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Local Matters, National Strength.

Be inspired

It's summer and we can all feel inspired by the bright, warm sunny days (when we get them!)

At Haines Watts something that does inspire us is the work done by the thousands of entrepreneurs that we deal with every day.

The time is ripe to take a close look at entrepreneurship, and that's exactly what's happening in this edition of *One*, which has a strong entrepreneurial theme throughout.

In a special report on pages 6–8, we ask what makes a successful entrepreneur and spotlight one of our clients, Nick Grey of Gtech, who has built a market-leading business by challenging conventional thinking.

Managers who are stirred to become entrepreneurs by undertaking an MBO need to be sure-footed in their approach. Pages 10–11 feature extremely useful advice from Ryan Wilkinson on making your buy-out a success. There is also a stimulating case study that highlights how one enterprising businesswoman carried out this feat single-handedly.

We often find that many entrepreneurs are so preoccupied by their day-to-day businesses, that their own financial planning is last on the list. Page 12 examines the benefits of reviewing your own financial position regularly.

Inventiveness and determined pursuit of new ideas should always be encouraged. On page 8 we examine how businesses can succeed by fostering creativity and inspiration in the workplace.

Making life simpler for businesses ought to be a priority for any government. That's especially true when it comes to tax policy. In our new *On the soapbox* feature on page 9, Haines Watts Tax Partner Ross Welland asks if the Office of Tax Simplification has the authority or remit to take the fundamental action that's needed.

As Haines Watts office locations grow, with the addition of a new office in Wimbledon, we are considering how e-learning can benefit our staff. You can read on pages 4 and 5 why this is the biggest growth area in training.

With a wealth of news and other articles, this issue of *One* should provide plenty of inspiration, and if you need advice on any of the topics it raises, then please get in touch.



Andrew Minifie,
Managing Partner

UK business travellers megabytes better off

Business travellers are megabytes better off if they're travelling in the UK, a recent survey has revealed.

It shows Britain is steaming ahead of its continental neighbours when it comes to wi-fi services on trains.

Wi-fi is widely available on UK train services. However, Italy, Spain, Ireland, Holland and Austria have no (or very limited) on-train wi-fi. And coverage in France, Germany and Belgium is limited to a small number of train services.

Wi-fi is increasingly identified by business travellers as an important reason for choosing rail over other forms of transport in the UK.



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What the Bribery Act 2010 means for you

Tough new government laws that aim to tackle incidents of bribery in the public and private sectors came into effect on 1 July.

The Bribery Act 2010 makes it an offence to offer or receive bribes, bribe foreign public officials or fail to prevent a bribe being paid on an organisation's behalf. Anyone found guilty can face up to ten years in prison with an unlimited fine.

Government guidance makes it clear that standard client hospitality practices, such as entertaining guests at key sporting events like Wimbledon, are not going to fall foul of the Act. The law is directed at "mavericks responsible for corruption, not unduly burdening the vast majority of decent, law-abiding companies".

Justice Secretary Kenneth Clarke says compliance with the Act will be based on "common sense" from the business community, and not "burdensome procedures".

He says: "I have listened carefully to business representatives to ensure the Bribery Act is implemented fully and in a workable, common sense way – this is particularly important for small firms that have limited resources.

"Addressing bribery is good for business because it creates the conditions for free markets to flourish."

Detailed guidance on how businesses can comply with the new legislation can be found at www.justice.gov.uk/guidance/docs/bribery-act-2010-guidance.pdf

Changes for parental leave take effect

Landmark regulations that came into force in April allowing fathers and civil partners to take up to 26 weeks' additional paternity leave are now beginning to have an effect on business.

The introduction of additional paternity leave (APL) increases fathers' and civil partners' statutory two weeks paternity leave and gives parents the right to share time off work after the birth or placement for adoption of their child – taking up to six months off work each if desired.

Business owners should be aware that a father or civil partner can begin leave

20 weeks after the birth or adoption, after the mother has returned to work from statutory maternity or adoption leave or ended her entitlement. Business owners must start to prepare for the ramifications of staff members taking different blocks of parental leave off compared to the previous entitlement.

The Government has also provided resources to assist employees to assess their eligibility and find out how the law affects them. For more information, visit www.direct.gov.uk or speak to your local Haines Watts office.

Corporate manslaughter first

Business owners should note that the UK's first corporate manslaughter conviction has taken place. Earlier this year, Cotswold Geotechnical Holdings Limited was found responsible for the death of a geologist in September 2008.

Alexander Wright had been working in a 3.5 metre deep trench when it collapsed. Cotswold's health and safety systems were found to have been deficient and the company was found to have failed to have taken all reasonably practicable steps to protect him.

