INSIGHT

ISSUE 13 ■ SUMMER 2019

A WEALTH OF ADVICE

MARKET OUTCOMES OF A GENERAL ELECTION
Different prime minister, same problem

CASH FLOW FORECASTING
A critical factor in helping you achieve your financial goals

WHY CASH MAY NOT BE KING FOR BUSINESSES
A trend which has been increasingly evident

ArmstrongWatson®
Accountants, Business & Financial Advisers

Introducing our

Financial Planning & Wealth Management Team

Contact our Financial Planning Consultants to book an appointment on

0808 144 5575

ArmstrongWatson®
Financial Planning & Wealth Management

www.armstrongwatson.co.uk/financial-planning-wealth-management

Armstrong Watson Accountants, Business & Financial Advisers is a trading style of Armstrong Watson LLP. Armstrong Watson LLP is regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. Armstrong Watson Audit Limited is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Registered as a limited company in England and Wales, number 8800970.

Armstrong Watson Financial Planning Limited is authorised and regulated by the Financial Conduct Authority. Armstrong Watson Financial Planning & Wealth Management is a trading style of Armstrong Watson Financial Planning. Firm reference number 542122. Registered as a limited company in England & Wales No. 7208672. Registered Office: 15 Victoria Place, Carlisle, Cumbria CA1 1EW.

The value of investments and the income from them can fall as well as rise. You may get back less than you originally invested. Past performance is not a reliable indicator of future results.

INSIDE THIS ISSUE

04 STATE PENSION

05 LESSONS IN RISK MANAGEMENT

06 OVER ONE MILLION UK SAVERS EMBRACE RELAXATION OF PENSION RULES

08 THE DUE DILIGENCE DILEMMA FOR LAW FIRMS

10 MARKET OUTCOMES OF A GENERAL ELECTION

12 CASH FLOW FORECASTING

14 WHY CASH MAY NOT BE KING FOR BUSINESSES

ArmstrongWatson®

Accountants, Business & Financial Advisers

For further information please call freephone **0808 144 5575**
or email: **insight@armstrongwatson.co.uk**

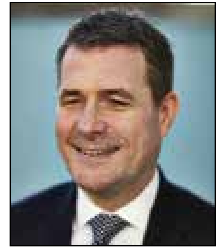
ICAEW
CHARTERED
ACCOUNTANTS

ARMSTRONGWATSON

@AW_WEALTH

ARMSTRONG WATSON FINANCIAL PLANNING

WELCOME



Welcome to our latest issue of *Insight* from Armstrong Watson. Inside, you'll find an array of articles about how we can help you further to plan, grow, protect and preserve your wealth. As we all know, the ultimate goal money can buy is financial freedom.

A significant number of people working past the State Pension age could be paying unnecessary tax on their State Pension, according to new research[1]. This is because they failed to take up the option of deferring their State Pension until they stopped work. As a result, their entire State Pension is being taxed, in some cases at 40%, and we look at this in more detail on page 04.

Good business practice means that a business constructs and manages a cash flow forecast. It is therefore a widely held view that cash flow is one of the most critical factors for all businesses. The same can be said for a personal client. In our article on page 12 we discuss how applying the same principles for your personal wealth can help you make more confident financial decisions.

At the time of writing, Theresa May's successor in Number 10 is unknown, yet what is known is that this country's next leader will face the same daunting task of delivering a Brexit policy that garners the support of the House of Commons. Should the new prime minister be unable to push a revised deal through parliament, or should a 'No Deal' departure be rejected, then one route out of the deadlock may be a general election. Brexit uncertainty under a weak Conservative government has dominated investment markets over the past three years, but on page 10 we look at how markets would react to the possible outcomes of an election.

The full list of the articles featured in this issue appears opposite, and we hope you enjoy this Summer issue of our magazine. If you would prefer to download a digital copy or subscribe to new issues electronically, please visit https://www.armstrongwatson.co.uk.

