

Family Business



PKF Francis Clark client, Herring Shoes. Pictured from left: Adrian Herring with entrepreneur, Theo Paphitis

PKF FRANCISCLARK

Chartered accountants & business advisers

‘Family businesses are incredibly important to the regional and national economies providing some 9.2 million jobs or 40% of all private sector employment’

*Excerpt from a report by
The Institute of Family Business*



PKF Francis Clark client, Northover Fuels: Neil Northover (left) with Partner, Paul Giessler

The importance of Family Businesses

Family Businesses are at the very core of the UK and South West's economy. It is, therefore, no surprise that as the largest accountancy firm in the region, family businesses are a significant part of our client base. We recognise through years of experience that family businesses have different requirements and needs due to the dynamics and culture that is present within them.

A strong family business base brings many benefits to the region's economy:

- There is often a concept of "stewardship" meaning investment decisions are longer term in nature with future generations in mind.
- Family businesses are likely to use local suppliers and tradesmen.
- The family theme often extends beyond the owners and it is not uncommon to find several generations of the same family amongst the workforce.
- Such businesses are often strongly rooted in the local community, supporting local charities and sporting clubs as they have autonomy over spending.

A unique set of challenges

However, at PKF Francis Clark we also recognise the unique challenges faced by the family business:

- There can be conflict between the needs of the business and the needs of the family.
- The line between work and home life is easily blurred which can put strain on personal relationships.
- Younger generations can resent the pressure to take on a family business.
- Older generations can struggle to "let go" frustrating younger family members.
- As the family expands, the business may struggle to provide an adequate living for all.
- At some point, leaders will need to be chosen from the next generation which can place strain on family relationships.

Our approach is different

When approaching a family business many accountants will firstly ask for a copy of the accounts, maybe the budgets and also the business plan if one exists. They will eagerly sit down and diligently analyse gross profit percentages, EBITDA, gearing ratios etc to form an initial view of the business, our approach is different.

Yes, of course financial performance is important, but experience and study has taught us that when looking at a family business, if the family dynamics are not right and the family unit is not working, then it is probable that some of these issues will migrate over into the business.

Understand the family dynamics and values, then ensure these are reflected in the business and you have a great base from which to build a fantastic and sustainable family business.

Our family business specialists

We have invested a lot of time and resource seeking out the best possible training for our family business specialists not only in the UK but further afield in continental Europe where many of the largest household names in business are owned by the families that founded them. This training, along with many years of working with some of the region's most successful family businesses, gives us a team of what we believe to be the most skilled and passionate family business advisers in the South West.

Family Business specialists at PKF Francis Clark advise on many aspects of running a family business, such as management structures, governance and succession

planning. More specifically, we have worked with our family business clients on projects in the following areas:

- The creation and drafting of family constitutional documents establishing a “family code” to provide a framework in which the family and family business can operate.
- Creation of shareholder/partnership agreements taking into account family succession issues.
- The partition or restructuring of the family business if appropriate to facilitate the passing of assets to the next generation.
- Advising on appropriate shareholding or partnership ownership structures dealing with the division of capital, income and control to meet family requirements.
- Advising on and implementing appropriate remuneration structures for family members.
- Acting as facilitator/mediator between family members in times of conflict.
- Advising on will planning and distribution of assets between family members to meet family requirements bearing in mind IHT costs.
- Advising on and assisting with the implementation of family trusts if appropriate to separate control and benefit of family assets.
- If appropriate advising on the sale of the family business.
- Liaising with investment advisers on appropriate family investments to meet the family’s needs and objectives.

Our role can be pivotal as we are often the only individuals outside of the family unit who are privy to key management, strategic and financial issues. As such we can act as an impartial adviser and provide support but also act as a challenging friend when required.

The support and resources of one of the largest and most established firms in the South West

Sitting behind our family business specialists are teams of highly skilled tax advisers and financial planners. They work with our family business specialists to tailor and deliver the best solutions for the family and the businesses they operate.

Helping with the long term challenges

Our family business advisers are trusted by our clients and can assist the family in planning for the future. Being able to talk through a potentially sensitive issue with one of our skilled advisers can really make a difference. Sometimes just having an adviser with whom you can rehearse that “difficult conversation” can make all the difference or in other cases it may be a much larger and longer term project that you need our help with.

For example, experience tells us that the most sensitive issue is that of succession. From our own surveys we know that the majority of family business owners intend to pass the business on to the next generation. However, we also know that the majority of those have no plans in place with the end result that many fail to achieve the succession they desire, we can help!



*PKF Francis Clark client, Brown and Forrest - family run smokery in Somerset
Pictured: Managing Director, Jesse Pattison*

Our specialists take time to understand the family and the business. We have developed techniques and tools to help find the right solution; one that is right for the family, and for the family business!

We work with family business clients over the long term, often liaising with several generations of the family to achieve the best outcome.



PKF Francis Clark client, St Ewe Free Range Eggs, Tregony, near Truro. Rebecca Tonks pictured with PKF Francis Clark partner, Brian Harvey.

Contact us

If you would like to discuss your family business with us, please contact your nearest family business specialist whose details can be found below:

EXETER

01392 667000

NEW FOREST

01425 610166

PLYMOUTH

01752 301010

POOLE

01202 663600

SALISBURY

01722 337661

TAUNTON

01823 275925

TORQUAY

01803 320100

TRURO

01872 276477

pkf-francisclark.co.uk/key-markets/family-business/

Committed to helping family businesses thrive

As you can see, PKF Francis Clark are committed to helping family businesses continue to play a pivotal role in our region's economy by making them sustainable for the long term.

Please visit our website for your local office expert

PKF-FRANCISCLARK.CO.UK

PKF Francis Clark is a trading name of Francis Clark LLP. Francis Clark LLP is a limited liability partnership, registered in England and Wales with registered number OC349116. The registered office is Sigma House, Oak View Close, Edginswell Park, Torquay TQ2 7FF where a list of members is available for inspection and at www.pkf-francisclark.co.uk

The term 'Partner' is used to refer to a member of Francis Clark LLP. Registered to carry on audit work in the UK and Ireland, regulated for a range of investment business activities and licensed to carry out reserved legal activity of non-contentious probate in England and Wales by the Institute of Chartered Accountants in England and Wales. Francis Clark LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

This publication is produced by Francis Clark LLP for general information only and is not intended to constitute professional advice. Specific professional advice should be obtained before acting on any of the information contained herein. Whilst Francis Clark LLP is confident of the accuracy of the information in this publication (as at the date of publication), no duty of care is assumed to any direct or indirect recipient of this publication and no liability is accepted for any omission or inaccuracy.



PKF FRANCISCLARK

Chartered accountants & business advisers