



**Top 50
SMEs
2020**



Is a Reform of Inheritance Tax (IHT) on its way?

Over the past two years, the Office of Tax Simplification (OTS) and the All-Party Parliamentary Group (APPG) have been looking at ways to reform the complex and often outdated inheritance tax legislation.

In the APPG January 2020 report they concluded that a complete rewrite was required.

As an informal group of both the House of Commons and the House of Lords members, it would be foolish to ignore the APPG and consideration must therefore be given to the potential changes when looking at any IHT planning.

The Current Regime

Whilst the current regime is complicated for gifts in lifetime, death and trusts, it does have its merits. It also offers valuable reliefs for those operating a business or those engaged in farming and agricultural businesses.

Most individuals are entitled to a nil rate band (NRB) of £325,000 meaning those estates worth less than this at death will not suffer IHT. Transfers on death to a spouse or civil partner are exempt and married couples or civil partnerships leaving their home to dependents benefit from a higher allowance.

Any excess over the available allowances is subject to IHT at 40%.

The NRB can be deducted from certain lifetime transfers such as to certain trusts which “renews” every seven years. Some gifts escape IHT straight away and others after 7 years with a tapering rate of IHT in the interim.

Gifts to charities are exempt from IHT and if 10% of the net estate is left to charity, the rate of IHT lowers to 36%.

Assets are revalued at the date of death with any uncrystallised gains or losses been wiped out which, from a capital gains tax perspective, is often advantageous to the beneficiaries.

The Proposed Changes

The proposals and suggested tax rates are to replace the current regime in its entirety. The aim is to collect enough tax whilst ensuring that any incentives to plan around the tax are not worthwhile.

The proposals would remove the 40% IHT charge on death. It would be replaced with a tax on life and death transfers with very few reliefs at a rate possibly between 10% and 20%.

If the home is left to the dependent, there would be no NRB or extended NRB, with both replaced by a £325,000 ‘Death Allowance’ which could only be used against the estate on death.

The current reliefs available against lifetime gifts would be removed and replaced by one annual gifts allowance, suggested as £30,000. Any gifts above this would be subject to a tax charge of 10%.

Charitable gifts would be exempt from IHT but the reduction of the IHT rate by 10% would be abolished. Business Property Relief and Agricultural Relief would also be abolished and instead tax would be payable at 10% on death on their value – this could be settled in 10 interest-free annual instalments. Pensions would no longer be exempt



and would be chargeable on death, again at 10%.

What could this all mean?

There are likely to be some transitional changes if a new regime is introduced especially for trusts and previous lifetime gifts.

We don't know how, or even if these proposals will be implemented. The headlines suggest a seemingly simple set of replacement legislation but when considering the previous rules, the changes could end up being far from simple.

We were hoping for some kind of acknowledgement of these reports in the 11 March 2020 Budget, however certain things may have been omitted due to the current Coronavirus situation and the emergency measures announced to deal with it. Hopefully, sooner rather than later, there will be a clear indication of next steps and a consultation will commence where professionals can comment on any proposed changes.



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Effective financial due diligence on acquisitions

Growth is in the plans of many SMEs, be that organically or by acquisition. Whilst organic growth can be more easily controlled from an operational and financial perspective, an acquisition may be attractive as it will provide instant expansion of your business.

However, an acquisition does require careful planning and execution to ensure the deal is as successful as possible. One of the steps towards completing a successful acquisition or investment, and mitigating the associated risks, is carrying out effective due diligence on the business that you are acquiring - the 'target business'.

Keeping on track

It is of course essential that an SMEs management team remains closely involved in any deal process, equally it is critical that attention is not distracted from running the existing business. In these situations, externally instructed financial due diligence (FDD) can provide the additional capacity, resource, experience and expertise necessary to ensure the deal process maintains momentum. At its most basic level, FDD will provide an acquiror with a deeper understanding of the financial position and prospects of the target business, as it is likely that only limited information will have been shared prior to making the offer. However, well executed FDD can offer so much more than just this.



