

DECISION

Russell New

an independent report

DECISION

DECISION BUSINESS MAGAZINE

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The following report on the work of Russell New was researched and compiled by DECISION magazine and published in February 2004 as part of the Accountancy Showcase project.

The purpose was to identify and then validate the attributes and performance of the firm. Its compilation took place over a four-month period.

The content was completely sourced and written from interviews undertaken by DECISION.

Russell New were not able to make any changes to the report, apart from the correction of any factual inaccuracies should they have occurred.

As a consequence the views expressed by those who have been interviewed are not necessarily those of the firm.



Larry Dillner
Publisher

BACKGROUND

ESTABLISHED

Established 1986. 5 partners, 12 professional staff.

KEY PEOPLE

Chris Checkley, partner – joined Russell New in 1998; became a partner in April 2003, taking responsibility for audit and accounting matters including stock market listing (AIM), forecasting, restructuring, and general commercial advice.

Vince McLoughlin, partner – joined the Inland Revenue from university; qualified as an associate of the Institute of Taxation in 1989; spent eight years with a top ten accountancy firm before joining Russell New in 1995, became a partner in 2001; advises on business and corporate tax matters covering all areas from start-up to sale, including share schemes, restructuring, company sale, VAT planning.

Sylvia Spencer, partner – trained with Customs & Excise, local government, and the Inland Revenue; joined Russell New's tax department in 1980 and also took on responsibility for all company secretarial and payroll functions; appointed manager of the department in 1992; became a partner in 1996; also advises on commercial strategic issues.

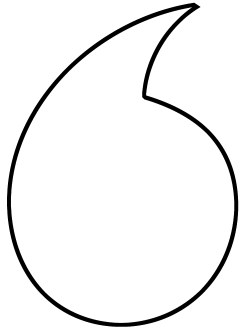
Mark Cummins, partner – after working with larger practices where he acted for high profile charities and private schools, he joined Russell New; became a partner in April 2003, continuing his responsibility for private schools.

Alex Thomson, partner – left the Inland Revenue in 1969 to join a London firm of chartered accountants qualifying as an associate of the Institute of Taxation two years later; has stayed with the firm in its various guises, specialising in personal and trust taxation; became a partner in April 2003.

SPECIFIC EXAMPLES OF WORK

- A recently established company involved Russell New in looking at ways of retaining and attracting key people. A share scheme was proposed without staff suffering an income tax liability.
- Tax diligence for the sale of an advertising agency to an AIM listed company.
- When a shareholder wanted to sell his interest, Russell New negotiated the price on behalf of the company, then set up a tax-efficient mechanism for the purchase.
- For the two founders of a healthcare company, who used the DTI Loan Guarantee Scheme, Russell New set up a management company for their remuneration, saving them a total of £30,000 a year.
- Acted for agricultural machinery company in acquisition by minority shareholder.
- With tax planning Russell New enabled a director and majority shareholder taking £100,000 a year in salary to save an extra £10,000 in National Insurance payments.
- By identifying and presenting evidence of a company's warranty position, Russell New secured a cashflow saving of £200,000.
- For a restaurant, Russell New advised on an Inland Revenue assessment on tips received by staff.
- Acted for printing company in acquisition of shares from retiring minority shareholder.
- By re-organising their capital accounts, Russell New managed to gain the partners in a law firm tax relief on interest on personal loans.
- A loss making computer games design company was able to recover tax and NI contributions as a result of a claim by Russell New for research and development tax relief.
- Acted for the owners in the sale of a financial services business to a quoted company.
- Russell New realised that a successful product company was dependent on a particular sub-contract manufacturer, and suggested that an offer should be made for the business because if it was acquired by a rival, it would put them at risk because no alternative source of supply with the required quality was available.

REFERENCES - 1

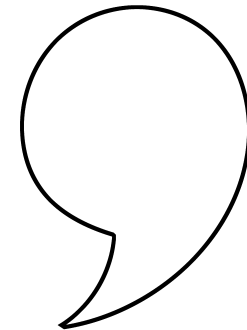


"Russell New don't give equivocal advice – 'on the one hand this on the other hand,' that kind of thing. They will give you advice which is strong and directional, which I find terrific, and it's based on an overview of our company as well as a lot of experience in many other forms of business.

