GETTING TO KNOW YOU

This is a feature where we ask clients of HH a range of obscure questions in order to get a better appreciation of their life and interests.

This edition features Steve Smith, Serial Entrepreneur & Founder of Poundland, and you can learn more about Steve on his website **www.stevensmith.com**

Ruth Murday, Hawkins Hatton and Steve Smith, Serial Entrepreneur & Founder of Poundland

1. **Where were you born?**

   Wolverhampton, the centre of the universe, unless you talk to Hawkins Hatton in which case it is Dudley!

2. **Where would you like to be in 5 years?**

   Retired and watching the world go round.

3. **What do you enjoy most about being in business?**

   Meeting new people from different backgrounds with alternative ways of thinking.

4. **What one piece of advice would you give to aspiring entrepreneurs?**

   Keep trying until you make it happen.

5. **What is your most memorable event in your life?**

   Getting married.

6. **What is your favourite book?**

   I don't have one though I am writing one!

7. **If you were a superhero what would your superpower be?**

   Fly.

8. **If you could travel in time, where would you go first?**

   60's, as they had the best music and dance moves.

9. **What is your favourite food?**

   Steak, though I understand the national favourite dish is curry.

10. **What are you currently listening to?**

    Party noise on a yacht abroad but please do not get the wrong idea, it is work!

11. **If you had one wish what would it be?**

    My family remain healthy.

12. **What is the highlight of your career to date?**

    The sale of Poundland.

13. **If you could invite anyone for dinner (living or deceased, real or fictional), who would it be and why?**

    My grandad and nan Smith as I would have so much to tell them.

14. **What motivates you to work hard?**

    My kids.

15. **What did you want to be when you grew up?**

    Surgeon.

16. **Who would you want to play you in a movie about your life?**

    Tom Cruise.

17. **Who was your biggest influence when pursuing your career?**

    My dad.

Contact us on: 01384 216840 • info@hawkinshatton.co.uk

HawkinsHatton
CORPORATE LAWYERS

Newsletter September 2015

LODGE TYRES KEEPS ROLLING FORWARD

Martyn Lodge of Lodge Tyres and Colin Rodrigues of Hawkins Hatton

Having started business in 1935, Lodge Tyres have helped keep the wheels of the local tyre industry moving by supplying tyres and accessories throughout the Midlands and further afield.

This family owned business has over 23 depots which fully service tyres for cars, vans, commercial and plant vehicles and offer 24 hour breakdown assistance to its customers.

The aim of the business has been to offer a complete solution for tyres to all of its customers and in order to achieve this Lodge have expanded their commercial footprint by moving into new locations such as the Jamage Industrial Estate in Newcastle-under-Lyme and a site at Lord Byron Square in Manchester.

Lodge have used our firm for their legal needs when expanding to new locations and we have offered a service with a deep tread getting fully to grip with Lodge's requirements.

Martyn Lodge, the finance director of Lodge said that "the vision of the business is to offer cost effective solutions in a timely manner to both retail and commercial clients alike. Thus extending the footprint seems a natural way to continue to expand the business."

Colin Rodrigues, our Corporate Partner commented "It is always good dealing with commercial clients who know where they want to get to. When dealing with the recent expansion of some of Lodge's depots there were difficult title issues which had to be carefully manoeuvred but a determined approach overcame the potholes keeping Lodge in the driving seat and in control!"

In This Issue

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PARTNERSHIPS: ARE YOU IN AGREEMENT?

Harminder Sandhu, our managing director and head of Dispute Resolution provides some general guidance on partnerships.

A partnership consists of two or more people setting up in business together with a view to sharing profits and liabilities. As there is no necessity for a formal contract between the partners, a partnership can be formed through conduct. However, in the absence of a formal partnership agreement, all partnerships which are not LLPs or Limited Partnerships are regulated by the Partnership Act 1890 ("Act"). The obvious problem with the Act is that it is over 120 years old and therefore it cannot be expected to meet the requirements of modern day businesses.