The company, which has eight employees, was fined £385,000. It was

described in court as "in a parlous financial state", and the company is being allowed to pay the money back at a rate of £38,500 per annum.

The Judge, Mr Justice Field, explained the fine marked the gravity of the offence and the deterrent effect it would have on companies to strongly adhere to health and safety guidance.

But, he added, the company was on a small scale and a larger fine would cause it to be liquidated, and four people presently employed would lose their jobs.

The lesson for all businesses is to make sure robust health and safety procedures are in place at all times.



E-learning is the biggest growth area in training. One examines its many benefits including flexibility which is much valued by the end user.

Access all areas



For small businesses, face-to-face training is expensive both in travel costs and time away from the place of work. A popular alternative is e-learning; the use of technology to enable learning any time, any place, anywhere.

It's also called distance learning, online education, computer-based training or virtual classroom. If you've participated in a webinar, online tutorial, video conference, used a CDROM, DVD or computer package to learn a skill or acquire knowledge then you've experienced e-learning.

Until recently, e-learning has been too costly for all but the biggest businesses. Organisations had to make a substantial investment in a Learning Management System (LMS) to record participation and provide access to a library of the courses available. Nowadays, you don't need an IT department and the upfront costs have been removed. Open source applications such as Moodle provide an LMS platform for free and are widely used by many multinational companies. Technology has levelled the playing field, with growth fuelled by acceptance of e-learning as an education tool.

Traditionally, e-learning has been associated

with learning work-related skills triggered by circumstances e.g. presentation skills or writing a business plan. More universities now offer internet-based academic courses making it possible to gain an MBA through distance learning.

Learners have a greater choice of what and how to learn. Options include: allow employees to register for outside courses; outsource a single workshop; buy off-the-shelf programmes or hire someone to create tailored courses.

In the early days e-learning was as basic as a Powerpoint presentation available

online. Today, the internet allows learners to exchange information and debate course topics in real time. Many courses now combine video streaming, live chat, virtual or augmented reality and 3D technology. Interactive content can make courses engaging in a way that traditional face-to-face training cannot. The inner workings of a technical product can be demystified by the use of animation in a way an instructor with a manual can't.

And the cost-per-hour can be much lower taking into account: zero travel cost; use of open source tools; no classroom, catering or trainer

costs. Time costs are much lower too – no welcome, ice breakers, breaks and winding down sessions. In a downturn, the business case for e-learning is a winner for businesses of all sizes.

Tips for using e-learning:

- **Measure performance.** Providers such as Rob Forsyth of Ignition say e-learning works best with an element of testing to check knowledge and understanding: "an interactive game can be more subtle than a multiple choice test".
- **Offer a blend of approaches.** E-learning can impart product knowledge, but it can't replace first-hand experience such as test driving a new car. It's no replacement for face-to-face when you want to motivate or inspire, although the move is away from sales training towards conveying culture.
- **Provide an incentive.** Delegates who had completed an Ignition e-learning course before attending the launch of a new Nissan model were streamed into a higher level content session. Those who chose not to had to go through a more basic training experience.
- **Build in flexibility:** Opportunities to access training anywhere will grow with the use of smartphones and 3G technology.



Steering around the bumps

Automotive training services group Ignition has gone from strength to strength, turning threats into opportunities and increasing its market as a result.

“There is no doubt that rising fuel prices are having an impact, but technology can help to deliver efficiencies. I have web meetings rather than travel to our office in Brussels,” explains Rob Forsyth, Managing Director of Ignition.

Based in Hertfordshire, Ignition started out in 1978 as Marketing International before rebranding in 2007 to reflect its growth as a pan European specialist automotive training services group.

Clients such as Ford and Toyota unveil new models at events, often overseas, and Ignition stages the events, manages the learning process and delivers the hands-on driving experience.

However, the economic downturn means fewer people are buying cars. Ignition's core

business has been hit hard. Yet Rob has taken this threat and turned it into an opportunity to develop and deliver e-learning solutions. Higher travel costs and efficiency requirements led to a greater demand for online learning.

It's a field Ignition has moved into, to provide the complete package. “When a sales rep comes on board he's got to learn about the product. Because there's sometimes a high staff turnover in car dealerships, e-learning is a steady stream of business to counteract the spikes in demand for

other services around new car launches,” Rob explains. E-learning provides a cost-effective solution to training a scattered and distant workforce. Ignition has used it as a lever to move into other industry sectors, broadening the client base to include L'Oréal and Yamaha.

By diversifying the business, Ignition has not only survived tough times but is growing. Seven years ago Haines Watts came on board to shoulder the regulatory burden, leaving more time for Rob to focus on growth.