Paul Dickson
Chief Executive and Managing Partner

STATE PENSION

Half a million workers past pension age could be paying unnecessary tax

A SIGNIFICANT NUMBER OF PEOPLE WORKING PAST THE STATE PENSION AGE COULD BE PAYING UNNECESSARY TAX ON THEIR STATE PENSION, ACCORDING TO NEW RESEARCH[1]. THIS IS BECAUSE THEY FAILED TO TAKE UP THE OPTION OF DEFERRING THEIR STATE PENSION UNTIL THEY STOPPED WORK. AS A RESULT, THEIR ENTIRE STATE PENSION IS BEING TAXED, IN SOME CASES AT 40%.

If they deferred taking their State Pension, they would also receive a higher pension when they do eventually retire, and their personal tax allowance would then cover all or most of their State Pension, dramatically reducing the amount of tax they have to pay on their pension.

Those who defer their State Pension can receive an extra 5.8% per year on their pension for the rest of their life for each year that they defer.

Comparing someone who draws their State Pension immediately while going on working, with someone who waits for a year until they have retired before drawing their State Pension, the research finds:

- A man who defers for a year and has an average life expectancy at 65 of 86 will be around £3,000 better off over retirement than someone who takes his State Pension immediately and pays more tax
- A woman who defers for a year and has an average life expectancy at 65 of 88 will be around £4,000 better off. As well as the tax advantage, she also enjoys two extra years of pension at the higher rate

All is not lost for those who have started to draw their State Pension, as they have the option of 'un-retiring' – they can tell the Department for Work and Pensions (DWP) to stop paying their State Pension and then resume receiving it at a higher rate when they stop work.

There has been a significant increase in the number of people working past the age of 65, and the research identified that most of these people are claiming their State Pension as soon as it is available. For around half a million workers, this means every penny of their State Pension is being taxed, in some cases at the higher rate.

If an individual's earnings are enough to support them, it could make sense to consider deferring taking a State Pension so that less of their pension disappears in tax. A typical woman could be around £4,000 better off over the course of her retirement by deferring for a year until she has stopped work, and a typical man could be £3,000 better off. ■

Bryce Niven
Chartered Financial Planning Consultant, Glasgow

Source data:
[1] Royal London Policy Paper 33 – 'Are half a million people paying unnecessary tax on their state pension?' is available from www.royallondon.com/policy-papers. The analysis is based on the Family Resources Survey for 2016/17, which is a representative sample of nearly 20,000 households from across the United Kingdom.

WANT TO DISCUSS YOUR FUTURE RETIREMENT PLANS?
Traditional retirements are a thing of the past. We're living longer and have more flexible income options to make our money work harder at retirement. If you would like to discuss any elements of your future retirement plans, please speak to us.

A LESSON IN RISK MANAGEMENT

The key to understanding is in the research

Early this summer, Neil Woodford, perhaps the biggest name in UK fund management, suspended trading on his flagship fund, Woodford Equity Income. In this article, we explain the Woodford story and the signs that warned of its downfall.

A STAR FALLS

Following its launch in 2014, Woodford Equity Income built strong performance and huge inflows with assets soon exceeding £10 billion. However, performance then deteriorated and outflows developed, causing assets to fall to around £4 billion. While initially able to fulfil outflows with typical asset sales, the methods used became increasingly inventive as liquidity grew tighter. This path of controlled decline ended when Kent County Council planned to withdraw their £250 million investment.

BUILDING A NAME

Mr Woodford made his name at Invesco in the dotcom crash of 2000 when, having been berated by investors and colleagues for not partaking in the tech bubble of the late 1990s on valuation grounds, he was vindicated by his large outperformance in the falling markets that followed. Strong performance over the next decade then cemented his name as a top fund manager, synonymous with prudent investing.