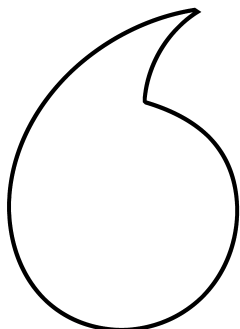
"Russell New were fantastically supportive when we bought one of our suppliers. Because we talk quite often and they know the figures and the state of play as well as having an insight, through our finance department, of what we are up to at any given time, Russell New almost more than anybody else have helped me shape the dynamic environment the company has today. Russell New were instrumental in revitalising the business and that was down to a shrewd commercial instinct. They provided the push, pressed the right buttons and now it's profitable and growing fast.

"I speak to a particular partner at Russell New but there is also a team for each of the specifics such as tax. They can always produce the most appropriate person."

Emma Bridgewater, Chairman and Founder Bridgewater Pottery



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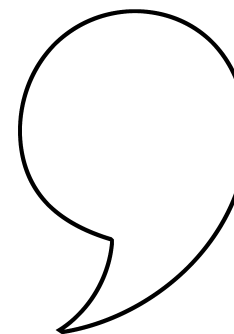


"The thing about Russell New was that they treated the school as a business. Their cash flow projections were always spot on and the yearly and term accounts were always accurately portrayed. They were excellent on the budgeting exercise too. It was a thoroughly professional operation.

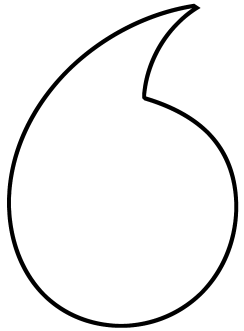
"Over the years we spent well into the millions on capital projects, so we needed the support and opinion of good accountants to move forward with confidence.

"Russell New were able to present finance in layman's terms. Headmasters have to be businessmen as well as educators, therefore it is important to have things clearly spelt out – again in layman's language. Russell New could make me feel like a managing director as well as a headmaster!"

Clive Williams, former Head, Ashdown House School



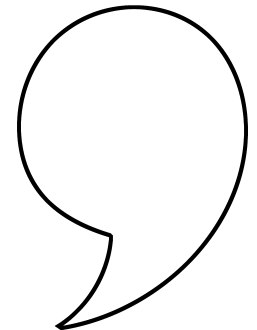
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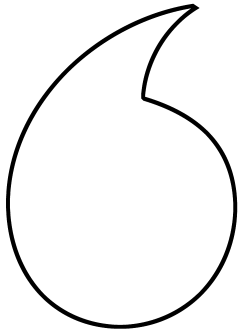
"We had monthly meetings with Russell New when we discussed the management accounts and they acted almost as another board member, offering advice about where we should be going and what we should be doing; even in terms of staff matters. We still phone Russell New about issues which aren't strictly to do with accounting.

"We did an MBO about six years ago and they were heavily involved in that. In the printing business we are always highly geared because of the amount of investment we have to make, so it was a difficult MBO from the point of view of raising the finance. Russell New helped to find a bank manager prepared to support us and then held our hand right through from start to finish, negotiating on our behalf with the former owners and structuring the whole deal for us. And they have continued to give us sound advice that is always down to earth and practical – there's no textbook type stuff. And you can tell that it's firmly based on experience."

Mike Sturt, Claremont Press



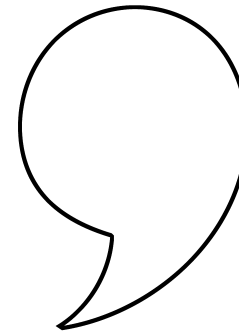
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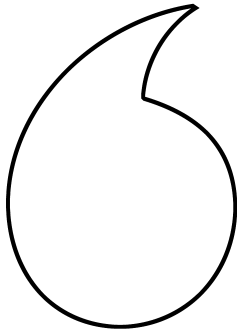
"We are a complicated business with five or six enterprises operating under the one umbrella. That's not unique but Russell New have been able to make the connections and have an overall grasp of all our activities.