“In the first few years it was OK to use a small local firm, but eventually I needed to work with accountants who had experience of growing a business,” he says.

In the early period of the relationship, Haines Watts prepared management accounts, VAT and tax returns and undertook the external audit. Now Haines Watts advises on the more complex issues arising from an expanding business.

At various points Haines Watts has supported Rob with investment strategies such as buying the office building, Hadham Hall, with funding from profits and advice on the structure of the Brussels office. Gary Heywood, Partner at Haines Watts explains: “Tax rules benefited keeping Brussels as a foreign branch office.”

An Enterprise Management Incentive share option scheme has also been put in place as a tax efficient way of rewarding key members of the

CASE STUDY: FACT FILE

Issue: **Diversification & business growth**

Sector: **Services**

Location: **Hertfordshire**
www.ignitiononline.com



Rob Forsyth:
“I needed to work with accountants who had experience of growing a business.”

team for helping Ignition achieve its potential.

With plans to work on applications for smartphones, Ignition continues to diversify. “Instead of a workbook, delegates can use an interactive device to record their training and immediately apply learning. When they go back to work they've got full course support,” says Rob. “Our focus is on making delivery effective.”

According to Gary, the lesson to be learnt from Ignition is the benefit of diversification. By reducing the dependency on one or two customers, and moving into areas likely to grow as uncertainty and rising fuel costs threaten to cause the core business to shrink, the future is a wide open road stretching ahead.

“We took a holistic view of the company profits and dividend regime to get profits into the right vehicles to save tax.”

Striving for excellence

One takes a look at the traits which make up the successful entrepreneur and asks Keir Donald, Co-founder of Anchor Bay, about thriving on the challenges.

What qualities and aptitudes do entrepreneurs share? Is their acumen acquired or are entrepreneurs hard wired to succeed from birth? Whether there will ever be a definitive answer or not, there's no doubt that successful owner managers and entrepreneurs share many qualities.

Paul Simmons, a Senior Partner at Haines Watts, argues that the ability to think strategically and plan is a common trait among the high flyers. "The skill of working on the business rather than in it is often talked about but not every business owner does it successfully," says Paul. "The successful businesses we see are ones where the owners take time to think about what they are doing. They are the ones with the questioning minds."

"The most effective owners I see are also in businesses that are constantly evolving. Most of our clients are doing something different from what they were doing ten years ago because they can see when the world is moving on."

A related skill to strategic thinking is the ability to plan for all scenarios, says Keir Donald, Co-founder with business partner Philip Greene and CEO of construction goods firm Anchor Bay. "Planning is something I think most entrepreneurs do all the time, the ability to take an idea, look at every aspect of it and play it out.

"It means that when the key indicators show a product or plan isn't going well, you already have another plan. I also have certain negative triggers that will make me back away, knowing when to get out and cut your losses is another good skill and that goes with a certain degree of ruthlessness with yourself, the staff and the business."

A desire to be the best is another common theme among entrepreneurs and is a quality he thinks has helped him grow the Erith-based firm, which has sales approaching £11m, so successfully.

"I think striving for excellence is a big part of where success comes from. If you start accepting second best you end up being second best," he explains.

A new crop of younger and more impatient entrepreneurs also are seeking to exit their businesses faster than in previous decades and then start over. Paul says: "I'm seeing more people build a system, a process, and then repeat it. There's an increasing desire for people to cash a cheque earlier – at 37 and then at 47 and again at 57."

Not everyone can turn a desire for money and the capacity for hard work into a successful business though. What marks out the winners and can these factors be acquired, or are entrepreneurs simply born like it?

Keir thinks most entrepreneurs are born with the drive to make it on their own. His own entrepreneurial instinct is certainly inbuilt, he says. "I was always good with figures. I always liked making money, buying, selling and trading."

“ The new generation of entrepreneurs is more restless.”



Cleaning up



Nick Grey: "It's important you don't accept the norm."

CASE STUDY: FACT FILE

Issue: **Entrepreneurship**

Sector: **Manufacturing**

Location: **Worcester**

www.greystechnology.co.uk

Having the capacity to be ruthless with himself has been another factor in his success, he says. "You have to be self critical. Ask yourself 'does this design really deliver?' All good ideas have good points but some flaws. Be cruel and keep going until it works in every way."

Determination and the ability to juggle roles were other factors in getting the firm off the ground, he says. "The entrepreneurial thing has to run through your veins. It's a mini siege mentality – how to get money in and keep it. As a small business, everyone wants you to spend money – suppliers, service providers and bank managers. You have very limited resources so you have to be almost a market trader at some times, a visionary at others."