BRANCHING OUT

In 2013 Mr Woodford left Invesco and launched funds for his own firm the next year. Billions of pounds then followed on the strength of his reputation.

INTERESTED?

Having previously held Mr Woodford's Invesco funds, we were interested in his new venture and examined the structure. However, this resulted in the decision not to invest.

UNDER THE BONNET

We noted the departure of senior individuals from the operating and compliance teams soon after launch. This made us fearful of weak corporate governance and a lack of checks and balances on Mr Woodford's control. We also held concerns that the initial strong performance was simply a result of large inflows pushing up prices, especially in the less liquid companies that Mr Woodford increasingly focused on. Over the following years, our reservations would prove to be justified.

THE TIDE TURNS

As the fund's outflows mounted, its performance deteriorated. As a very large investor, when forced to sell, this was most easily done from the liquid, large cap holdings. Concentration levels of the remaining assets therefore increased in the least liquid companies. As such, the longer the outflows persisted, the worse the fund's liquidity profile became. Eventually, Woodford Equity Income was forced to suspend trading given an inability to meet the liquidity needs of client redemptions.

RISK MANAGEMENT

This case is an example of inadequate risk management, allowing concentration levels which may appear innocuous during good times but which deliver a lack of liquidity and overinflated prices at crunch time.

THE LESSON

Reputation and past performance are important factors in fund selection, but they should not be relied upon. Fail to fully assess a fund's investment process, team structure and risk controls, and the pitfalls can catch you out. ■

Richard Cole, CFA
Future Money
Fund Manager of
Multi-Manager solutions

Issued by Future Money Ltd
Future Money Limited is authorised and regulated by the Financial Conduct Authority

OVER ONE MILLION UK SAVERS EMBRACE RELAXATION OF RULES

How the investment landscape has changed

THE GOVERNMENT'S ANNOUNCEMENT ON THE RELAXATION OF PENSION RULES CHANGED THE INVESTMENT LANDSCAPE, AND PENSION FREEDOMS SHOW NO SIGN OF LOSING THEIR POPULARITY.

HM Revenue & Customs latest figures[1] on the flexible withdrawals from pensions shows that the number of savers who have embraced their freedoms now exceeds one million (1.04 million).

INDIVIDUAL WITHDRAWALS

A record-breaking sum of £7.83 billion was withdrawn in 2018, up from £6.54 billion in 2017. It is reported that there have been 5.49 million individual withdrawals since the pension freedoms were introduced in Q2 2015.

More than one million savers have embraced their new freedoms since 2015, and a record £7.83 billion of taxable payments were withdrawn in 2018[2].

There is, however, no evidence of an uncontrolled 'dash-for-cash', as was feared by some when the freedoms were introduced. The 2018 figure of £7.83 billion needs to be seen in the context of a total private pension wealth in the UK of approximately £5,000 billion[3].

Withdrawal payments have also consistently averaged less than £4,000 since summer 2017, showing little evidence of savers rushing to buy Lamborghinis! These freedoms are attractive to younger savers too, with the research finding that one third (33%) of under-35s believe this flexible access encourages them to put more money towards their pension[4].

MAKING THE MOST OF THE PENSION FREEDOMS

UNDERSTAND YOUR STATE PENSION

The State Pension continues to be most peoples' biggest source of income

in retirement. But the State Pension and age at which you are entitled to this money is changing. Ask for a free State Pension forecast to ensure you understand your entitlements – www.gov.uk/check-state-pension

TAKE YOUR TIME

You may have spent 40 years saving for your retirement. Take more than 40 minutes considering your options.

CONSIDER YOUR LIFE EXPECTANCY

Pension savings are intended to last the rest of your life, yet we typically underestimate how many years we may live.

APPROACH FINAL SALARY PENSIONS WITH CAUTION

If you have a final salary pension, you will need to transfer it elsewhere to access the freedoms. This is a significant decision, as you could lose significant benefits. Such a decision should be approached with caution, and you should obtain qualified professional financial advice.