"I use them for backstopping and putting meat on bones! Basically we try to do the thinking here and then refer to Russell New for their advice on whether or not it fits with the charities legislation. They have been good at getting to grips with what is required by the new Charity Commission guidelines on accounting procedures and reporting for charities. "

Pat Walters, Finance and Resources Director, Progressive Farming Trust Ltd



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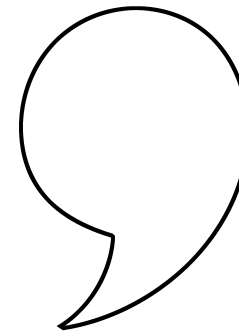


"We were with a central London firm of accountants, and were billed accordingly. Then I met someone who said I should see Russell New because they have, and I quote, a refreshingly different outlook. We've been delighted ever since we changed.

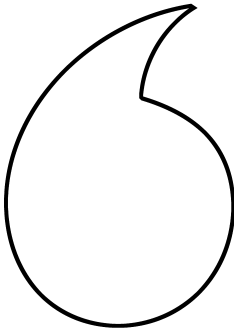
"Although we have a main contact, we can go to anybody in the team there, which is a change from our previous accountants where you never knew who you were going to be dealing with. Russell New are realists and offer advice that is practical. They will say this is what happened in other cases, so it's worth doing.

"We started to save a lot of money as soon as we appointed them, and not only in fees, because they immediately spotted something that our previous accountants had never picked up on."

Giles Ashbee, Managing Director, The Entryphone Company

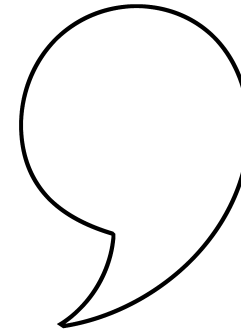


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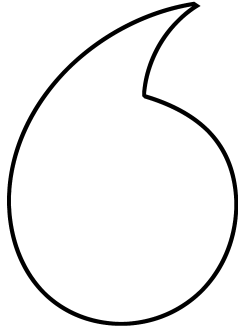


"A partner at Russell New is one of our trustees and has played a proactive role in guiding us through all the changes in the law on charities, which require us to be much more businesslike."

Sally Cass, President - Old Queens Society Bursary Fund



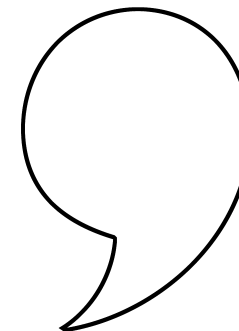
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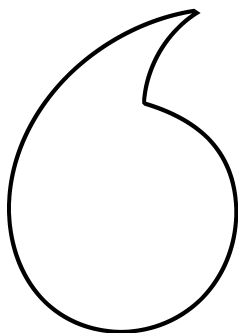
"In this day and age the roles of a school bursar and head teacher have to encompass that of being a business manager. In this regard, Russell New have always been on hand to give expert advice and to look at the long-term implications of what we are doing. They are excellent because they are very diplomatic with head teachers, whether it is encouraging investment or putting the brakes on. So it's been very constructive to have someone who is a step removed from the day-to-day running of the school but who still has an overall picture of the direction in which the school is moving.

"Russell New bring experienced and professional financial guidance in a world where a school is now much more of a business and has to keep up to date with current legislation and the Charity Commission requirements. As governors we find we can rely on Russell New for sound advice, clear and thorough accounting, and the knack of explaining it well to the layman."

Joy Sherrington, Chair of Governors, Ashdown House School



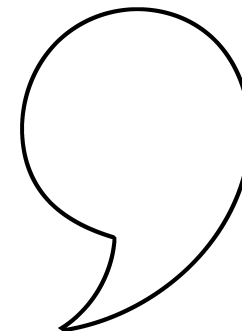
REFERENCES - 8



"Russell New helped us develop a share options scheme for our key people and were very instrumental in helping us set it up and making it tax efficient for our staff. Their advice is very practical and specific to us rather than being generic, because they have a wide perspective of our business and realise the importance of rewarding people and having a good, well motivated management team in place.

"We have get-togethers with them every so often when we don't necessarily have a hard and fast agenda but just talk about our business generally. Because our business has grown significantly over the years, Russell New have been very good at suggesting what we should be thinking about as we have grown and why. And they are a good sounding board as well. Ideas tend to spring from those sessions."

Janet McKay, Managing Director, Clark McKay and Walpole



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