Private companies are a unique asset class – correlated not to the market but to entrepreneurial drive. This is an arena where you can achieve better returns for the risk you take. You can also shape investments to deliver answers to other needs, such as preserving wealth over generations.

This is why I believe that private companies should have a place in most balanced portfolios. Private company investing isn’t just for the pension funds and the professionals.

I founded Rockpool to ensure that many more investors could realise the benefits of this asset class. Our network of investors is growing and I do hope that you will join us too.

Matt Taylor
Managing Partner

Contact details
E team@rockpool.uk.com
T 0203 8548 100
W rockpool.uk.com
THE BEST IHT SOLUTION FOR RETURNS AND CONTROL

Our Corporate Inheritance Tax Service combines real returns with the opportunity to maintain control of your assets whilst delivering inheritance tax savings.

Business Relief offers a simple route to inheritance tax savings, yet, many of the available solutions deliver hardly any investment return after charges or rely on volatile AIM stocks.

Our service provides inheritance tax exemption alongside a target return of around 10%.

HOW IT WORKS

Business Relief gives inheritance tax exemption on the value of shares held in any unquoted company with a qualifying trade. Many solutions using Business Relief require you to hold shares alongside many other investors in a company that you don’t control. Some involve a company set up in your name participating in partnerships, which can be highly complex.

With our Corporate Inheritance Tax Service, you hold shares in your own company and we help you establish the qualifying trade of lending. If you don’t have a company already, we’ll set one up and handle the administration.

OUR SERVICE

- A flow of loans so your company can build a diverse lending book
- Professional due diligence and loan administration
- Select loans yourself or instruct us to automatically select loans for you
- No management fees, so more of your money stays at work
- Company setup and administration if you prefer not to do it yourself

ALREADY A COMPANY OWNER?

The value of your shares can become IHT exempt immediately.

DON’T OWN A COMPANY?

We can help you get up and running with a company very quickly and the value of your shares can be IHT exempt in two years.

Your capital is at risk and there is no guarantee of any return. Exemption from inheritance tax depends on HMRC being satisfied that the shares qualify for Business Relief.
PROTECT YOUR ESTATE FROM INHERITANCE TAX

When inheritance tax is calculated on your estate, HMRC ignores the value of any shares that you hold in a private company that qualifies for Business Relief.

With a low rate of corporation tax, more and more investors are using private companies as part of their wealth strategy, particularly to reduce inheritance tax through Business Relief.

To qualify for Business Relief, a private company needs to be mainly involved in a business. The technical term for business is a “trade”. We help you establish a trade of lending in your own company.

The company can still hold investments, as long as the lending trade is more than half of the company’s assets and activities.

With our flow of lending opportunities, your company can quickly build a diverse book of loans. Diversity helps to reduce risk and helps to demonstrate the trading activity. The minimum loan size is £50,000 and the company should aim to build a book of at least 10 loans over a number of years. Typical interest rates range from 8 to 10% and some loans come with the benefit of a potential 40 to 50% bonus through share options.

Q **Want to start gradually investing more in your company as you release cash from other investments?**

You can do so at any time without restarting the 2-year qualification period.

Q **Need to withdraw funds for other purposes?**

If you need to withdraw funds at any time, you are free to access the interest payments made to your company and capital as the loans mature.

Q **Want freedom to pass on wealth when you are ready?**

If you decide to pass on some shares after holding them for 2 years, they remain inheritance tax free in the beneficiary’s hands.
COMPANY OWNERSHIP

Our service is designed to offer maximum flexibility and control through direct ownership of a company which makes loans. If you don’t wish to set up and manage your own company and would prefer to outsource this responsibility, we offer a company administration service.

I DON’T OWN A COMPANY

All you need to do is

- Select our company set up and administration service on the Corporate Inheritance Tax Service application form
- Confirm the amount you wish to invest in the company (minimum £250,000)
- Deposit the funds for investment into your new company into Rockpool’s client account

We will arrange for

- Incorporation of a new company
- Appointment of an independent sole director
- Issue of 100% of the company’s shares to you for the application amount
- Signing by the company of a lending service agreement with Rockpool
- Record keeping, including quarterly board minutes
- Accounting, including quarterly management accounts and annual statutory accounts

These services will be provided by a trusted service provider from our panel of accounting firms and the costs are included in the application form.

