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A private sector led recovery?

Most people would agree that the spending cuts in the public sector have not yet begun to take effect evenly across the board. Whilst the larger projects (schools and hospital building for example) have been shelved pretty quickly, the huge sums of general expenditure still show no sign of reducing. Whether this is simply down to the difficulties and complexities associated with slowing down the public sector 'supertanker' or because the cuts and efficiency savings are simply not there to be had, we shall have to wait and see.

What is clear is that the government is committed to the principle of decentralising spending and decision making and this will bring the public sector customer (and cheque books) a step nearer to those businesses prepared and willing to service them. A word

of caution is needed however. It is widely acknowledged that the purchasing departments in government and local authorities are not well resourced and many businesses have tried and failed in their attempts to become suppliers. The cost of tendering and red tape have also put many businesses off from the process which means that the taxpayer may not be benefiting from whole of market competition when paying for their services.

How can this change? Firstly, some would argue that it has to be acknowledged that there are 1000's of efficient and ambitious businesses out there just waiting for their opportunity to provide certain goods and services to fulfil the space left by public sector job cuts and service cut backs. Secondly, the resources available to the purchasing departments in the public sector must be increased to allow a simplification of the

tendering process and relaxation of the onerous application rules (the strict requirements for evidence of trading histories and references are often excessive) is necessary for improved access for private business. Thirdly, there has to be a commitment to source goods and services locally, this has to be given with reasonable contract periods to encourage investment and local job creation. Given the chance, these businesses would be significant job creators resulting in the business led recovery the politicians are looking for.

Finally, whilst not directly on topic, is it too much to ask that the public sector simply "Buys British". Clearly we will never go back to the days when most things were "Made in Britain" but with a labelling system showing the "Britishness" of goods and services being provided, at least the buyers could make informed decisions and help to reduce our reliance on imports.

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Spencer Wright

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Dains scoop prestigious 'Deal of the Year' award

Dains Corporate Finance has recently won the coveted accolade 'Deal of the Year' award at this year's Insider East Midlands Dealmakers awards dinner for acting as lead adviser on the investment in Nottingham-based outdoor brand, Trekmates. Dains were also shortlisted for 'Corporate Finance Advisory Team of the Year'.

The dinner, promoted by Insider magazine, is an opportunity to showcase and celebrate the outstanding achievements of the region's professional community. The awards are voted on by accountants, lawyers, investors and bankers from across the Midlands region.

The winning deal, which was completed in early 2011, was led, structured and managed by Dains and saw Enterprise Ventures invest alongside debt facilities from Co-op Bank as part of an £8.7m deal. The deal was hailed by the judges as "our clear winner this year."

Dains Corporate Finance Partner, Simon Bursell, was presented the award alongside Simon Ward (Enterprise Ventures) and serial

entrepreneur, Chris Prentice, the chairman of Trekmates.

Simon Bursell comments: "Buying and selling businesses has been challenging in recent years given the lack of confidence in the economy. This transaction is a welcome sign that good quality businesses with growth prospects remain attractive propositions to investors and the banks. We are delighted to have worked with such a fantastic company that has been one of the region's success stories in recent years."



L/R: Chris Prentice, Simon Bursell, Simon Ward, Sam Metcalf

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Client spotlight...

How are you **maintaining your momentum** despite the difficult business environment?

Engage gets your views...

Chris Doran

Director at BDi CCTV Limited

"The difficult trading environment" that we have all experienced over recent times has led many businesses to look inwardly rather than outwardly at the opportunities available. The majority of this "looking inwardly" seems to be at driving down cost and questioning efficiencies of operation. BDi have been fortunate that this process didn't take long and re-affirmed our belief that the business has been built on good foundations and was run cost effectively.

Our business model has always been based around building a sound customer base, contracted to you for essential services and then adding additional services to these customers who know and trust you. We undertake all work in house to retain quality control. Flamboyant sales and marketing has never been part of our approach.

In addition to our traditional electronic security services (CCTV, access, intruder) we added gates, fencing and fabrication prior to the economic down turn.

Our state of the art monitoring station has been launched as well as BDi Commercial Services specialising in manned security provision and we have invested in a fleet of gritting vehicles. All of these ventures have proven very successful despite being launched at supposed rock bottom. We attribute this success to the fact they have been taken on in a manner consistent with our business model and approach.

