When two parties disagree over money, negotiation is never easy. It becomes particularly difficult when one of the significant matrimonial assets is a business.

Each party has their own agenda and their own desired outcome. As personal interests inevitably take front seat, it can be very difficult to reach a fair, realistic and impartial valuation of the assets involved. This is particularly true when emotions are highly charged.

As a solicitor with responsibility for the welfare of your clients this puts you in a difficult position. How can you make sure the settlement you reach is based upon a fair valuation of the business?

Alliotts have considerable experience in acting for either party when a business valuation is needed.

We have been involved in many negotiation processes helping solicitors bring matters to a satisfactory conclusion.
How your clients will benefit

1. Your clients can be confident the valuation of their business has been prepared using widely accepted principles
2. The valuation will be realistically assessed taking into account the relevant facets of the business, its prospects and prevailing market conditions
3. As the valuation will be based upon sound principles, it will provide a solid platform when negotiating with the spouse’s advisers
4. The valuation will include constructive information on the sustainability of the business and its on-going financing
5. In the simplest terms, our valuation should make the negotiation process easier, allowing both parties to get on with their lives

How you will benefit

1. You will be able to call on a level of financial expertise a law firm doesn’t always possess; expertise that is essential if you are to achieve a fair deal for your client
2. You will be able to put forward proposals based on sound financial principles
3. You should be able to gain closure which will let you realise lock-up or claim your last instalment if you are working on a fixed fee basis

How else can we help?

The remit of a Business Valuation Expert is not limited to family matters. They can also be helpful to corporate and commercial solicitors who need to:

1. Gain an impartial valuation of a business to progress a merger or acquisition
2. Gain an independent valuation of a shareholding in the event a partner is looking to exit a business
3. Gain a better understanding of the true value of a business to resolve disagreements between shareholders
Introducing the Single Joint Expert

Sometimes however the parties will fail to agree. This may lead the Court to instruct the appointment of a Single Joint Expert (SJE). You will be responsible, together with the spouse’s solicitor, for the appointment of such an expert.

The expert appointed must be experienced, practical and impartial. They must also have the ability to communicate with both parties and their advisers.

How does a Single Joint Expert work?

- Once the Court has made the decision to appoint a Single Joint Expert (SJE), the solicitors on both sides need to find an expert on whom they both agree and then arrange to meet the expert they decide to use.
- Both sides are then responsible for formalising the appointment based on the instructions given by the Court.
- The SJE then produces their report. Apart from valuation, questions normally relate to probable remuneration, on-going financing and the business’ future prospects.
- Throughout the SJE communicates openly with both sides. They will make it very clear who they have spoken to, what information they have been given and how they have used that information.
- The SJE will make assumptions (based upon the matter and on external information on the market and similar businesses) and consider alternative bases of valuation.
- The SJE will explain the assumptions they have made, the methods available to value the business and the reason they chose the method they did. This makes it easier for both sides to question the assumptions and reasoning of the expert.
- The report will be as clear and as concise as possible – striking the balance between technical and readable - so it is easy to understand for the Court and for both sides.
- This report is submitted to Court via the solicitors for both parties.
- The expert is then on hand to answer any challenges either side may wish to make.
Richard Hopes qualified as a Chartered Accountant in 1980 and has, for over 30 years, provided advice and business support for a wide variety of businesses and their owners.

In addition to advising clients on restructuring, mergers and acquisitions, demergers and exit plans, Richard is also an experienced Single Joint Expert.

Richard has provided company share valuations to help resolve disagreements between shareholders and to help progress difficult divorce settlements.

To find out more about how Richard could help you resolve an outstanding matter please contact him:

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Please get in touch if:

• Your client requires an accurate valuation of their business or other assets, to assist with divorce proceedings

• You need an impartial valuation of a business to progress a merger or acquisition

• Your client requires an independent valuation of a shareholding in the event a partner is looking to exit a business, or to solve a dispute between shareholders
Well run, successful businesses are always attractive to buyers.

Approaches from buyers can be flattering for a business but can lead to trying to achieve a deal too quickly. As your advisors, our role is proactive and, at every stage, our only objective is to help you to achieve the best price for your business.

We identify suitable potential buyers by:

- Seeking out strategic buyers who are most likely to pay a premium for your business
- Actively promoting the strengths and potential of your business
- Extensive research of your market and complementary areas
- Approaching buyers in confidence
- Drafting and issuing Confidentiality Agreements and Information Memoranda
- Facilitating initial exploratory meetings and talks
- Looking within your business sector and outside.