I already own a company

If you have at least £50,000 of cash in your company, then the trade of lending can start immediately. There should be a plan in place to build a diverse book of loans over time, which means thinking about an overall lending programme of at least £500,000. If you wish to invest more into your company, you can do this without restarting the two-year qualification period if you maintain the same percentage ownership of the company.
LENDING PROGRAMME

We expect to source 10 loan opportunities per year with a total lending amount of £40 million.

SOME EXAMPLES OF OUR LOANS

GREAT BRITISH BOTANICAL

The company is a leading manufacturer of premium glasshouses under the well established Hartley Botanic brand.

Rockpool investors provided a loan of £3.2 million over a five year term at an interest rate of 10%, secured by debentures over all assets of the group. Lenders may also benefit from a 40% bonus from share options.

AIREDALE CATERING

The company installs and maintains commercial kitchen equipment.

Rockpool investors provided a loan of £2.2 million at 10% interest over a five year term.

Investors have received full repayment of their capital plus a 10% bonus and are in line for a further 30% pay out.

SALUS SERVICES

The company owns and operates a managed storage facility in West London.

Rockpool investors provided a loan of £1 million over a four year term at an interest rate of 9%, secured by a first ranking charge over the freehold property.
HOW TO BUILD A BOOK OF LOANS FOR YOUR COMPANY

Whether you are making the lending decisions or instructing Rockpool to automatically select the loans, your company will be one of a number of lenders acting as a syndicate managed by Rockpool.

MAKE YOUR OWN SELECTION

When you register with us, you will receive login details for our platform and access to information on the loans as they become available. You can select the loans you wish to proceed with (minimum £50,000 per borrower). This is our SelfSelect Service.

AUTOMATIC SELECTION

You can instruct Rockpool to automatically select the loans for your company according to the total amount to lend (minimum £250,000) and the number of borrowers you specify (minimum £50,000 per loan). This is our AutoSelect Service.
INTRODUCTION TO BUSINESS RELIEF*

Business Relief offers a very flexible inheritance tax planning route. Most importantly, it avoids the need to give away assets before you are ready to do so. You can retain control of your wealth, knowing that your heirs will not see 40% of your estate lost to inheritance tax.

Business Relief works by reducing the value of your estate for inheritance tax purposes.

The value of shares you hold in private companies that qualify for Business Relief is deducted from your estate before the inheritance tax liability is calculated.

The value of your shares should increase over time as the returns from lending accumulate inside the company. Your company will pay corporation tax on its profits, but you may have losses from other activities to set off against the interest income. Capital gains are CGT-free on death, so the increase in value would pass to your heirs completely free of tax.

Inheritance tax planning with Business Relief need not involve significant costs. It can also be reversed at any time without cost. When you choose Business Relief, you don’t cut off any future choices. Shares in your company can be passed to your heirs or other beneficiaries free of inheritance tax.

* The information in this brochure is intended to provide an introduction to Business Relief for investors considering using Rockpool’s Corporate Inheritance Tax Service. It does not cover all aspects of Business Relief. Please do not rely on this information when making an investment decision.
HOW TO QUALIFY FOR RELIEF

Unquoted shares qualify for Business Relief under certain conditions.

