



NEWMARKET NEWS

Accountants, Tax Advisors, and More

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A MAN FOR 2WO SEASONS!



Pat McGuane has the seven year itch! No, it's nothing he needs to see a doctor or a counsellor about – he is just itching to grow his business, 2wo Seasons, even bigger!

Since 2005, Pat and his wife, Patricia, have opened three stores – in Naas, Sligo and Drogheda – and in the future they plan to open many more and may also consider franchising. Gerry O'Reilly and Newmarket Partnership have been at their side since the day Pat got the entrepreneurial gleam in his eye! Though, Pat is quick to point out that he sees himself as a retailer rather than an entrepreneur.

Now 33 years in retailing, Pat started his career in Dunnes Stores where he spent ten of those years as a buyer. Initially, he was on the food management side but he then moved into non-food buying which he thoroughly enjoyed, getting to know a range of international suppliers and their ways of doing business, very well. In 1996, he moved to Atlantic Homecare and was Managing Director there for nine years.

His job at both Dunnes and Atlantic entailed a lot of traveling but all that time spent in Dublin Airport waiting to board flights paid off as he spotted a niche in the market! He saw people returning from the US laden down with products they could not get in Ireland especially the Christmas items. In Atlantic Homecare, he decided to develop a range with the buyers, offering Irish

people these types of products at home. Demand was such that it outgrew the space available at Atlantic.

Pat also wanted to give a lot more space to garden furniture as he felt the market was there for it. So he decided to combine both of those seasonal market opportunities together in a retailing operation and called it 2wo Seasons! The Sligo store opened in October 2005, followed one month later by the Naas store. Drogheda opened earlier this year. Each of his three stores is 15,000 square feet, the largest of its kind anywhere in the UK or Ireland.

Newmarket helped Pat structure the business. Pat says he has the retail experience and the contacts but he needed and continues to need the financial expertise and business advice from Newmarket. “It's very important for any business to have that guidance on the sidelines – to have that fresh pair of eyes”, says Pat.

2wo Seasons' unique selling point is the quality and depth of their range. And while they are competitive vis-à-vis other players like B&Q, Homebase and Atlantic, they are not aiming to have the cheapest price. Pat says that excellent staff, customer service, product development and constant innovation are the key.

Pat charges corporate clients the same rate for a Christmas tree as the general public. He believes that businesses should not expect to be ripped off just because they are a business. For Christmas 2006, he supplied trees for the GPO, The K Club, Beacon Court Hotel, Westgrove Hotel in Clane and numerous car showrooms. Last year, 2wo Seasons introduced a Christmas decorating service for businesses which was extremely successful. They plan to extend that this year to private home owners who are time poor but who are willing to invest in expert advice and interior décor skills.

www.2woseasons.com

NEW APPOINTMENTS AT NEWMARKET

We are delighted to announce that Gary Moffatt and Michael O'Scathail have been appointed as directors in Newmarket. Gary (ACCA) is promoted to Director of Compliance Services and Michael (ACA, AITI) is now Director of Taxation Services. Their appointments are part of our strategy to position Newmarket as the leading financial consultancy for small to medium sized businesses in Ireland. We believe we offer SMEs the knowledge, expertise and in-depth follow-through service usually associated with only the largest of practices - with the additional, personalized benefit of working with a smaller company like Newmarket.



Michael is a Galwegian and graduated from NUI, Galway with an Honours Commerce degree. A Chartered Accountant and an Associate of the Irish Taxation Institute, he joined Newmarket in February 2004, having previously worked in KPMG's taxation practice. Michael has advised companies in the financial services, agribusiness, manufacturing and airline sectors as well as some of Ireland's best-known High Net Worth individuals.

Mayo man, Gary graduated from Sligo Institute of Technology and is a qualified Chartered Certified Accountant. With Newmarket since 1999, he is the Practice Manager and has considerable experience advising a variety of enterprises from start ups to established companies to Government departments. He also works on

specialised projects including company acquisitions, disposals and systems development.

HOW TO SAVE €100,000 TAX IN 2 MINUTES!

Two men – Michael and Joe - each decide to give €500,000 in cash and a property worth €500,000 to their sons. But one manages to pay €100,000 less in tax than the other – so how did he do it?!

Both men go to their respective solicitors at midday to make the gifts. Michael transfers the property to his son, Tony, at midday and then at one minute past midday he transfers the money. In so doing, Michael incurs a

"The difference between a successful person and others is not a lack of strength, not a lack of knowledge but rather a lack of will."

Vince Lombardi.

Capital Gains Tax (CGT) liability of €100,000 on the house disposal. Tony would also have a tax liability in the form of Capital Acquisition Tax (CAT) to pay on the gift - but as he can avail of the lifetime allowance between father and son of €500,000 he has none to pay. As there is no Capital Gains Tax to pay on the disposal of the cash, Tony is the only one with a tax liability here - a Capital Acquisition Tax of €100,000. On leaving the solicitor's office, father and son have therefore incurred total tax of €200,000.

In the solicitor's office next door, Joe transfers the money to his son, Jim at midday and a minute later transfers the house. No CGT is payable on the money transfer because there is no Capital Gain. There is no CAT either as the lifetime allowance between father and son has not been used. The transfer of the property, however, gives rise to capital gains tax of €100,000 for Joe. There is also €100,000 CAT for Jim - but as both taxes arise from same transaction, Joe's tax can be credited against Jim's reducing Jim's to zero! On leaving the office, the total tax liability for father and son is €100,000. Therefore by simply doing things in reverse tax is reduced by €100,000!

So the lesson here is – transfer the money first and mortar second!

Dates for the Diary

With tax collection running low and the economy slowing, how will the next Budget affect your business? For a unique insight into the business impact of the Budget you should attend our post-Budget briefing which will be held in association with the South Dublin Chamber on the morning of Thursday, 6th December. Venue: Louis Fitzgerald Hotel, Naas Road, Dublin 12.
Email: emma.poynton@newmarket.ie to reserve your place.
Electronic version also available by 6pm on Budget night - fastest Budget summary in town!

Also, in our next newsletter, look out for an update on the BES scheme which has finally been approved by the EU, having been announced in Budget 2007 last December. In the meantime, if you have any queries on BES, please talk to Michael Scathail,
telephone 01 429 3600 or
email michael.oscathail@newmarket.ie



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