We will also utilise our extensive global database to identify overseas buyers. There is a huge appetite for inward investment into the UK.
Case Study 1 - Acting for a wife during her divorce

I was approached by a local matrimonial solicitor acting for the wife in a marriage that had irreparably broken down. At the centre of the divorce was a family company that was predominately run by the husband.

Initially the wife only wanted some advice on what the company would be worth and I provided an outline valuation for her and explained how I had reached that figure.

However, when she put this forward to her husband's solicitor we were told the husband was surprised we had included anything to do with the business which he felt had no bearing on the divorce settlement at all. The husband then asked his own accountants to produce what clearly was a substantially discounted valuation. Part of the discount related to his claim that he only owned a 50% rather than 60% shareholding. As a result, I was asked to provide further advice.

I produced a report outlining my why I disagreed with some of the methodology applied by the husband’s accountant. After a closer inspection of the documentation covering the company’s shareholdings, I was also able to highlight evidence that there was no question the husband was the majority shareholder.

This information was submitted to the husband’s solicitor and following an inevitable dispute, the judge ordered that a Single Joint Expert be appointed.

A Single Joint Expert was appointed and my reports and related correspondence was provided to the Single Joint Expert along with information from the other side. He produced a valuation that was very close to the one I had originally produced. Moreover, in his correspondence to both parties, he also openly agreed with the methodology I had employed.

Perhaps not surprisingly, the husband challenged the Single Joint Expert’s valuation and also asked the judge to add his own accountant as a second Joint Expert. Incredibly the judge agreed but, despite this unorthodox move, the case was concluded along the original lines of my suggestion.
Case Study 2 - Acting as a Single Joint Expert

In a later case, I was approached by another local solicitor as the Court had again decided to appoint a Single Joint Expert.

I was approved by both parties to act as the required Single Joint Expert with an extremely tight deadline to report on four aspects:

1. The company’s market valuation
2. Its future prospects bearing in mind the business had just lost a major contract
3. Whether the business had sufficient liquidity to ensure it could continue to operate in its present form
4. The likely future salary and dividends that could be drawn by the husband following the divorce

My first task was to act as a business analyst. I was provided with some background financial information and asked to provide further details on the business as I saw it.

I spoke to the company’s accountants as well as to both parties and visited the company to ascertain some other key financial information, to look at contracts and to gain a better understanding of the overall situation. I soon saw that any valuation was going to be complicated by the loss of some valuable contracts over the previous six months, loss that had prompted the directors to take some drastic action. I had to jointly evaluate all of these aspects in context and explain them alongside my conclusions in a way that would be clear to both parties.

I advised both solicitors of the research I had undertaken and produced a draft report incorporating my valuations. The report also included detailed explanations of the methodology I had employed, the information I had obtained and exactly who had supplied what. I also included information about competitors, on-going financing and the actions currently being taken by the company.

Following the issue of the draft report, I spoke directly to the wife to ascertain whether she had any questions. During this discussion I outlined my brief so she understood what I could do to help and, just as importantly, what I couldn’t.

The report was received warmly and accepted by both parties’ solicitors and I quickly found out it helped the parties settle before going to court, saving them unnecessary time and expense and the upset that a court appearance often causes.
Alliotts is an independent firm of Chartered Accountants and business advisors practice based in London and Guildford. We provide a wide range of national and international clients with a full range of services. Working together is about more than our technical ability, it is essential we deliver the highest levels of client care. This is why we guarantee:

YOUR SUCCESS IS AT THE HEART OF EVERYTHING WE DO FOR YOU

WE WILL TAKE A PERSONAL INTEREST IN WHAT IS IMPORTANT TO YOU

WE FOCUS ON THE BEST WAY TO GET YOU TO WHERE YOU WANT TO BE

In addition we also offer every client:

Partner involvement
As a mid-tier firm we guarantee every piece of work enjoys the direct supervision of a partner. This additional layer of experience allows us to provide a faster and more efficient service for you.

Truly international coverage
Alliott Group is an international alliance of 170 independent accounting and legal firms worldwide. Our membership gives us access to tax, accounting and legal expertise in over 70 countries which means that you benefit from local knowledge from a trusted source.
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