

Paving the way to Property Success...

Keelys has recently acted for Stoke on Trent Regeneration - a joint venture company between St Modwen and Stoke City Council - on the multimillion-pound sale to Prudential of the Screwfix site at the Trentham Lakes development in Stoke on Trent.

Associate Partner at Keelys, James Chisholm said: "There is a great sense of team spirit at Keelys which enables us to run and complete these large transactions smoothly. The transaction was a complicated forward funding deal that required completing within a tight timescale." Screwfix is part of the B&Q group.

The property department has also completed the legal work to allow 400 homes to be built on a former Ministry of Defence site in Hilton, Derbyshire. Sharon Lawrence, head of commercial property acted for St Modwen Properties Plc in selling the 15 acre site to George Wimpey Midland Ltd. The sale was achieved within five weeks of the closing of bidding. The site is part of a 270 acre development, which will provide 1100 homes, 90 acres of employment development, a new district centre, a village by-pass and schools, sports and community facilities.

Jim Docherty looks at how MBOs as an exit route for vendors has come of age

It's true to say that a few years ago, the MBO was not looked upon particularly favourably as the best exit route for vendors.

The basic driving motivation behind an MBO is for management to look to cash in on the growth they manage to engineer in the business in the post deal phase. To boards a decade ago, this looked like a blatant attempt by management to line its own pockets at the expense of shareholders.

Also, the view was that a trade buyer could always find opportunities for cost cutting - usually referred to as 'synergies' - which would enable them to pay a higher purchase price than a management team could justify.

Today the situation is very different and the MBO is seen in a far more positive light. On the "disloyalty" issue, provided management go about things in an honourable and open way, boards are now generally willing to recognise that an MBO can represent very good value for shareholders.

There is also the appreciation that there are some real advantages to vendors in an MBO, not least of which is that they can often get the sale away with far fewer conditional elements. They will not have to open up their doors to their competitors and will probably be able to avoid giving a whole raft of warranties which can bite back long after the sale is concluded - the very opposite of sell it and forget it.

With a trade sale the company has to sit and watch its intellectual property and confidential trade information being put at risk as the proposed purchaser combs through its processes and procedures.

While the key advantage of the trade sale - usually to a competitor - is that it is simpler for a vendor who usually deals with one individual funder and subject to the funder being satisfied, the deal will conclude, the great drawback is that if the sale falls through, a competitor is going to walk away knowing a great deal more about your business than they did when they walked in.

For anyone wanting more information about selling to management or buying from the Chairman, speak to Jim Docherty, Daniel Keane or John Primmer at Keelys on 01543 420000.



Jim Docherty

A Legal Laugh:)

Q. What do you get when you cross a librarian with a lawyer?

A. All the information that you need but you can't understand a word of it.

Lawyers: People who write a 10,000 word document and call it a brief. (Franz Kafka)

Did you hear they've come out with a new Barbie doll called "Divorced Barbie"?

Yeah, it comes with all Ken's stuff

Keelys bits

ISSUE 2 FROM KEELYS

WINTER 2002/03

KEELYS SOLICITORS

Welcome!

Hello and welcome to our second newsletter. I'm delighted that our first Kee bits was so well received and thank all of our clients who were very complimentary about it.

We are still undergoing changes and improvement to the firm. We have expanded the team and made a number of new appointments including two new Associate Partners. I'm confident that these young talented professionals not only further enhance our already strong team but also reinforce the view that Keelys is a firm which provides the legal expertise to match that of any city in the country.

We had a very successful year in 2002 across all three departments. In particular congratulations must go to our Commercial Property department which had a record year and has carried out deals worth in excess of £70 million.

I hope you enjoy this second issue of Kee bits. In addition to our own news we have included features on some key legal issues including changes to the Employment Law Act. If you require any further information on any of the articles please don't hesitate to contact me on 01543 420000.



Daniel Keane, Managing Partner.

New Faces at Keelys

Keelys has strengthened its team with the appointment of two new Associates - James Chisholm and Justin Spivey.

James joins as Associate Partner in the Commercial Property department. He was previously with international law firm DLA in Birmingham and specialises in development work. Former positions include working at Heatons in Stoke.

Thirty five year old James is the father of a ten month old baby boy and lives in Lichfield.

Thirty four year old Justin Spivey has come further afield and joins Keelys after four years working as a solicitor and barrister in Canada.

Justin joins as Associate Partner in the company's Corporate department - specialising in Employment Law.

Justin decided to take up the position with



From l to r - James, Justin and Clare.

Keelys after considering posts throughout the UK: "I was extremely impressed with Keelys and the quality of service it offers clients and was keen to be a part of it."

Justin also lives in Lichfield with his family.

Clare Makes the Grade!

Congratulations to Clare Hancock who qualified as a solicitor in August.

Clare worked for Keelys for two years during her training contract and has now been appointed as a solicitor in the firm's Corporate Services department. Twenty-five year old Clare from Edgbaston will be working mainly on commercial trading agreements and company acquisitions and sales.

in this issue!



A Smooth Ride! Page 2



Pedal Power for Nigel... Page 2



MBOs Come of Age -

Page 4

Keelys

Ensures Smooth Ride for Wheel Supplier...

Keelys ensured a smooth ride for the UK and Europe's leading supplier of wheels, tyres and accessories as it relocated from sites in Saxham in Suffolk and Rugeley to a centralised base in Hednesford, Staffordshire.

Associate Partner, Jim Docherty acted for Wheel Solutions' Managing Director, Steve Budding in an own shares purchase - buying control of the company from his previous business partner.

With 100% ownership, Steve Budding moved the operation into



I to r Jim, Steve and Jill at Wheel Solutions

custom-built premises at Upper Keys Business Park, Hednesford. Solicitor Jill Pearshouse working in the firm's Commercial Property department acted for Mr Budding in acquiring the new freehold factory.