The right advisor

When selecting an FDD provider spend time to understand their personality, approach and experience of working on similar deals as transactional work is complex. An experienced and specialist provider will be able to work with you to help shape your views on the key risk areas of the target business and potential deal breakers, tailoring the scope of work appropriately to ensure the advice given addresses the key issues and truly adds value. Typical scope areas include matters such as historical and underlying trading performance, assessment of future growth prospects, balance sheet position, tax and other deal specific issues.

The SME and entrepreneurial world have many nuances and quirks - is your advisor an FDD specialist working on similar projects day in, day out? The right advisor will understand and accept that an SME may have limitations in the depth of financial information available, whilst still finding a way to obtain the analysis and answers the acquiror will need. The wrong advisor could frustrate the deal process if they are generally not experienced in transactions, or by not understanding the dynamics of the SME world.

Getting a good deal

Effective FDD should give the acquiror peace of mind that an objective, rigorous and thorough process has been followed. Often the FDD will effectively pay for itself by identifying

potential risks. For example, a recent downturn in trading, issues around debtor collection or an uncrystallised tax liability which may be addressed by protections within the legal documents or indeed changes to the deal metrics themselves.

The FDD work should also feed into the often-complex completion price adjustments that are a feature of many deals. Often these adjustments have a pound for pound impact on the final consideration payable and this is an area that is often not looked at closely enough given the substantial value that can be at stake.

A third eye

A good FDD provider will spend periods of time on site, liaising directly with the target business' management team and employees. This face time should allow the FDD team to help the acquiror shape its view of post-acquisition priorities and the strengths and weaknesses of the people within the business.



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Top 50 SMEs North

2020	2019	Company name	Activity	Location	Latest accounts date	Profit (Loss) before Tax 2020 £000	Profit (Loss) before Tax 2019 £000	Turnover 2020 £000	No of staff 2020
1		McGhee Holdings	Buying, processing and distribution of graphite rods	Belper	30/06/2019	7,420	18,981	47,111	27
2	1	Moorhen Holdings	Roofing and cladding material manufacturers	Chesterfield	30/06/2018	4,680	4,128	26,152	57
3	5	Bailey Construction (Derby) Holdings	Building developer and contractor	Belper	30/06/2018	3,779	3,941	18,346	21
4	6	Clee Hill Plant	Plant hire	Chesterfield	31/12/2018	3,677	3,732	18,157	188
5	3	Derbyshire Aggregates	Supply of aggregates	Bakewell	31/03/2019	3,649	4,140	24,433	58
6	7	National Floorcoverings Group	Manufacture and supply of carpets and allied products	Matlock	31/12/2018	2,888	3,478	22,828	124
7	11	Long Rake Spar Company (The)	Processing and sale of calcite spar	Bakewell	31/03/2019	2,799	2,238	26,122	84
8		Tennant Metallurgical Group Holdings	Ferro alloys, metals and minerals	Chesterfield	31/12/2018	2,712	2,447	65,304	12
9	12	Utopia Holdings (Chesterfield)	Design and creation of full table and barware to the hospitality industry	Chesterfield	31/08/2018	2,421	2,102	35,112	110
10	15	Minorfern	Car and motor spares factors	Chesterfield	30/04/2019	2,215	1,656	25,705	284
11		WCEC Group	Architectural services	Chesterfield	30/11/2018	1,883	345	9,152	130
12	10	Asmet	Production of metallurgical consumables	Dronfield	30/09/2018	1,755	2,473	18,759	11
13	22	Pinelog Group	Manufacture of timber leisure buildings and holiday letting business	Matlock	28/10/2018	1,677	1,291	11,563	274
14	13	URA Ventures	Contract hire and sale of motor vehicles and other related services	Chesterfield	31/12/2018	1,533	1,958	11,696	33
15	14	Panache Lingerie	Wholesale and distribution of ladies undergarments and swimwear	Sheffield	30/06/2018	1,522	663	24,989	117
16		Capital Refractories	Manufacture and sale of refractory materials	Chesterfield	30/11/2018	1,515	1,865	33,829	246
17		Garner Holdings	Property development and investment	Ripley	31/12/2018	1,493	2,549	10,443	132
18	19	SRS Rail System (Holdings)	Services to the railway industry	Chesterfield	30/04/2018	1,473	1,401	17,654	101
19	8	J C Balls & Sons	Excavation and tipper services	Belper	31/07/2018	1,469	2,501	13,863	111
20		Tickford Orange	Manufacture and distribution of solid surface worktops	Alfreton	31/12/2018	1,409	1,041	13,950	84
21		M. M. D. Design and Consultancy	Design of special purpose mining machinery and equipment	Alfreton	28/02/2019	1,307	355	5,796	49
22		Richford Motor Services Limited	Provision of vehicle rescue and recovery services	Alfreton	30/09/2018	1,302	415	9,499	132
23	18	HRE Newco	Business consultancy	Chesterfield	31/03/2019	1,246	1,192	26,511	64
24	23	Breasley Pillows (The)	Bedding manufacturer	Matlock	30/04/2018	1,225	1,292	36,002	218