The real skill, however, is in managing to be all these things while never losing sight of the things that drove you and the skills that differentiate you, says Nick. "If you are better at product design you have to make sure you spend some time on it, take your eye off it for too long, it soon starts to show. You have to keep that kernel of value." Entrepreneurs look at the world in a way others don't, adds Nick. "It's important you don't accept the norm and question things others wouldn't. Sometimes it's bonkers, like walking into a local Tesco and making an offer for something, I look for flexibility and room for change." While important to the continued success of the business, money or the desire to run a big business are not Nick's driving motives. "Of course you need to get a commercial return from what you do, but I was never one to build empires or employ lots of people, the risk of having to close the doors and let people down terrifies me. What keeps me going is reading a glowing product review on Argos. It's so rewarding."

Nick Grey, Entrepreneur and Founder of Gtech, believes his need to challenge himself and others has led to his outstanding success in business.

Haines Watts Partner Colin McKnight remembers Nick Grey, the Founder of successful electronic sweeper firm Gtech, coming to him in 2001 with a business plan. "I still have the original piece of paper he gave me the first time he discussed starting up on his own," says Colin. "It had a seven figure sum on it. Amazingly he hit the targets and deadlines he set himself in it, which you can't say of many start-ups."

Nick's ambition to succeed is behind the firm's amazing success, says Colin, who despite knowing Nick very well, remains impressed that he achieved and exceeded his original and ambitious plan. "Colin was the first guy I went to," recalls Nick, 42. "I talked to him in the early days when I was thinking about Gtech. He has been a trusted adviser from the word go." When so many fail to survive the start-up stage,

let alone beat their original aspirations, why does Nick think he has succeeded? Passion for product design is clearly a large part of it, he says.

He explains: "I loved design and remember thinking, when I was a product designer at vacuum cleaner firm Vax, that I would do this job for nothing. I worked my way up and ended up running the technology function. Pure design and development was really what interested me."

Nick decided to take the plunge and start his own firm, based near Worcester, when a promotion threatened to take him to Hong Kong and into a far more management orientated role. "It would have taken me away from what I loved. I wanted freedom to do my own thing, I had saved enough money to live on for 18 months and took a calculated risk. I wanted to test my designs. They'd succeeded for other people – now I wanted to try them for myself."

One takes a look at the importance of providing an engaging work environment for employees. And why, in an economic downturn, it's more important than ever.

That lightbulb moment

Is harnessing your staff's creativity and ideas important? Just ask Google. It gives each employee 20 per cent of their time to pursue their own ideas and claims that indulging their interests in this way accounts for 50 per cent of its new innovations.

But is giving employees a rich working environment that cultivates their creativity and stimulates new ideas, only the preserve of large (and cash rich) companies like search engine giants? Many UK SMEs could be forgiven for putting such notions way down their list of priorities given the challenges many face running to stand still in the face of public cuts, cash poor consumers and unwilling banks. Spending money on bean bags, table football and letting staff loose for free creative time may seem like an expensive folly given these uncertain times, but do it right and there's evidence that tapping the creativity of your people (and for that matter even your suppliers and customers) pays dividends.

“ You can't create value unless you share it to some extent.”

The fact is that the most innovative firms are growing twice as fast as those that fail to innovate and, according to Steven Johnson, author of the book *Where Good Ideas Come From*, generating new ideas is seldom the preserve of the lone genius (or the lone owner manager or managing director).

Innovation comes from groups of people sharing and adapting ideas from each other, says Steven. “There's evidence that you and your people should have a lot of hobbies, after all the Web was a side project for inventor Tim Berners Lee,” says Steven.

The Web, in turn, is giving rise to some amazing examples of the innovative capabilities of groups of people (whether colleagues, consumers, friends or organisations), giving them the means to form ad hoc working, buying or selling groups, for example.

Cultivating this kind of productive collaboration across an organisation is important today because the way we do business has changed, says Charles Leadbeater, author of *We-Think: The Power of Mass*

Creativity. “Most products we make are now built-in networks. It's part of the ecology of modern business. Virtually everyone is supplying something that needs to fit into something else. You can't create value unless you share it to some extent.”

There's evidence too that giving staff this time could actually save you money. If business is still thin, time for a creative and productive pursuit of innovative ideas could be an alternative to laying staff off or putting them on shorter hours. It could even be a way to keep good people instead of paying them more. Money is only one motivator after all, says Daniel H Pink, author of the book *Drive*, which considers the factors that motivate people at work.

