



# Wealth and Tax Group Ltd Information Memorandum



# CLIENT TESTIMONIALS



“Thorough, professional and re-assuring service. Highly recommended”

Mr M Ashford – Airline Captain – Bedfordshire

“I have had no hesitation to recommend Wealth and Tax Management to several friends who have been utterly satisfied with the services provided. The staff at Wealth and Tax Management could not be more helpful. I am delighted and thankful”

Mr J Jammes– Retired University European Degree Co-ordinator – Buckinghamshire

“I have been a client of Wealth and Tax Management for many years and know that whether I need complex pension planning advice or just some help with family insurance cover I will receive top-class, straightforward and great value advice and support. A great team.

Mr M Wroe – Accountant/Company Finance Director - Buckinghamshire

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# EXECUTIVE SUMMARY

The Financial Advice Market Review [FAMR] report published by HM Treasury and the FCA in March 2016 reported on the challenges facing consumers in terms of access to proper independent financial advice following on from the Retail Distribution Review [RDR] report which set out rules aimed at making the retail investment market work better for consumers. They raised the minimum level of adviser qualification, improved the transparency of charges and services and removed commission payments to advisers and platforms from product providers for investments and pensions.

The majority of rules required implementation by the end of 2012 and the FAMR incorporated their findings on the impact of RDR. One of their findings was that the number of financial advisers had decreased from over 40,000 to just over 30,000 – a 20% plus drop. The principal reasons were the tighter regulatory controls imposed on the independent sector and a large reduction in the number of IFAs employed by the banks and building societies due to the declining profitability and historical mis-selling issues. Combined with the change in income for IFAs away from being commission based and now being fee based led to further erosion on IFA numbers.

Increasingly there are emerging new more efficient ways of delivering financial advice to the public. One of these innovations is robo advice which should be more aptly described as digital advice. The client receives the advice from a computer online. Recognising the emergence of this new channel of advice Tony Byrne formed a company called Intelligent Wealth Limited which already offers ‘robo’ advice which involves the provision of financial advice and investment management online with moderate to minimal human intervention. Details on this company’s services can be found on its website [www.intelligent-wealth.co.uk](http://www.intelligent-wealth.co.uk).

# EXECUTIVE SUMMARY continued

With a significant number of IFA firms being made of less than 5 people the change in how they earn their income has resulted in many more being selective in terms of the clients they take on and this was one of the contributory factors to the challenges facing those wishing to access independent financial advice when their assets were below £100k

In order for the IFA sector to be able to widen their service offering to less wealthy consumers there is a move towards consolidator firms acquiring smaller practices to build larger scaled businesses that through the benefits of such scale can drive down their delivery costs to capture more market share.

Tony Byrne the owner of Wealth & Tax Management Ltd has recognised this movement and has already been approached to sell his business. Tony does not wish to sell his successful business at present but believes the current market place affords good opportunities to build on his current business by acquiring one or two smaller practices in order to scale his business prior to selling out to a larger group. He is already researching potential acquisition targets and has identified a small practice in Birmingham that would be available to acquire at an attractive price early in 2019.

Tony is now seeking new equity/loan monies to enable Wealth and Tax Group Ltd to have access to the resources required to look at acquisition opportunities .

Tony is looking to raise £675k and would be prepared to offer 10% equity to any individual or group of individuals who were prepared to provide the company with £275k for the shares alongside a £400k loan structured on a capital and interest payment basis with a 6% interest coupon. Tony would also be happy to consider other proposals in terms of equity share if such proposals supported a more aggressive expansion opportunity.

# HISTORY AND BACKGROUND

Tony Byrne the principal owner of the group established his own IFA business back in 1986. The business is a firm of independent financial advisers and wealth managers based in Milton Keynes.

In 1998 Tony established a second company Byrne Williams Ltd alongside another IFA Roger Prest and the two companies enjoyed steady growth and a very good local reputation. In 2015 Roger wished to retire and Tony reached an agreement to buy out Roger resulting in him now owning 100% of the Wealth and Tax Group Ltd which now has three subsidiary companies:

- Wealth and Tax Management Limited
- Byrne Williams Limited
- Wealth and Tax Management Services Limited

The Wealth and Tax Group currently has assets under management of £85m with the expectation that this will grow to £100m by the end of 2019. The majority of these funds being invested on 2 wrap platforms

Tony owns a company called Intelligent Wealth Ltd that provides 'robo' advice and is currently outside the group structure for regulatory purposes but does provide a source of new client introductions for the group

