



NEWMARKET Partnership NEWS

Accountants, Tax Advisors, *and More...*

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DICK HUGHES AND WNS - A SUCCESS STORY IN REALISING VALUE FROM A PRIVATE COMPANY

Newmarket client, Dick Hughes, who sold his highly successful business, WNS to Independent News & Media in 2006, had had the issue of succession on his mind for several years. Dick has been a client of Gerry O'Reilly and Newmarket Partnership since 1993 and we have acted as his business advisors and auditors ever since. **Throughout those fifteen years, and continuing on today, Newmarket has worked closely with Dick to improve the business and develop a valuable and saleable asset.**

Dick started his career in the mid 1960s with the Irish Farmers Journal. Identifying 'on time' retail availability as essential for newspaper and magazine sales development, Dick introduced a dedicated van distribution network which resulted in rapid circulation growth. Other publishers joined the network and 'Newsread' - now Ireland's premier news distributor - was born. In the early 1970s, as Circulation & Distribution Manager for the newly launched Sunday World, he set up a distribution process especially for the newspaper. This was also a very successful network and was eventually merged into Newsread, opening up the Sunday distribution market for them.

At this time, a company called Wholesale Newspaper Services Ltd (WNS) distributed various regional and national Irish Daily and Sunday newspapers in Donegal and Northern Ireland. In 1975 WNS asked Dick to join them and by 2000, WNS was handling all of the Irish national papers and 85% of regional press in NI and Donegal. In 1991, Dick took full control of WNS. In the same year he met Gerry O'Reilly and Newmarket.

"When I was approached by INM, I immediately contacted Newmarket to act as my principal advisors. This involved the review of the operations, preparation of forecast and devising overall negotiation strategy. They ensured that we looked at the bigger picture. Enormous changes were taking place in publishing throughout Ireland, with major cross Channel investment and larger publishing groups getting involved. After due consideration, the offer from IN&M was considered to be the best option for all concerned."



"Newmarket worked closely with us in the early years to ensure we had timely and accurate financial information and strong systems. This was of vital importance in keeping a sharp eye on costs and expenditure and of running to a tight budget," says Dick, "With their assistance and advice, WNS developed and grew. We started to

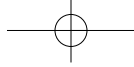
receive sale enquiries from competitors and, at one stage, looked at a Management Buy Out. But Newmarket kept us focused."

In 2006, when they were awarded distribution of NI's only evening newspaper, the "Belfast Telegraph", WNS was soon being eyed up by the Telegraph's owner, IN&M, as an attractive acquisition proposition. Agreement in principle was achieved after four months and Newmarket restructured the entity to optimise the tax position, negotiated the legal agreements, managed the due diligence process and the completion of the deal.

IN&M purchased WNS in November 2006. Dick comments, "I believe that the advice and guidance of Newmarket was a significant factor in our success, taking us right through the operation for 15 years to negotiations and a successful closure of the sale. Their contribution is much appreciated."

Gerry O'Reilly comments, "We were very focused on helping Dick achieve his personal as well as professional goals. He is now financially comfortable, has ensured the succession of the business and has a great lifestyle."

... Helping you achieve your goals



FINANCE BILL: PROPERTY DEALS TO FACE NEW VAT HEADACHES?

The Finance Bill provides for dramatic changes to VAT on Property and these may have dramatic implications not only for transactions entered into when the changes become law, but in some cases for **existing** transactions!

The three most dramatic implications of the proposed changes are:

- Future lease agreements are likely to be more elaborate, containing provisions to protect **landlords** from possible VAT clawbacks arising as a result of a **tenant's** actions.
- Landlords in **existing** short-term leases with connected parties may face a clawback of VAT recovered on the purchase price.
- **Existing** leases must be put on a formal basis in order to protect VAT previously recovered.

Among the other key changes proposed are:

- Sales of old property will be taken out of the VAT net.
- There will be no distinction drawn between short-term & long-term leases and licences for VAT purposes in future.
- A 'Capital Goods Scheme' will be introduced to monitor the use to which property on which VAT has been reclaimed is put to, giving rise to ongoing risk of VAT clawbacks!

The scope and detail of these changes are so broad and potentially wide-ranging that we would urge anyone with commercial property interests to review their position and the possible implications arising.

If you wish to discuss this further, please email michael.oscathail@newmarket.ie or if you wish to attend our seminar on 16th April, please contact roisin.dunne@newmarket.ie. Places are limited so please book early.

BES: A NEW LEASE OF LIFE

As the EU has recently approved radical changes made in 2007 to two of the older tax-based incentives, the Business Expansion Scheme (BES) and Seed Capital Scheme (SCS) we are beginning to see these schemes generate much publicity.

Finance Act 2007 set out these key changes to the reliefs:

- The reliefs are extended until 2013.
- The maximum amount that a company may raise has been increased from €1m to €2m.
- The maximum relief that an individual may claim relief for is increased from €31,750 to €150,000 for BES and €100,000 for SCS.
- As well as the traditional manufacturing and software development trades, a recycling company

will now also qualify for the reliefs.

We are now beginning to see many BES schemes being promoted again and you may be considering investing in one. You should bear in mind that the investment period will be at least six and that there is no guarantee

that you will receive your initial investment back at that time as it depends on the company's commercial performance. You will however get 41% of the investment back almost immediately in the form of tax relief.

SCS has generated less publicity over the years but for anyone interested in setting up their own business it offers the opportunity to avail of a large tax break up-front. Essentially one may offset €100,000 of a qualifying investment against one's income for the six previous tax years – it is therefore theoretically possible to get tax relief on an investment of €600,000 up-front! Needless to say the legislation covering these reliefs is very detailed but you may feel it is worth exploring with us in more detail! If so, please email michael.oscathail@newmarket.ie

NEW BRANDING & NEW WEBSITE:

At Newmarket we like to think we have always exceeded clients' expectations – now we have formalised that objective and define ourselves as "Accountants, Tax Advisors, and More.....helping you achieve your Goals.

visit our new website
www.newmarketpartnership.ie

Dates for the Diary

Newmarket is hosting a number of breakfast seminars over the next few months – each takes place between 7.30am and 9.30am at the Louis Fitzgerald Hotel, Naas Road:

Wednesday 30th April:
"VAT on Property – Implications for Landlords"

Wednesday 14th May:
"Business Overseas? Do's & Don't"

Wednesday 11th June:
"Selling your business or handing it on? What you need to know."

For further information or to book your place, please email roisin.dunne@newmarket.ie



Newmarket is a founding sponsor of the David Manley Emerging Entrepreneur Award and offers financial and strategic mentoring to the winner as part of the overall prize. EirGen Pharma won the 2007 Award and pictured, from left, are Patsy Carney, EirGen Pharma, Gerry O'Reilly, Tom Brennan, EirGen Pharma and Louise Manley. www.davidmanleyawards.ie

"It's not how much you make that counts, but how much money you keep."

Robert T. Kiyosaki

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.....helping you achieve your Goals.

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Competition!

We invite you to visit our new website www.newmarketpartnership.ie where we are offering a prize of a voucher for €150 for the winner's favourite restaurant! The answer to the question below can be found on the website and all correct entries will be put into a draw.

Q: Who said, "There is no substitute for accurate knowledge. Know yourself, know your business, know your men"?

The circumstances in this newsletter may not apply to everyone and you should consult your financial advisor before taking any action. Newmarket Partnership does not take any responsibility for actions that may be taken in the matter.