WITHDRAWAL PAYMENTS HAVE ALSO CONSISTENTLY AVERAGED LESS THAN £4,000 SINCE SUMMER 2017, SHOWING LITTLE EVIDENCE OF SAVERS RUSHING TO BUY LAMBORGHINIS!

MAKE INFORMED RETIREMENT CHOICES

We'll help you to understand the retirement income options available and give you the information you need to make an informed choice. Speak to us to find out more.

Source data:

[1] https://www.gov.uk/government/statistics/flexible-payments-from-pensions

[2] This figure underplays the total amount withdrawn as it does not include any additional amounts taken as tax-free-cash.

[3] https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/-incomeandwealth/bulletins/wealthingreatbritainwave5/2014to2016#private-pensions-wealth

[4] Aviva 2018 survey of 1,000 UK adults: 'Would you put more money towards your pension if you were able to access the money more flexibly?'

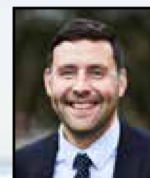
A PENSION IS A LONG-TERM INVESTMENT.

THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

PENSIONS ARE NOT NORMALLY ACCESSIBLE UNTIL AGE 55. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS. THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION, WHICH ARE SUBJECT TO CHANGE IN THE FUTURE.

THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.



Marcus Dodds
Chartered Financial Planning Consultant, Carlisle

THE DUE DILIGENCE DILEMMA FOR LAW FIRMS

Achieving positive outcomes and protecting clients' best interests

GOOD BUSINESS PRACTICE DICTATES THAT SOLICITORS REFERRING A CLIENT TO A THIRD PARTY TO PROVIDE FINANCIAL SERVICES MUST ACT IN THEIR CLIENTS' BEST INTERESTS AND ENSURE THAT 'CLIENTS ARE IN A POSITION TO MAKE INFORMED DECISIONS ABOUT HOW TO PURSUE THEIR MATTER'.

Recent amendments to the SRA Code of Conduct (which will come into force on 25 November 2019 as part of the SRA Standards and Regulations) confirm solicitors and law firms will need their clients' informed consent if referring to a separate business. In practice, though, all referrals will need to be based on the informed consent of the individual client to make sure that client confidentiality is protected. The new Code of Conduct is principles-based, and firms must decide for themselves how best to achieve positive outcomes and protect clients' best interests.

MORAL OBLIGATION

How law firms make sure the referral is in the client's best interests will depend on the due diligence they conduct before suggesting that a referral is made. The law firm should be able to demonstrate why one referee is regarded as superior to another and that the client's interests are better served by using that provider.

It was initially muted that a written agreement would be required for all referrals – the new Code of Conduct removes the obligation to have a written referral agreement – but has it changed the principle of the original draft principles?

Many would argue no, but whilst the written obligation has been removed, the moral obligation has been heightened. Whenever a referral is being considered, the assessment has to be on a case-by-case basis.

As with many regulated professions, the SRA is placing the obligation onto the firm and the individual, with the implication being that doing the correct thing is the bare minimum expected of a professional upholding the principles of their profession.

CULTURE AND VALUES

In my experience, the law firms and solicitors I interact with already adhere to these principles as a matter of course and would almost certainly consider any other behaviour as beyond the values of their firm. Nonetheless, it is considerably easier to say you've demonstrated how you have achieved positive returns and protected clients' best interests than to physically prove it.

With this in mind, it is my view that the financial services industry perhaps needs to meet legal connections halfway, to ensure clients' best interests are always put first and foremost. This should include an understanding of the culture and values of the financial services firm, the areas of the firm's authorisation, its fees and costs, the level of training and support afforded to staff, and a clear understanding of the firm's advice process.