- Your company must be engaged mainly in trading rather than investing. “Mainly” means “more than 50%”, so your company can hold some investments and still qualify for Business Relief.
- The lending business established in your company should qualify as trading provided it has the characteristics of a commercial moneylender. These include making loans on commercial terms to a variety of unconnected borrowers on an ongoing basis, properly documenting credit approvals and borrower agreements, collecting payments systematically, monitoring the performance of loans and taking steps to enforce payment by non-performing borrowers.
- Using our service, your company will outsource most of these activities to Rockpool as its agent under a service agreement. All lending decisions will be made by your company, which will review all prospective loans before they are made and should monitor the performance of the loans on a monthly basis. It is important that your company maintains appropriate records in order to be able to demonstrate that the lending activity is a trade.
- Cash held by a company could be regarded as investment, so care is needed if your company has significant cash balances.
- You must own the shares at the time of your death and for 2 years before.
- This does not prevent you from selling some shares in the same company during your lifetime. The relief is available on the shares you still hold.
- If the shares were transferred to you on your partner’s death, the 2-year period includes any time in which your partner held the shares. “Partner” here means spouse or civil partner.
- The 2-year period is not interrupted where shares are exchanged for other shares as part of a merger or capital reorganisation.
- The shares must not be subject to a contract for sale and the company must not be in the process of being wound up.
- You don’t need to be a major shareholder in the company or work in it to benefit from the relief.
ABOUT ROCKPOOL

THOROUGH

Our private company experts search for well-positioned businesses, carry out in-depth due diligence on each potential loan and negotiate attractive terms on behalf of our clients.

Once we are satisfied that an opportunity meets our high quality standards we provide a detailed credit report for consideration by our clients.

TRANSPARENT

We provide regular reports on each borrower. Our online portal lets you access these reports together with a record of all your company’s transactions.

GOOD VALUE

There are no fees for lenders to pay. Each borrower pays Rockpool an arrangement fee at completion of the relevant loan and an ongoing monitoring fee thereafter. In many cases we arrange separate equity funding for borrowers and we may participate in their equity through an option to subscribe for shares.

Private company loans may not be suitable for you. Your capital is at risk and there is no guarantee of any return. Private company loans do not provide a reliable source of income. Please read this document carefully and talk to your financial adviser about how it could work for you.
IMPORTANT INFORMATION

RISKS

Rockpool’s Corporate Inheritance Tax Service may not be right for you. Please think carefully about the risks involved. Unless you have an expert understanding of investing in private companies, you should seek independent professional advice before investing. Rockpool is not able to provide you with advice.

It is possible that you may not get back the money that you invest. There is no guarantee for your capital or for any investment return. Past performance is no guide to future performance. Unquoted share investments are usually illiquid and must be held for at least 2 years to qualify for Business Relief. This means that you may not be able to sell your investment when you want to.

Tax benefits of investing depend on your personal circumstances, on the circumstances of your company and on rules and regulations. All of these could change, removing tax benefits that you expected to enjoy.

Exemption from inheritance tax depends on HMRC being satisfied that the shares qualify for Business Relief. Unless you have an expert understanding of Business Relief, please consult your professional adviser about Rockpool’s Corporate Inheritance Tax Service.

COMPLIANCE STATUS

Rockpool’s Corporate Inheritance Tax Service is not a fund or collective investment scheme. It is open to both professional and retail clients. Rockpool is a MiFID firm.

FEES AND CHARGES

Rockpool does not make any charges on investors. Instead we charge each borrower an arrangement fee at completion and an annual monitoring fee thereafter.

We can facilitate adviser charges. Borrowers will pay an initial fee to introducers.

AUTOSELECT SERVICE

If you choose Rockpool’s AutoSelect service, you instruct Rockpool to lend the amount applied for across at least the number of borrowers selected. The amount lent to each borrower will be determined by an allocation formula, which includes provision for scaling in the event of over-subscription. Rockpool will not exercise discretion in applying the allocation formula.

We will not accept your application if your lending amount divided by the number of borrowers you specify would result in less than £50,000 being lent to each borrower.
This document constitutes a financial promotion pursuant to Section 21 of the Financial Services and Markets Act 2000 and has been issued by Rockpool Investments LLP, which is authorised and regulated in the UK by the Financial Conduct Authority [FCA firm number 572300].

Nothing in this document should be regarded as constituting legal, taxation, investment, or other advice and prospective investors should consult their own professional advisers before investing.

If you invest through the Rockpool Corporate Inheritance Tax Service, you will do so under the terms and conditions set out in the application form provided by us.

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Contact details
E team@rockpool.uk.com
T 0203 8548 100
W rockpool.uk.com
A 10 Bressenden Place, London SW1E 5DH

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