# GROUP INFORMATION

Wealth and Tax Group Ltd [WTG]  
[ Co Reg No 10536103]

Wealth and Tax Management Ltd  
[Co Reg No 02020674]  
Share Ownership 100% WTG

Byrne Williams Ltd  
{Co Reg No 03640214}  
100% WTG

Wealth and Tax Management Services Ltd  
[Co Reg No 06779996]  
100% WTG

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All Companies Registered Office  
17 Shirwell Crescent  
Furzton Lake  
Milton Keynes  
MK4 1GA

Chartered Accountants  
KRW Accountants Ltd  
The Mill, Pry Hill Business Park  
Alderton Road  
Towcester  
NN12 7LS

Group Co Bankers  
Bank of Scotland  
The Direct Business Bank 1  
600 Gorgie Road  
Edinburgh  
EH11 3XP



# THE TEAM



ANTHONY [TONY] BYRNE – APFS CFP FIFP

Chartered Financial Planner and Managing Director

Having worked as an accountant for Touche Ross and having spent a number of years specialising in tax, Tony decided to set up his own business Wealth and Tax Management Ltd in 1986 specialising in personal financial planning and tax planning.

After over 30 years the Wealth and Tax Group under Tony now has close to £100 million of client funds under management

# THE TEAM continued



GIEDRE PILIPAITYTE  
Business Manager

Giedre has recently joined the team having previously worked for over 10 years as an Accounts Manager, gaining experience in all aspects of commercial finance, accountancy and HR services. A qualified AAT, Giedre is a part qualified ACCA and currently is studying towards her Chartered qualification.



NICK ROBINSON  
Senior Financial Paraplanner

Nick is a Chartered Financial Planner and also holds a 1<sup>st</sup> Class degree in Financial Services Management

After a short time working in banking Nick moved into the IFA sector where he has worked for the last 6 years

# THE TEAM continued



CHOLPON DJANUZAKOVA  
Financial Paraplanner

Cholpon worked in her native Kyrgyzstan for the European Bank of Reconstruction & Development. As a credit specialist she headed up the Credit Department within the bank.

On arriving in UK Cholpon joined TSB Bank as a personal banker before joining Wealth & Tax early this year. Cholpon has shown her aptitude to her role having already achieved Level 4 in Financial Planning



CHLOE GOODMAN  
Marketing Executive and Trainee Paraplanner

Following her graduation with a degree in Business & Management Chloe joined the group as a Marketing & Administrative Assistant.

Chloe is currently studying to become a Paraplanner to improve her knowledge of personal financial planning and provide assistance to the rest of the technical team.

# FINANCIAL FORECASTS

Year End	31/12/18	31/12/19	31/12/20
	£'000	£'000	£'000
Total Income	969	1,189	1,427
Net Profit before Tax	279	510	723
EBITDA	351	566	779
Net Assets	1,643	2,103	2,748



The summary forecasts are based on the consolidated position of the Group going forward. The year end 31<sup>st</sup> December 2018 will see Group accounts prepared for the first time.

Historical financial information for the individual group companies will be made available to interested parties

# SERVICES

## MONEY FORECAST

The Group offer lifetime cash flow planning to clients. This enables them to help their clients to achieve their financial and life goals. It also gives the clients the peace of mind that they will never run out of money.

## MONEY MANAGEMENT & INVESTMENTS

The Group seek to understand a client's financial position, their needs and future aspirations. They then work with clients to invest their money on a personal portfolio basis reflecting the client's risk tolerance.

Continued management of the fund and appropriate adjustments to maintain performance over time.

## WEALTH PROTECTION

Wealth protection consists of protecting clients' wealth on multiple levels such as through life insurance, a conservative investment strategy and tax mitigation strategies.

# SERVICES continued

## RETIREMENT PLANNING

Much of the business is the management of pensions. They specialise in pensions consolidation and pension transfers including final salary pensions. They manage pensions in the same way as they manage investments but with more of a focus on tax management in complex areas such as the Annual Allowance, the Lifetime Allowance, Income Drawdown and annuities.

## ESTATE PLANNING

Estate planning means both the preservation of clients' estates as well as bloodline protection and Inheritance Tax mitigation.