Giving your people a sense of the intrinsic meaning in the work they do – a sense of performance, autonomy and mastery as he puts it – rather than financial rewards are the most powerful ways to get optimal performance from them, says Daniel. “Carrots and sticks can be effective, but only in a surprisingly narrow band of circumstances. For enduring motivation, and high performance, autonomy, mastery, and purpose are much better.”



Last summer, the Government established the Office of Tax Simplification (OTS) to help tackle the confusion that surrounds the UK tax system. Earlier this year, the OTS made a series of recommendations on tax reliefs. Ross Welland, a Tax Partner at Haines Watts has his say on the positives and negatives.



Ross Welland

Time for a clean slate

Looking ahead, what's required is a much more radical reform of the tax system. Focusing on areas like the review of reliefs is simply tinkering around the edges.

We need to go back to the drawing board and ask: 'What are we trying to achieve, what level of revenue are we aiming to raise and why don't we do this in the most simple way possible?'

Unfortunately, many of our taxes come with historical baggage. They've been developed in an ad hoc way over years.

However, the realist in me recognises that a government with a five-year lifespan is unlikely to have the inclination to look at such a fundamental exercise.

For owner-managed businesses the complexity of administration is one of the biggest issues. Dealing with PAYE and VAT takes time and effort. What's more, it seems the taxpayer is to get more heavily penalised for making a genuine mistake. Common sense tells you that these are businesses, whose

purpose is to trade – don't exist to act as unpaid tax gatherers.

It seems many changes are being imposed purely for the convenience of the Government and tax authorities. For example, filing corporation tax returns and forms in iXBRL (in-line Extensible Business Reporting Language) format.

When consulting on tax policy, it's important to encourage a greater response from tax payers in general. Invariably, professional bodies will make representations, as will the top firms, one or two in the tier below and a few individuals. I believe there should be more pro-active efforts to involve businesses. Go out and talk to people and you have a better chance of getting things right.

All that said, there are some positive developments. The initial ideas on the simplification of small business tax are

welcome. The consideration of merging at least some aspects of income tax and national insurance is a positive.

Other areas, including the simplification of processes and

procedures for SMEs by the Revenue are a move in the right direction.

When these sorts of ideas

are coming forward from a government-sponsored body they are bound to have a bit more weight.

Notwithstanding the need for fundamental reform, in another year or two we'll have a better view of the OTS and its potential impact. It will become clear if it's an office that will achieve very much, or if it's one of these bodies that produces worthy documents and thoughts that never seem to turn into positive action.

“ Many changes are imposed purely for government convenience.”

The reasons for carrying out Management Buy-Outs (MBOs) are many and varied, but it's critical that any Buy-Out team acts on the correct advice.

Benefits and Buy-Outs

It seems as close to an ideal solution as you can get: A company owner – frequently also its founder – wants to call it a day, but ensure that his or her “baby” remains in good hands. Who better to sell it to than members of his or her management team?

They know the product, the people and how the company works. Risk minimised, chances of success maximised. Perfect. Well, perhaps.

Management Buy-Outs (MBOs) have their advantages. But they contain potential pitfalls that can ensnare even the most entrepreneurial and proficient managers.

The main risk? “Managers working in a business are often very skilled and experienced in their role but often they have had limited exposure to actually running all aspects of the business. Many think they fully understand it but few do,” says Ryan Wilkinson, Partner at Haines Watts’ Ashby office in Leicestershire.

“Rarely do all members of an MBO team really understand their company accounts, operational funding requirements or cashflow, for example.

They didn’t need to, because until then they weren’t the ones paying the bills. Suddenly they are asked to run a business and can feel exposed about what is to come and what is required of them.

“Many hit what I call the ‘six-month scenario’, although in reality it can hit at any time after an MBO. The initial bedding-in period has ended and the funding buffer has been eroded, then often something will happen. It could be a sales challenge, an operational challenge, or a timing issue.

“The problem is compounded as the team are often committed to funding requirements and have agreed to achieve certain targets that they will be held to by the bank.”

Ryan knows of the “six-month scenario” from personal experience: “I bought a business a few years ago and had a problem whereby a director with 20 years’ experience took it upon herself to buy €1 million of stock.

Now, she got it for a good price. But she didn’t understand the implication of what that cost me. It gave me a big cashflow problem as

I was committed to my funders’ lending terms.”

For this reason, his biggest single piece of advice for anyone envisaging undertaking an MBO is: get an adviser – preferably one who has actually been through the process themselves. They can give practical advice.

Secondly, “Don’t assume you know everything about your business. You might know what your business does, but I’m talking about every bit of your process flow – getting cash in and out. Understand where the pinch points are and how to mitigate risks,” Ryan adds.

Finally, anyone undertaking an MBO should think what they intend to do three years down the road: “Always have a plan against which you can assess your decisions.”