To help achieve this, financial services firms could provide law firms with a written due diligence document to demonstrate the suitability, culture and expertise to the potential referrer. This will help the case-by-case assessment of whether a referral should be made and who to. This is something Armstrong Watson Financial Planning Ltd has decided to do, and we will be pleased to provide all law firms with which we engage a copy of our own document. It may be wise to contact the third-party businesses you deal with to ask for theirs.

We should not be afraid to set the bar high, and agreeing in writing standards between legal and financial services firms would be an excellent way of demonstrating this. ■

HOW LAW FIRMS MAKE SURE THE REFERRAL IS IN THE CLIENT'S BEST INTERESTS WILL DEPEND ON THE DUE DILIGENCE THEY CONDUCT BEFORE SUGGESTING THAT A REFERRAL IS MADE.

Justin Rourke
Senior Financial Planning Manager, Penrith

MARKET OUTCOMES OF A GENERAL ELECTION

Different prime minister, same problem

AT THE TIME OF WRITING, THERESA MAY'S SUCCESSOR IN NUMBER 10 IS UNKNOWN, YET WHAT IS KNOWN IS THAT THIS COUNTRY'S NEXT LEADER WILL FACE THE SAME DAUNTING TASK OF DELIVERING A BREXIT POLICY THAT GARNERS THE SUPPORT OF THE HOUSE OF COMMONS.

Should the new prime minister be unable to push a revised deal through parliament, or should a 'No Deal' departure be rejected, then one route out of the deadlock may be a general election.

Brexit uncertainty under a weak Conservative government has dominated investment markets over the past three years, but how would markets react to the possible outcomes of an election?

CONSERVATIVE MAJORITY

Typically considered the party of business given its belief in the free market economy, a Conservative majority government would often be well received by investment markets. The problem, however, is that the current environment is far from typical, with political policy more focused on Brexit direction than management of the economy.

As such, market reactions will depend on the path of the new prime minister. If they pursue close trading links with the EU, then positive market reactions may be expected. However, should they seek a clean break, then markets are likely to react negatively given concerns over the immediate economic impact.

LABOUR MAJORITY

The market reaction to a Labour majority government can perhaps be more confidently predicted. If Jeremy Corbyn were to become prime minister, and the path of Brexit is not yet set, then it seems that he will seek a customs union, or similar, resulting in a very soft Brexit. This would likely be well received by markets, yet Mr Corbyn's hard-left policy agenda could well be viewed less favourably by market participants.

Higher social spending, greater regulation and nationalisation would be funded through higher tax rates and government debt. Pound sterling would likely come under pressure, while both bonds and equities could struggle as a result of higher borrowing costs, brought on by a jump in yields.

MINORITY GOVERNMENT

Given the rise of smaller parties with clear Brexit policies, a minority Labour or Conservative government propped up by some form of coalition is a real possibility.

While exact combinations and policy directions cannot yet be predicted, a broad prediction of a coalition partner acting as a pull to the centre-ground can be made, with perhaps the exception of the Brexit party propping up a Conservative government. But, in other cases, market reactions may be expected to be sanguine relative to the impact caused by full-fat majority governments, with both the potential hard Brexit of a Conservative government or the likely public sector spending spree of a Labour government effectively curtailed. ■

David Porter
Chartered Financial Planning Consultant

> GIVEN THE RISE OF SMALLER PARTIES WITH CLEAR BREXIT POLICIES, A MINORITY LABOUR OR CONSERVATIVE GOVERNMENT PROPPED UP BY SOME FORM OF COALITION IS A REAL POSSIBILITY

CASH FLOW FORECASTING

A critical factor in helping you achieve your financial goals

If a business runs out of cash and cannot raise new finance, it will quite simply become insolvent. It is therefore a widely held view that cash flow is one of the most critical factors for all businesses – particularly small and medium-sized enterprises. The principles are no different when we consider our own personal financial planning. However, in my experience, very few individuals have undertaken such an exercise.