# COMPETITION

Historically competition has been significant with the involvement of banks, insurance companies and major wealth management groups including St James Place Wealth Management PLC and Hargreaves Lansdown

A combination of banks narrowing their services to try and focus on higher net worth individuals and issues surrounding mis-selling and independence has led to a significant number of clients finding it increasingly difficult to find good IFA services

Increasing regulatory controls have also seen a reduction in the number of IFAs which has resulted in increasing demand for the services of Wealth & Tax Group

Final salary pension transfers is an area where specific increase in demand is being experienced as have enquiries from Ultra High Net worth Individuals

The next two to three years offer significant opportunity to practices like Wealth and Tax Group and beyond this period it is envisaged that there will most likely be consolidation by way of acquisition

# CLIENTS AND MARKETS

Having worked as an IFA for over 30 years Tony has a following of loyal clients who have in turn been very happy to recommend the services of Wealth and Tax Group

Location has influenced many customers being in the Milton Keynes area but customer recommendations has lead to a much wider geographical spread amongst the client base

Although the company are happy to hold an initial discussion with any prospective customer it would usually look for any client to have a minimum of £100k to invest

Inheritance tax [IHT] planning is influenced by the thresholds in place which currently are £325k per person with £650k for couples plus the additional residence nil rate ban for those qualifying

Pension planning can cover customers looking to set up new schemes and includes those looking to transfer and is not necessarily subject to any minimum

# GROWTH PLANS FOR THE NEXT THREE YEARS

Tony would like to grow Wealth & Tax Group over the next 3-5 years by a combination of organic growth and possible acquisition of one or two small independent IFA practices as and when an appropriate opportunity arises.

Tony wishes to build up the existing business to maximise his exit rewards and is looking for a like minded investor who would like to help him continue building the business and share in the returns that should be achievable given the anticipated consolidation in the sector

With the proposed increased revenues growth plans will be further supported by increases in marketing spend



# MARKETING AND SALES STRATEGY

Tony is currently in discussion with an Independent Financial Adviser who is relocating from Hong Kong and will bring with him some existing UK clients. It is anticipated that this new hire will not only bring up to £15m of new funds under management but Tony would like to groom the individual to be his successor as MD within 2-3 years

Having implemented a successful monthly blog Tony plans to increase their regularity as well as introducing podcasts and on line videos

In addition to increasing the on line marketing presence for the company Tony plans to increase the company's network of introducers particularly accountants and solicitors

With such a wide range of products now encompassed within the independent financial arena Tony would like to run a regular series of seminars promoting the various products

# ALLOCATION OF INVESTMENT

Initially the investment monies would be used to repay existing borrowings which would immediately reduce the current borrowing costs and still leave sufficient funds to finance the first target acquisition .

This practice currently has £20m of funds under management which generate recurring fees of £47k pa. This well established practice has many loyal clients that Tony believes he can persuade to increase recurring fees by bringing the business into the Wealth & Tax Group. A deal is proposed on a part initial payment and deferred basis and a successful fund raise will allow Tony to make this first acquisition

The group is also cash generative and has recently come to the end of the deferred payment agreement in respect of Tony buying out his previous partner.

Other areas identified as requiring the allocation of the investment monies include the proposed increase in online and offline marketing, improvements in the company's technology and the recruitment of 2 or 3 more new specialist staff.

# EXIT STRATEGY

In January 2018 Wealth and Tax Group joined as a member of the Succession Group which supports IFA practices in grooming them for sale. Whilst Tony has been approached to sell Wealth and Tax Group he believes he should look to build his own business through strategic acquisitions with a view to selling in 3-5 years

He firmly believes that such a strategy will not only result in a larger reward for himself but also represents an opportunity for an appropriate equity partner to receive excellent returns on their initial investment.



# EXPRESSIONS OF INTEREST AND DISCLAIMER

Those parties wishing to learn more about Wealth & Tax Group should in the first instance contact Business Finance Services Ltd via either John Landers – [john@bufinserv.co.uk](mailto:john@bufinserv.co.uk) – 07809 361664 or Peter Douglas – [peter@bufinserv.co.uk](mailto:peter@bufinserv.co.uk) -07770 866955

## **PLEASE NOTE**

This document is for information purposes only and is not an offer, solicitation or inducement to invest in an entity, shares or funds nor is it part of any contract for sale, transfer or purchase of the same. The information is provided by our client and prospective investors should not rely on this information to make decisions. The accuracy of the information is not guaranteed

All prospective investors must carry out their own due diligence to satisfy themselves as to the accuracy of all matters and information available before making any decisions. Nothing in this document constitutes investment advice specific to your circumstances. Please consult your own professional advisers on your financial circumstances before making any investment decision.

# APPENDICES

- Group Company individual historical accounts
- Group Forecast Profit and Loss, Balance Sheet and Cashflows to 31<sup>st</sup> Dec 18,19 and 20
- Key Individual CV's
- IFA Registration Details