The good news is that most MBOs do prosper. Funders are more comfortable with them than with trade sales. The current trend of many vendors taking a deferred payment of some of the sale price also means the cash required to complete the deal is reduced thus reducing the pressure on the company post deal.

Just make sure you get professional advice.

“ Don’t assume you know everything about your business.”



Ryan Wilkinson

Hazel Horn took the bold step of carrying out a solo Management Buy-Out and with support from Haines Watts, she achieved a very successful outcome.



Hazel Horn: "Haines Watts has continued to support me."

Secure for the future

When the two majority shareholders of Universal Instrument Services (UIS) decided they wanted to sell the company, it didn't take Sales Director Hazel Horn long to decide to launch a Management Buy-Out (MBO) to acquire it.

After 22 years, she had worked her way up through the company from a Telesales Executive to Sales Director. She knew that the company, which repairs and calibrates a wide range of instruments for the aerospace, vehicle and defence industries, was good at what it did and had been consistently profitable. Additionally, it had a unique selling point. As well as its main laboratories at Whetstone, near Leicester, it had three mobile laboratories – the only ones of their type in the UK – that visited clients' premises and thus minimised the downtime of the instruments being calibrated.

A further factor spurred Hazel to launch an MBO: "We had had two quite serious offers from large organisations. In the end, they weren't able to secure the necessary funding, but it was quite obvious that all they were interested in was our on-site facility.

"Whoever acquired us, there would have

been job losses. I saw an MBO as a means of securing both my future and that of the other 25 people who work here."

However, she knew she would need some help to pick her way through the intricacies of an MBO. She was introduced to Ryan Wilkinson, Partner at Haines Watts.

"Ryan acted as my lead adviser. He helped me put the deal together, assisted me with

forecasting and negotiating with the bank and the vendors."

Haines Watts helped ease the burden of the sales process, which she describes as both time-consuming and, at times, quite stressful, even with professional assistance.

It helped that NatWest Commercial Banking, which funded the MBO, was very supportive, as it could see that UIS was a viable proposition.

"Ryan Wilkinson was very close right throughout the 12 months," she says. "But unlike a lot of MBOs, where the lead adviser is there to support you and then disappears into the hills, Haines Watts has continued to support me."

Indeed, although not formally on the UIS board, Haines Watts has been retained and effectively acts as an unofficial non-executive director, helping with both financial and commercial decisions.

“ I saw an MBO as a means of securing both my future and that of the other 25 people who work here.”

CASE STUDY: FACT FILE

Issue: **Management Buy-Outs**
Sector: **Manufacturing**
Location: **Leicester**
www.uisca.com

The value of advice

There have been a huge number of changes in the past 20 years in financial planning, but some things have not changed, like the importance of having a sound, written financial plan and the difference between “free advice” and valued advice. Stuart Moment, of HW Financial Services Limited, explains the concepts of good financial planning.

It's vital to write down where you are financially, where you want to be and how you plan to get there. No-one plans to fail but people frequently fail to plan, and many still spend more time planning their summer holiday than they do their long-term financial future.

I think that this is largely down to the way that financial advice is often marketed. For many years the concept of free advice has been the dominant message although most often the “free advice” has been funded by commissions on product placement.

This linking of “advice” to a product sale has lessened the overall value and understanding of how good financial planning can positively affect overall wealth.

Many advisers offer a free financial report in the hope of winning business; and while there is

no reason to prevent an adviser from operating in this way, it does beg a few questions.

Importantly from a client perspective, is how is the service they receive actually paid for? The advice is positioned as, but clearly cannot be, “free” so it is likely that the cost is being met by commission charges within a product. These are ultimately paid by the client but as the cost of advice and product are not clearly differentiated it is hard to quantify the value of each.

This mismatch is being addressed by changes in regulation which will benefit clients working with professional advisers who provide valued, fee-based advice and are then able to recommend low charge, high-value products to help meet the client's needs.

There is always a cost vs value equation to consider. It's important that your adviser demonstrates expertise and shows you how they

will add value. A quality adviser should be able to do this in many ways, for example :

Cash management and protection planning

- ensure the right money is available at the right time to meet short-term needs
- make sure you have the right type of cover, at the right price, to generate income and capital in the event of illness or death
- check that protection contracts are fit for purpose, including correct use of Trusts, to ensure benefits are paid in the most tax effective way.

Investment planning

- ensure that you have the right type of investment contract to minimise tax and charges
- establish an investment allocation in line with your risk profile to add tangible returns.

Retirement planning

- guide you through the complexities of the pension legislation
- help manage assets to meet your income goals in retirement.

