please do not hesitate to contact Neil Largan at York or John Broadbridge at Malton:

- Compromise Agreements
- Verbal Warnings
- Employment Contracts
- Disciplinary Issues
- Redundancy
- Workplace Mediation

Neil Largan and John Broadbridge are employment law specialists. If you would like practical guidance and advice on employment matters, please do not hesitate to contact your nearest office.

**York – 0800 0086651**

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**Bridlington – 0800 0275977**



**All about Business...**

*Take advice and listen to your business advisors as well as your customers to keep your business growing in the current economic climate.*

# PLANNING FOR YOUR FINANCIAL FUTURE

If you are the owner or involved in a family business there are a number of very important things you should consider to control and protect the family's business from external threats. These will help you to plan for your future, especially in these uncertain times.



This is a complex subject and your personal circumstances will determine the appropriate financial planning advice we can give you. This is only a summary and there are many other factors to consider.

## What are the external threats?

There are 5 main external threats which could have an impact on the future of your business; these are the possible mental instability or emotional susceptibility of family members or those involved in running a business, taxation, insolvency, divorce and claims against the estate.

**For help on business and employment matters, we are here to listen and advise.**

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## Who needs protection and how can you do this?

Those working in the business and the wider family group should be protected. This includes people not working in the business but who own shares or business assets.

Different individuals will have different income and capital requirements, e.g. some may need more income as they have sufficient capital but low incomes, others may have good incomes but would like capital and/or voting (strategic) control so that they have a say in the running of the business?

Action you may wish to consider is the fragmentation of the ownership of the business through lifetime gifts, splitting share capital into different classes and amending the Articles of Association. You could also look at preparing a family charter, pre-nuptial agreements and Lasting Powers of Attorney and consider how the operational control of the business is managed.

## The use of Family Trusts and Wills

By using Trust and Wills you can separate the control of the business from the economic value of the business. Trustees should act impartially, and if they are not beneficiaries of the Trust they will have no personal financial motive for making certain key decisions. A Trust could also provide centralised decision making and long term asset protection and control. Trusts can last 80+ years, and the original owner as Trustee can control the business without remaining an actual owner for a considerable period of time. By preparing an up to date Will you can achieve control, certainty and protection.

## Entrepreneurs Relief

You can reduce the Capital Gains Tax rate on a disposal of a business or assets used in a business from 18% to 10%. An asset can qualify after only one year of ownership. There is a lifetime maximum of £1million although the exemption can be used over a number of transactions and Entrepreneurs Relief.



**crombie wilkinson**  
solicitors

If you would like advice on planning for your financial future, please do not hesitate to contact Sharon Richardson on 0800 0273381.