In recent research conducted by MGM Advantage for adults aged over 55, 69% said running out of money in retirement is a major cause for concern. 50% said budgeting for the whole of retirement is a reason to be concerned, as is assessing how long they would live for. So, as we look forward, how can we realistically ensure we will have sufficient income and capital to meet our lifetime needs if we do not have a robust plan in place which is regularly re-visited?

INITIAL FORECAST

For a number of years, we have used technology that allows us to create individual cash flow forecasts for our clients. All assets and income sources (current and known future) are factored in. We then create a 'core' forecast using a 'base' set of assumption – for example, 2.5% inflation, life expectancy to, say, 93 (according to the Office for National Statistics, a male aged 55 today will have an average life expectancy to age 85 and a one in four chance of reaching age 93), investment returns of 4.5% per year after costs (this assumption would tend to vary depending on the level of risk being taken with investments), and cash returns of, say, 0.5% per annum.

Once we have created this initial forecast, we can look at how variations to our assumptions affect things – what if future returns are 3.5% per annum instead of 4.5% per annum? What if inflation is 3% instead of 2.5%? What if we live to 100 rather than 93? This means, after some refinement, it becomes a unique, personalised lifetime forecast that best reflects the future we can expect.

This has provided comfort to many clients, particularly in the lead-up to retirement, by helping them to understand the impact that the decisions they make today will have on their future finances. It can really bring

your personal financial situation to life to see a clear visual display of how your future finances will look both from a cash flow point of view (will I have enough money to pay my outgoings?) and from an asset point of view (how much am I worth, and what capital do I have access to?).

MOST COMMON CONCERNS

The most common concerns – the risk of running out of money and having insufficient income, and inflation and poor investment returns – are clear, so what is needed is an approach that sets out different scenarios to highlight what could happen to your money and where that would leave you. Once the core forecast is in place, it is easier to identify years ahead when cash flow may be tight, as well as how your net worth is likely to change. It then tends to form a central part of annual financial reviews, where we can look at how changes made along the way – 'what if' scenarios – change your future financial position. These can be, 'What if my children need money?' or, 'What if I want to go on holiday more often, or stop going on holiday when I am older?' Limitless scenarios can be factored in to see how they are likely to affect cash flow and overall wealth.

There is no doubt that taking this approach actually helps to deliver peace of mind, clarity and a clearer idea of how today's decisions will impact on the future. It means you can be financially organised and prepared for any eventuality. It will also help prevent you from running out of money in your later years and make sure that you are taking the appropriate level of risk with your funds. It can be reviewed as often as you feel necessary, so if anything changes you can immediately see how the change impacts on your plan.

My experience is that by using cash flow forecasting, clients feel empowered that they can make more confident financial decisions. Just as businesses need to undertake cash flow forecasts to ensure they have funds required to continue to trade, so can individuals to minimise the risks of running out of money. ■

Chris Hill
Chartered Wealth Manager & Certified Financial Planner

> **“ONCE THE CORE FORECAST IS IN PLACE, IT IS EASIER TO IDENTIFY YEARS AHEAD WHEN CASH FLOW MAY BE TIGHT, AS WELL AS HOW YOUR NET WORTH IS LIKELY TO CHANGE. IT THEN TENDS TO FORM A CENTRAL PART OF ANNUAL FINANCIAL REVIEWS”**

WHY CASH MAY NOT BE KING FOR BUSINESSES

A trend which has been increasingly evident

THERE IS CONSIDERABLE EVIDENCE OF A TREND FOR UK COMPANIES TO HOLD LARGER CASH BALANCES THAN PREVIOUSLY.

Whilst this is clearly at least partly a consequence of general uncertainty about the economic outlook, and specifically perhaps caution about the uncertainty around the impact of Brexit, it is a worldwide phenomenon and a trend which has been increasingly evident since even before the 2008 financial crisis, according to Bank of England research published in 2018. That research particularly highlights the negative impact that the failure to invest this cash in growth has had in terms of potential economic growth.