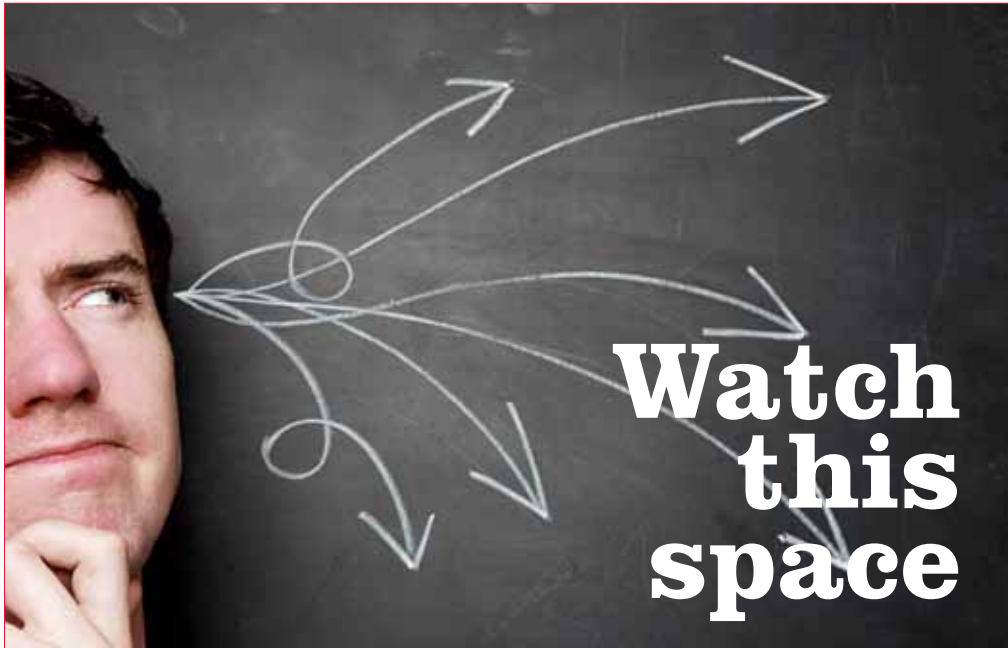
General tax and inheritance tax strategies

- make full use of allowances and tax rates
- provide options that keep more of your wealth in the family.

Working with a professional adviser should add significant value and provide you with measurable returns and peace of mind. Their expertise can ensure that you have the right money at the right time throughout your life.



“ Many people still spend more time planning their summer holiday than they do their long-term financial future.”



Graham Frost

Graham Frost, Chief Investment Officer, Bestinvest, explains why the summer months will prove to be a time of reflection for global economies.

In spite of more evidence of headline inflationary pressures across western and developing economies through May, investors chose instead to focus on signs of a slowdown in economic activity, and in turn bid up the price of government bonds. Corporate and government bonds, whose prospects were widely derided at the start of year, now lead the total return table for sterling-based investors, while emerging market equities have lagged behind all other major regional equity markets apart from Japan.

Ironically, in May, the rally in bonds comes only a month away from the prospect of today's biggest buyer of US Treasuries – the Federal Reserve – retiring from the role albeit the recent poor economic data could raise the prospect of another round of QE.

Looking into August, any failure by Congress to reach an agreement on raising the US debt ceiling, thereby pushing the US into technical default, could also have an unsettling effect on bond markets.

“The strength of the German economy has been holding Europe together.”

As we approach the first anniversary of the Greek bailout, any moderation of global growth prospects combined with a strong euro are likely to spell further trouble for indebted peripheral European economies. The European Central Bank has indicated that a restructuring of Greek debt is currently out of the question given the potential contagion effect across the European banking system, so the likely result seems to be another attempt to push back the day of reckoning, in the hope things will get better. In many respects, the strength of the German economy has been holding Europe together, this strength has in turn been built on growing exports to emerging markets and in particular China, which is currently in the process of trying to engineer a soft landing for its economy.

With the corporate earnings season now out of the way, market direction over the summer months is likely to be dominated by economic/political newsflow, and until we see further evidence that we are experiencing no more than a soft patch in economic data, markets are likely to mark time.

Important information. The views and opinions contained within the article should not be relied upon and are provided for information purposes only. The contents of this article do not constitute investment advice. Issued by Bestinvest (Brokers) Limited which is authorised and regulated in the UK by the Financial Services Authority. This article was produced at the end of May 2011 and reflects our view of economic circumstances as at that time

Glittering prizes

HW Financial Services, as part of the Bestinvest group, was delighted to learn that in May's prestigious *Financial Times* Wealth Management Awards, Bestinvest won both Best Wealth Manager for Investments and UK Wealth Manager of the Year.