The new move means that Wheel Solutions can now offer a wider product range and has become a 'one-stop shop' for a vast range of wheels, tyres and associated accessories.

Changes to Employment Act – What YOU Need To Know

Employment law specialist Justin Spivey provides a breakdown of the key changes to the Employment Act 2002 much of which comes into force this year:

Maternity Leave

- The minimum number of weeks all women are entitled to as Ordinary Maternity Leave rises to 26
- Statutory Maternity Pay is extended to 20 weeks
- The lower rate of pay for SMP increases to £100 per week (or 90% of the average weekly earnings if lower)
- If a women is to return to work, the minimum notice she must give increases to 28 days

Paternity Leave

- All fathers (and adoptive parents) will have the right to up to two weeks paid paternity leave
- This will co-exist with the right to 13 weeks unpaid parental leave
- Statutory Paternity Pay will be payable at the same rate as the lower rate of Statutory Maternity Pay

Statutory Grievance and Disciplinary procedures

- Although the act became law in 2002, the regulations that go along with it are not expected until Spring/Summer 2003. Key points are:
- Employees will need to notify employers in writing of any grievances
 - Failure to do this could result in up to 50% reduction in compensation
 - Employers will have a chance to put right any grievances before it

goes to Tribunal

- Employers must maintain a minimum three step disciplinary and grievance procedure which must be implied in every employee's contract of employment
- Failure to do this could lead to a breach of contract claim as well as unfair dismissal
- The Tribunal can increase the compensation award up to 50% if the employer has not honoured the implied terms of the contract of employment
- The Tribunal can increase compensation from between two and four weeks if employers have not fully advised employees on disciplinary and grievance procedures

To ensure employers don't get caught out Justin advises all employers to provide their employees with a written statement setting out:

1. The exact procedures to be followed in the event of any disciplinary or grievance matter
2. Full contact details of the person within the company whom a disgruntled employee should communicate with
3. A reminder that employees have the right to be accompanied to any disciplinary or grievance hearing by a fellow colleague or union official

For more information on these and other changes to the Employment Act, contact Justin Spivey on 01543 420000 or email: jspivey@keelys.co.uk

Beware the small print!



Commercial Litigation Partner Michael Phillips takes a look at Personal liability.

Most directors and managers of businesses have an understandably jaundiced view of the copious small print which routinely appears on the back of order forms and standard form agreements which they are signing on a daily basis.

All being well, no one should need to go through it, as much will be unintelligible and impossible to do without a magnifying glass and a 100W desk-lamp to hand!

Occasionally, however, an unexpected trap can be lurking for the person signing the document. Some organisations slip in a provision that the person signing a contract on behalf of a corporate entity undertakes personal liability. To make matters worse, the offensive wording is often buried deep inside the small print, with no eye-catching clause-heading to put the person signing the document onto the scent.

The document being signed may not even look like a contract - it may, for example, be an application form, and may not even set out the offending term on the reverse, but refer to terms and conditions available on request. If a manager signs without proper authority, it might be thought that personal liability is fair enough, but the provision may go much wider than that. If the company is unable to

pay, the person who signed the contract on the company's behalf may be pursued for the debt in a personal capacity.

Although protective legislation such as the Unfair Contract Terms Act 1977 may not assist in these situations, all is not lost. If the courts characterise some clauses as being particularly onerous or unusual, they will not bind the person signing unless efforts had been made to bring these clauses to the attention of that person prior to signature. So by reference to this principle it may be possible to escape personal liability. However that person may still be bound if he or she has actually read it or had his or her attention drawn to the offending provision. However, in this situation many people would most likely refuse to sign, or cross out the offending provision prior to signature.

The principle is capable of extending to any contractual provision which can be characterised as unusual or onerous, although the courts will not allow it to be used as a charter to escape the consequences of harsh contractual obligations.

Regrettably, there is no substitute for checking over small print, however tedious it may seem. At the very least, scan through for offending expressions such as "jointly and severally liable" or "personally liable", and home-in on clause headings with titles such as "Agency" or "Execution".

Bowled Over as Keelys Completes Deal on Cricket Ground

Legal work involved in the re-housing of Lichfield Cricket and Hockey Club – from a ground they had occupied for over a hundred years – was completed by Keelys enabling the teams to move to new purpose built premises for the start of the season.

Senior Partner John Parkes was involved in the project for more than two years and was responsible for making sure that the old and new leases were synchronized ensuring a seamless move from one ground to the other. Other legal work involved negotiating suitable terms for the new lease and dealing with all Building Contract requirements.



Pedal Power for Children's Charity

Nigel pedals for charity

Keelys' Nigel Mears put his money where his pedals were and took part in a coast-to-coast bike ride as part of a Round Table initiative to raise £10,000 for a children's charity.

Nigel who is a solicitor within the Private Clients department at Keelys set off from Whitehaven in the Lake District and cycled 140 miles taking him through the Pennines and across to his finishing point south of Sunderland on the North coast - in just three days.

He was one of 24 cyclists hoping to raise money for the Children's Wish Foundation – an international charity that helps terminally ill children fulfil a wish.

Training for the event included a number of 30-mile practice rides at the weekends as well as shopping for the latest gel filled saddle and padded cycling shorts!

Make-over for Office!

Laurence Llewellyn Bowen hasn't made an appearance in Lichfield but anyone who has visited Keelys recently will have noticed that the firm has undergone extensive refurbishment.

The comprehensive make-over includes a redesigned and modernised reception with new seating areas, new signage and attractive design elements such as engraved glass. The whole office has also been repainted and new carpets in 'Keelys' colours' have been fitted throughout.



Redesigned reception at Keelys