

# Corporate Assets Liberation Plan



“a combination of a corporate structure and a unique commercial Purpose Trust”

A Commercial Trust  
with independent  
Trustees

## Corporate Assets Liberation Plan – Value Brief

Corporate remuneration and incentives planning are key components of any successful modern business and it has become recognised that indirect incentive platforms maximise incentive effects.

However, incentive planning objectives can be met only if the funding of the incentive arrangement is correctly structured. Cash funding reduces profits, which may prejudice the structural value of the company. New share issues dilute existing equity holdings without appropriate accounting or fiscal recognition.

To combat these value problems, we have developed a unique Assets Remuneration Trust, which solves the structural planning dilemmas of indirect incentive arrangements without incurring fiscal penalties, providing a value solution.

## The Power of the Assets Trust

The Assets Remuneration Trust is a Commercial Trust with independent Trustees, selected by the Company. The criteria for membership of the class of beneficiaries are very flexible and shaped to match the content of the incentives arrangement.

The company selects appropriate business assets and transfers these to the Trust, suffering no loss of cash working capital, which must be funded from profits, but instead using passive corporate wealth to generate dynamic incentive value.

The financial and fiscal treatment of Trust transactions follows this essential change from direct to indirect incentive provision. And importantly, the Assets Remuneration Trust is tailored to your precise individual requirements by expert solicitors.



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## **Benefits for all concerned**

The Company divests itself of direct incentive negotiations, providing incentive expenses out of capital rather than revenue and obtains Executive appreciation for the independent funded incentive trust.

Members, who can include non-employees, obtain discretionary benefits not subject to Company control and have the security that benefits funds are held in irrevocable trust.

And the Revenue has open access to Trust documents, receives PAYE on taxable benefits and can match tax liabilities with actual receipts.

## **Fully compliant, properly reported, totally effective**

Like all our solutions, The Corporate Assets Liberation Plan has been created to be fully compliant and permissible under trusts and tax law.

Company funding of the Trust is disclosed in Employer accounts and trust funding is transparent to Executives and the Revenue. Trustees are subject to strict statutory regulation and taxable Trust benefits are accounted for under PAYE.

If you feel this proven solution may suit your requirements, please either forward these details to your own Professional Adviser or email us at [info@mardons.co.uk](mailto:info@mardons.co.uk) for an initial discussion and to arrange an exploratory meeting which can include your Professional Adviser.



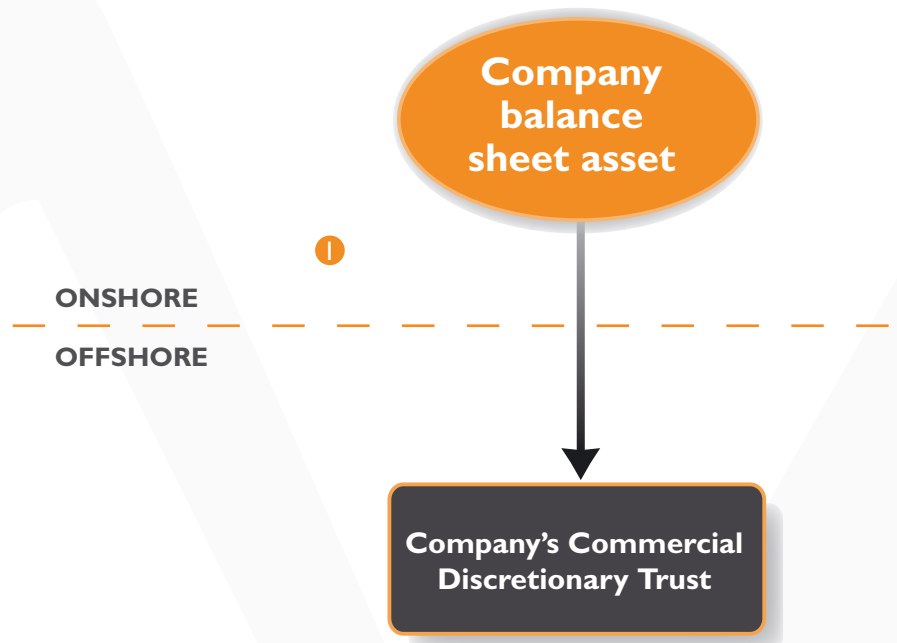
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- 1 Company assigns balance sheet asset to trustees of Assets Remuneration Trust. Mardon Financial Advisers Ltd fees become payable.



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## Corporate Assets Liberation Plan - Case Study

### PROBLEM

After a 7 year planning struggle, a Scottish property company obtained permission from the relevant authorities for a combination of food retail and residential development on a green field site. The Capital Value on the balance sheet of the asset escalated from £10 million to £40 million.

### AIM

The directors wish to realise the value of the asset without incurring enormous fiscal liabilities.

### SOLUTION

There is a combination of a corporate structure and a unique commercial Purpose Trust which parallels the objectives of the sponsoring company the following results were achieved: -

### BENEFITS

- 1 Asset transferred to a Purpose Trust free of Capital Gains Taxes
- 2 The Directors realised the full value of the asset in an entirely tax free environment
- 3 The Directors had / have no personal tax liabilities Trust pays no income tax or capital gains tax on its investment
- 4 In the future the sale proceeds are entirely free of all inheritance, capital and income taxes

Mardon Financial Advisers Ltd accepts no responsibility for any loss, damage, cost or taxation suffered by any person in relation to or reliance upon the matters set out in this document. Any person wishing to implement any Value solution should seek advice from an appropriate independent professional adviser.



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