Notes on Top 100 SMEs Yorkshire

Notes on Top 50 SMEs North Derbyshire

Figures compiled by BHP, Chartered Accountants using latest published financial information at the time of carrying out this survey filed at Companies House and financial data provided by Bureau van Dijk's Fame. To qualify for inclusion, businesses must: • be an independent company OR the ultimate holding company of a UK group • be an SME, i.e. meets two of the following measures - less than 250 employees - less than £36m turnover per annum - less than £18m gross assets • not be a charity, academy, Limited Liability Partnership or listed Public Limited Company • be up-to-date in filing accounts at Companies House • be based in North Derbyshire. For the purpose of this survey the following postcode areas have been used: DE4 2 - DE4 5, DE45 1, DE5 3, DE5 9, DE55 1 - DE55 2, DE55 4 - DE55 7, DE56 0 - DE56 2, S18 1 - S18 2, S18 4, S18 7 - S18 8, S20 5, S20 7, S21 1, S21 3 - S21 5, S32 1, S33 7 - S33 9, S40 1 - S40 4, S41 0, S41 7 - S41 9, S42 5 - S42 7, S43 1 - S43 4, S44 5 - S44 6, S45 0, S45 8 - S45 9, S80 4.

Derbyshire 2020



2020	2019	Company name	Activity	Location	Latest accounts date	Profit (Loss) before Tax 2020 £000	Profit (Loss) before Tax 2019 £000	Turnover 2020 £000	No of staff 2020
25	43	Johnson Bros (Tours) Limited	Coach and tour operators	Worksop	8/31/2018	1,201	528	11,159	140
26	29	Plumbing Supplies Company Ltd	Wholesale of hardware, plumbing and heating equipment	Sheffield	31/12/2018	1,173	966	12,332	53
27	16	Moto Direct Holdings	Supply of motorcycle accessories	Alfreton	31/12/2018	1,092	1,408	23,211	130
28		Bridgstock	Manufacture and distribution of polyethylene pipes	Chesterfield	31/03/2019	1,049	-420	30,825	97
29	38	Ondrives Group	Manufacture and sale of precision engineering components	Chesterfield	31/03/2019	984	639	6,229	57
30	25	Datagraphic Holdings	Strategic document outsourcing through a multi channel platform	Chesterfield	31/10/2018	954	1,105	13,464	113
31	17	Penny Hydraulics	Manufacture and servicing of hydraulic and electrical components	Chesterfield	30/06/2019	935	1,404	7,613	82
32	27	Milner Holdings (Matlock)	Sale of components for four-wheel drive Japanese vehicles	Matlock	31/10/2018	886	1,053	9,774	78
33		AEW Paddock Motors	Retail of vehicle spares	Matlock	31/12/2018	880	1,259	14,700	51
34	31	Kingfield Electronics	Production of electronic and electro-mechanical apparatus	Chesterfield	31/03/2019	845	930	14,826	128
35		Lubricant Holdings	Supply of lubricants	Chesterfield	31/03/2019	839	35	24,847	105
36		Watson Trade	Non-specialised wholesale trade	Chesterfield	31/05/2019	826	643	5,294	10
37	34	Restek-Uk	Building trade	Ripley	31/07/2018	803	471	1,537	11
38	42	Weavers Close	Property and management services	Matlock	31/12/2018	732	556	5,506	115
39		Norder Associates	Structural and civil engineering consultancy	Belper	31/03/2019	711	296	3,515	25
40	26	Colortronic (U.K.)	Equipment manufacturer connected with the plastics industry	Chesterfield	31/12/2018	641	1,071	9,577	30
41	36	Hastings Freight Holdings	Freight transport	Chesterfield	31/03/2019	589	725	10,970	80
42	41	Xbite	Wholesale of entertainment leisure products	Chesterfield	30/06/2019	562	574	36,445	93
43		James and Graven Holdings	Construction projects and rental of investment properties	Chesterfield	31/03/2019	550	571	967	3
44	40	John Smedley	Manufacture and retail of knitwear	Matlock	31/03/2019	516	582	17,977	349