Bestinvest Chief Executive, Peter Hall, says: "We are particularly honoured as these awards are based on the votes and opinions of *Financial*

Times and *Investors Chronicle* readers, with participants being asked to assess their wealth managers on a range of criteria, such as performance, fees, investment options, tax solutions, trustworthiness and general competence.

"Far from resting on our laurels we recognise that we can always do better and will continuously strive to improve our client service," he adds.

The quality of the group's financial services has



been recognised many times by the national press, industry peers and – most importantly – clients.

Furthermore, the Financial Services publication *Money Marketing* judged Bestinvest to be the Best Discretionary Adviser 2011 and the Best Investment Adviser 2010.

Onwards and upwards!

BUSINESS

Comfortable acquisition

Dewsbury-based fabrics firm Sinclaire has acquired Wilman Interiors, another leading name in the fabric and interior design products market.

Both businesses have a strong design focus and share similar sourcing and operational methods. However, Sinclaire is strong in the trade market with interior designer houses, while Wilman, which owns the interiors brand NoNo, is better known in the consumer market.

John Roberts, Owner and Managing Director of Sinclaire explains: "I have known the Wilman business for many years and have had healthy respect for both their product ranges and Managing Director, Mike Beckett. The commercial logic of integrating the two businesses is compelling and I am delighted to be able to welcome Mike and his team to the Sinclaire Group."

Sinclaire was supported by the Leeds office of Haines Watts with Alan Moore, Tax Partner and Miles Stanyard, Director of Corporate Finance providing deal structuring, project management, transaction support and specialist taxation advice.

John Roberts adds: "I was delighted with the way the process was managed and by my advisers and funders hitting the completion deadline. This allowed me to focus on the steps needed to make a success of the business."



Safety in numbers

Redditch-based Uniline Safety Systems, which manufactures fall protection systems, has been acquired by the Capital Safety Group, a leading designer and manufacturer of height safety and fall protection equipment.

Uniline employs 38 people in the Midlands and has offices in the USA and Australia. It designs and manufactures equipment that reduces the risk and increases the safety of people working at height.

Since it was established in 2000, the company has been advised by the Birmingham office of Haines Watts.

"This is a great opportunity for

Uniline and having worked with the management team right from the start, we know that the acquisition by Capital will enable them to continue to fulfil their ambitions of growth and expansion both in the UK and world markets," explains Darren Holdway, Partner at Haines Watts.

Uniline Chief Executive and Founder Simon Luke says the company has built a substantial reputation around the world: "Our success has been built on our technical knowledge, expertise and customer service – but we have to thank Haines Watts who have been our constant and reliable commercial advisers."

Young entrepreneurs – get your skates on



Jane Gregory
with one of
last year's
competitors,
Jessica
Ratcliffe,
founder of
GaBoom
Limited

Young business people in the Thames Valley will need to get their skates on if they want to be The Haines Watts Young Entrepreneur for 2011.

The deadline for entries for this prestigious competition is 31 July.

It's free to enter and open to anyone aged 30 or under. Entrants gain free membership of Nigel Botterill's Entrepreneur's Circle and the winners receive a year's free mentoring from an experienced Partner at Haines Watts, as well as prize money.

Jane Gregory of Haines Watts says: "Last year's young entrepreneur winners are all going 'great guns' and their businesses are flourishing. Despite being up against some of the toughest economic conditions in living memory, they are all extremely hard working, committed and keen to build their businesses – and this is paying off."

The website www.hwye.co.uk provides full details, along with a blog and tricks and tips and is a valuable source of information and support for young entrepreneurs. Follow us on [Twitter@HWYE2011](https://twitter.com/HWYE2011) or Facebook – search for **Haines Watts HWYE**

Haines Watts provides The Works



Directors and staff at The Works in Chester le Street are celebrating five years of business following long-term support and guidance from the North East division of Haines Watts.

A full service marketing agency, the firm has benefited from various Haines Watts services including tax advice, payroll and corporate finance services and guidance to expand the business.

During the past five years, the company has enjoyed continuous growth. In the last year, it has moved to brand new offices, appointed two additional senior management staff and launched digital media and web development services.

Ian Oswald, Director at The Works explains: "We are extremely proud that we have seen the company grow and expand even in these difficult times. We would like to thank Haines Watts for working with us over the five years. We have a great relationship with the team, and wouldn't be the company we are today without them."

Donna Bulmer, Client Partner at Haines Watts says: "The recession has made it extremely difficult for a lot of smaller businesses. However, we have worked closely with The Works to ensure they remain financially robust and we will continue to work to identify new opportunities and implement further growth."

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