Given historically low interest rates and the fact that many of the tax-advantaged investment vehicles such as ISAs are not open to corporate investors, then there are other options open to a business.

PENSION CONTRIBUTIONS

Your company can make pension contributions directly into a pension fund for employees, whether it be a stakeholder scheme or a SIPP, and these should receive full Corporation Tax relief in the year that they are paid (subject to certain restrictions). They should also be National Insurance–free, which can make them quite a tax-efficient method of extraction, albeit one that ties the monies up until retirement, but then the Directors do not need to rely solely on the sale of the business to retire.

If you do not want to tie your money in pensions, then another consideration could be investing in corporate investments. You can invest largely in the same assets as a personal investor. Therefore, when considering a suitable investment, it is important to consider the

company's investment objectives, time horizon and attitude to risk of the directors. What's also worth considering is the tax treatment and administration dependent on the type and size of company.

In either case, the need to take advice is important to suit the business needs.

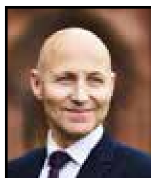
NEGATIVE IMPACT

The holding of excess cash and other surplus assets, which that cash might be invested in, may also have a negative impact on some very valuable tax reliefs. Shareholders in trading companies (particularly privately owned ones) might qualify for Entrepreneur's Relief or Investors Relief, which potentially reduces the Capital Gains Tax burden on exit to only 10% on a significant proportion of any gain. Within a group of companies, the tax rate on disposal of part of a group's trading activities may be as low as 0%. These reliefs may be put at risk if a company or group is not 'substantially' a trading business. The holding of surplus cash, or other non-business assets, may put the availability of these reliefs at risk.

Similarly, the holding of surplus cash or other assets might put at risk the availability of the Inheritance Tax reliefs, which are usually available to protect the value of most trading businesses from the ravages of Inheritance Tax.

Depending on the objectives of the ownership and management teams involved, some companies have looked to restructure themselves to separate the ownership of trading activities from such surplus assets.

Armstrong Watson are uniquely positioned to discuss how to make the right decisions around the surplus cash in your business through our experienced tax and financial planning teams. We provide tax planning, financial planning and wealth management all under one roof. ■



David Squire
Co Managing Director

Jim Meakin
Head of Tax

> **THE HOLDING OF EXCESS CASH AND OTHER SURPLUS ASSETS, WHICH THAT CASH MIGHT BE INVESTED IN, MAY ALSO HAVE A NEGATIVE IMPACT ON SOME VERY VALUABLE TAX RELIEFS.**

A Chartered Financial Planning firm Advising, Protecting and Supporting individuals and businesses across the North of England and Scotland

Dumfries
01387 955900

Glasgow
0141 233 0130

Carlisle
01228 690000

Hexham
01434 375550

Penrith
01768 222030

Northallerton
01609 702000

Skipton
01756 620000

Workington
01900 310440

Leeds
0113 221 1300

Kendal
01539 942030

Contact our Financial Planning Consultants to book an appointment on

0808 144 5575

ArmstrongWatson®
Financial Planning & Wealth Management

www.armstrongwatson.co.uk/financial-planning-wealth-management

Armstrong Watson Accountants, Business & Financial Advisers is a trading style of Armstrong Watson LLP. Armstrong Watson LLP is regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. Armstrong Watson Audit Limited is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Registered as a limited company in England and Wales, number 8800970.

Armstrong Watson Financial Planning Limited is authorised and regulated by the Financial Conduct Authority. Armstrong Watson Financial Planning & Wealth Management is a trading style of Armstrong Watson Financial Planning. Firm reference number 542122. Registered as a limited company in England & Wales No. 7208672. Registered Office: 15 Victoria Place, Carlisle, Cumbria CA1 1EW.

The value of investments and the income from them can fall as well as rise. You may get back less than you originally invested. Past performance is not a reliable indicator of future results.