45		Knights Care	Operation of a nursing home	Chesterfield	31/10/2018	479	137	3,791	169
46	33	B.J.Waters (Transport)	Haulage Contractors	Matlock	31/03/2019	479	849	11,762	96
47	45	Owen Taylor And	Wholesale and catering butchers	Alfreton	31/01/2019	470	464	17,535	154
48	50	Filigree Holdings	Manufacture and distribution of window furnishings	Ripley	31/12/2018	464	396	8,909	70
49	28	Container Components Europe	Manufacture of plastic industrial waste container lids	Chesterfield	31/03/2019	442	1,045	7,446	53
50		Devonshire Hotels & Restaurants Group	Operation of hotels	Bakewell	31/03/2019	421	375	10,361	296

For financial periods of more than or fewer than 52 weeks, the figures have been annualised on a pro-rata basis. Private company information can be incomplete: in preparing this table every reasonable effort has been made to ensure that no qualifying companies have been omitted. In certain circumstances the compilers of the table have made exceptions to the qualification criteria and their decision is final. Data accessed from FAME on 24 February 2020.

Keeping track of the numbers

Just four weeks into his job as Chancellor, Rishi Sunak delivered not only his first Budget but also the UK's first Budget for 47 years as a non-EU member and the first in this decade.

In a speech dominated initially by Covid-19 the Chancellor confirmed that the Government would do "whatever it takes" to overcome this temporary, but significant, setback to the UK's financial stability and to protect its continued recovery from the Grand Recession.

Measures announced included a £7bn package of support for businesses and individuals including temporary reforms to Statutory Sick Pay, Universal Credit and business rates, a government backed £100m Coronavirus Business interruption Fund, and a £5bn emergency fund. All topped off with an additional £18bn of what the Chancellor referred to as additional fiscal loosening.

All good so far and a robust response to a global crisis, but to be honest I then lost track of the numbers as the Chancellor opened the floodgates to a package of significant spending initiatives, in addition to the £600bn of infrastructure projects announced at the time of the election. These included commitments to an additional £6bn NHS Funding Settlement, £2.5bn to be spent on removing potholes and £1.3bn on technology and funding of research and development.

It will be interesting to see how the Office for Budget Responsibility models this particularly as the figures put forward by the Chancellor excluded the impact of Coronavirus

and simply confirmed that we had the capacity to loosen the fiscal purse strings.

In terms of taxation Entrepreneurs Relief survived, but only just, with the lifetime limit being reduced to £1m for all disposals from 11 March 2020, but there were no significant changes to Inheritance Tax despite the recommendations of the Office for Tax Simplification and the All Party Parliamentary Group. These will surely come later in the year.

Finally, the Government listened to recommendations from those working in the NHS and Healthcare sector and increased the limit at which pension contributions are tapered to £200,000. 98% of doctors working in the NHS will no longer be affected and it will no longer prove to be a disincentive for them to undertake extra shifts or hours.



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