There are certain aspects of the Act which many of those in partnerships do not realise can be a real issue, for example:

- A partner shares equally in the profits of the business regardless of the time and effort he/she spends in the business compared to other partners who are less involved. Factors such as the devotion of time, degree of skill, and seniority in the business are not reflected in the equal share of income profits. The Act also provides for the equal distribution of surplus funds from the sale of partnership assets.
- There is no mechanism for the expulsion of a partner.
- A partner cannot retire. If a partner exits (even through death) the partnership dissolves and must be reformed which can be an expensive process.

The above are just a few reasons why we recommend that all partners enter into a formal partnership agreement to regulate matters such as expulsion, retirement, death and what is expected from each partner in terms of involvement in the business and roles. By way of example, a partnership agreement can provide for grounds upon which a right to expel could be exercisable (i.e misconduct) and how it would be exercised which provides for certainty in the business. A formal agreement could also reflect the disparity between partners in relation to capital contributions and allow for salaries of differing fixed amounts to reflect individual partners' devotion to the business.

Harminder Sandhu

A partnership agreement will ensure the partners share a common vision for the business and mutually agreed goals. We have resolved a number of partnership disputes which could have been avoided if the relationships had been governed by a formal agreement.

For any further information or advice contact Harminder Sandhu at **hsandhu@hawkinshatton.co.uk** or on **01384 216840.**

GLOBAL RIPPLES IN A POND

Most of you may remember as a child throwing a stone into a pond and watching the ripples flow out to the margins until the water calms again.

Earlier this year I commented in my regular editorial piece in "Made in the Midlands" on some of the dangers which were "stalking the Eurozone", such as the Grexit, deflation, low oil price and the election in May 2015 to name but a few.

If you think of these events as stones, the question is have we seen calm waters? Maybe not given China's "Black Monday" has sent markets reeling across the globe. This event came in the same week that the CBI revised the UK GDP growth upwards to 2.6%. This may indicate to some that things have calmed within the UK, however most of you will agree that the UK's pond is part of a series of larger bodies of water making up the global sea and therefore, we can expect more ripples to hit the UK.

It is difficult to anticipate world events and it really comes down to two things in my opinion; "confidence" and "debt", and each has an effect on the other. Being a corporate lawyer the correlation between debt and confidence in my view is simple, the bigger the debt the smaller the confidence, which would explain why following Lehman Brothers, businesses and households have tried to deleverage their borrowings. Given we are part of a global economy, we are still going to get buffeted by other countries when they throw their stones into the pond.

It has been suggested that the global crisis which led to an over expansion of consumer debt in the USA then caused contagion worldwide, and subsequently, this debt has never really disappeared but has simply been substituted for government debt created through quantitative easing or "QE" as it is better known.

The China debt issue is as a result of a credit cycle resulting from the expansion in the largest borrowing and investment spending ever seen in the history of one nation. An alarming example of this can be seen if you visit www.nationaldebtclocks.org/debtclock/china you will see the rate at which the Chinese national debt is increasing and the interest they are paying per second. This leads me back to the lack of confidence stone which China has thrown as a result of its debt, leading to a domestic financial collapse. The real question is will this ripple turn into a swell.

Colin Rodrigues

Turning to the Midlands and our national market within the rest of the UK, as with everything, business moves on and adapts; the stronger businesses survive and the weaker businesses fall by the wayside. As a region I think the West Midlands has moved from its historical roots as being the workshop of the world to now being still one of the global hubs for manufacturing and innovation through added value and not through simply being the cheapest manufacturer. Therefore, given the views of the CBI as to UK growth and what I have experienced on the coalface of industry in the West Midlands and further afield I am hoping we will ride the tide given that the UK's exposure to China's slowdown and their reduced appetite for commodities will affect countries like Germany and Australia more so than the UK.