

Instructed as Single Joint Experts and on behalf of both Applicants and Respondents, we have assisted in a wide range of matrimonial and family settlements, with assets ranging from less than £100,000 to millions of pounds. We are pleased to provide fixed fee estimates and understand that costs must be proportional.

We have been providing forensic accountancy services for over 25 years and can help to achieve cost effective settlement by providing clear and comprehensive advice and reports. We offer our extensive experience to provide independent and objective assistance with the following:

- **Valuation of companies, partnerships and sole trader businesses.**

We have extensive experience in valuing a broad range of business types (including manufacturing, construction, design, retail and service) and size, with asset values ranging from thousands to millions of pounds. We can undertake “desk top” valuations, which give a broad indication of value, through to more in-depth investigations, as necessary. A highly detailed valuation exercise might not be cost effective but any valuation must be as reliable as possible if the distribution of assets is to be fair.

- **Valuation of shareholdings and partnership shares.**

We are highly experienced in valuing majority shareholdings of less than 100%, minority shareholdings and partnership stakes.

- **Review and explanation of company and unincorporated business accounts.**

Sometimes, what is required is an explanation of items in the business accounts. We are pleased to review and comment on accounts and/or answer questions on accounts in writing or orally, as preferred.

- **Advice on methods of extracting cash.**

We can assist in identifying the most tax efficient ways of extracting cash from a business/company.

- **Preparation of questionnaires in respect of company and unincorporated business accounts.**

We can assist by reviewing the accounts and preparing questionnaires to be submitted to the spouse/civil partner who is involved in the business.

- **Assessment of the tax implications of transferring shares and other assets.**

We can advise on a range of tax matters which can affect divorcing couples, for example: capital gains tax on shares and property; income tax, inheritance tax and the tax efficient extraction of funds from companies.

- **Identification of full earnings and income of, and cash withdrawals by, directors, partners and sole traders.**

By reviewing the accounts and other documentation, we can identify all sources of earnings, income and cash withdrawal from businesses, including drawings, salary, bonus, benefits-in-kind, dividends, pension contributions and director/partner loans and current accounts.

- **Assessment of liquidity and the level of cash which can be withdrawn without damage to the business.**

The level of cash which can be withdrawn from a company without damaging the business is often a key question and, for the spouse/civil partner running the business, often a major concern. We can help identify this by assessing the working capital and longer term requirements of the business.

- **Examination of bank statements and other information for hidden assets.**

We can help identify hidden assets by examining bank statements and other information for income or expenditure relating to hidden assets, by comparing stated income levels to lifestyles and by reviewing the reasons for overly complex structures for groups of companies.

- **Completion of Form E.**

We are pleased to assist in the completion of Form E.

Some examples of our experience in matrimonial and family settlements are set out overleaf.

Examples of our experience in matrimonial and family settlements

Valuation of company with declining profits

We were instructed as Single Joint Expert to value a family company owned and managed by the husband. The husband contended that the company was in difficulties and may not survive. The wife was suspicious because the company had previously been successful and had supported a reasonable standard of living for many years. Our investigations and research showed that the company was genuinely in difficulty primarily because it had lost its principal customer which had been responsible for approximately 75% of sales. This, coupled with the economic recession, was putting the company in a strained financial position. Our independent report set out our reasoning, supported by evidence and provided the wife with reassurance that the company results and balance sheet were not being manipulated because of the divorce.

Preparation of questionnaire followed by valuation

We were instructed, on behalf of the wife, to review the accounts of a company in which the husband was one of two 50% directors and shareholders. We were asked to prepare a list of questions in relation to the accounts in order for the wife and her solicitors to obtain information to assist in deciding whether an independent valuation, in addition to the valuation already provided by the husband's accountant, was necessary. The information obtained suggested it was appropriate for an independent valuation to be undertaken and we were instructed accordingly. Our assessment of the value of the husband's shareholding, even after discounting for his minority interest, was substantially higher than previously suggested by the husband's accountant which made a significant difference to the ultimate settlement.

Broad indication of value sufficient

We were instructed, on behalf of the wife, to value two small businesses, one of which was owned and managed by the husband, the other being owned and managed by the wife. An initial assessment of the businesses indicated that both provided an income for the respective owners, but that neither of them had any substantial capital value. The matter was settled on this basis without the need for a more detailed and costly valuation of the companies.

Advice on the practicalities of realising assets

We were instructed to review a Single Joint Expert's valuation of shares held by the husband and wife in the family business which gave a very broad range of values. In addition to providing a much narrower range, we gave advice as to how the wife's shares could be disposed of. This advice was aimed at providing the most tax efficient method of realising funds from the business, whilst enabling the husband to continue running it and generating income for himself. The options we provided included an outright purchase by the company of its own shares; the phased purchase by the company of its own shares; the creation of a holding company from which redeemable shares could be issued; and the sale of part of the share capital to a venture capital investor.

A substantial asset which could not be realised

We were instructed as Single Joint Expert to value the husband's 33% share in a private company of which he was the managing director and also to quantify the cash that he could realise to fund a matrimonial settlement. Although our valuation showed that the husband's shareholding had a substantial value, our investigations revealed that the relationship between the husband and the 67% shareholder was poor. As a result, even though the company made substantial profits and was cash generative, the husband could not influence the payment of dividends or bonuses. Furthermore, the husband had substantial personal debts and, in those circumstances, would have been unable to borrow funds secured against the value of his shareholding.

Alternative valuations

We were instructed as Single Joint Expert to value a family company in which the husband held a minority shareholding. Various family members were also paid salaries from the company. The husband and wife separately provided us with conflicting information as to the extent of work undertaken by some family members. This information had a direct bearing on the valuation. We, therefore, prepared alternative valuations based on the evidence of each spouse and set out both alternatives in our report, explaining clearly the basis on which each had been assessed.

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