Next on the agenda is Cleaning and Electrical Services which will both be formally launched later this year.

We feel that looking outwardly, positively and sticking to your business model (if it is sound!) is a recipe for success even in trying times



Debra Woodyatt

Finance Director at FC Cartons Ltd

It would be very difficult to attribute our continuing success to just one area of the business or one single decision that we have made over recent years. The mantra from all departments in our business has been "don't be complacent - don't stand still" and it is this ethos that has stood us in good stead from the inception of the company in 2003.

Although it's something we hear and read about all the time – quality really is king. If you're not delivering a quality service; consistently, then you're not delighting your customers and as a DTI report from many years ago reported – the companies that thrive are the ones that not only meet their customer's expectations, they frequently exceed them. Yes, there is a cost to be born but in the highly competitive markets that we all operate in it is a necessary cost and it's with this in mind that we invest a lot of time and money in not only recruiting the best in the industry, but ensuring that we retain these highly skilled individuals and give them every opportunity to undertake additional training in order to progress through the company.

We have achieved steady growth by making timely investments in new machines but we have only ever made these decisions after very careful consideration of our current position, the markets we are operating in and through listening to our customers and understanding their needs. As we tell our customers – "why spend your own money, when we have made the investment for you". On top of all this – we let everyone know what we're doing in our on-going marketing activities, whether that's in our quarterly newsletter or the website, or through the many promotional tools we employ.



Spotlight on... Payroll Services

Special offer - contact us for a free trial of our payroll service

Administering your payroll can be time consuming. The task is made all the more difficult by the growing complexity of taxation and employment legislation and the accompanying regime of penalties for non-compliance. We have dedicated staff that can relieve you of this burden by providing a comprehensive and confidential payroll service.

Dains offer a flexible range of payroll solutions, which can be tailored to individual requirements. Our dedicated team work with a variety of businesses, big and small and deal with a wide range of requirements including P35 year end work and supplying P60's for staff members.

With constantly changing legislation, payroll can be a minefield and it can be difficult to keep pace with tax changes if you have other business priorities to deal with. Increasingly our team are asked to provide additional services to allow for childcare vouchers, cycle to work schemes and salary sacrifice schemes etc.

Here's a sample of what some of our clients have said about Dains payroll service...

“ **J R Bishop, Farmers Fresh Limited**

For the past five years Dains has been engaged to provide Farmers Fresh Ltd with Payroll Services. Throughout this period both the level of service provided and the expertise shown has been to the highest standard, and where issues have arisen, these have been dealt with in a professional and prompt manner.

In addition to looking after the weekly and four weekly payrolls, Dains has also provided a proactive service in highlighting areas for consideration or improvement. ”

“ **Jonathan Hill, Diocese of Lichfield**

It is with great pleasure that I give this testimony to the support and professionalism shown by Dains in providing our payroll services. In addition to this, should issues arise between salary runs; the team have always offered support and advice on some complex issues and have offered possible ways of resolving difficult issues, normally within 24 hours.

The team are always supportive and friendly whilst offering a professional approach. As Director of Finance I am always reassured that payroll is the one area I do not have to be concerned about. ”

If you are interested in finding out more or would like a free trial please contact James Heming at jheming@dains.com



Alternative sources of funding beyond the 'secured bank loan and overdraft'...

In order to bring clients a range of options when seeking finance, Dains maintain relationships with a number of professionals. In this edition, we get the views of Paul Stokes, Director at Partner Commercial Finance on alternatives to mainstream funding...

For many SMEs, Invoice Finance is the most efficient way of funding the cash requirements of a growing business. However, tread carefully as an "ill-fitting" Invoice Finance facility may prove expensive or crucially not release the levels of cash that you anticipate. The key is to find the right Invoice Finance package that best meets the individual needs of your business from the vast array of choice in the market.

We have recently seen an increase in the number of community based organisations (known as Community Development Finance Initiatives - CDFI's) which raise money from member investors that is then lent-on to viable, locally based businesses. Availability of these loans will depend on your location, as not all areas are covered by a CDFI. All lending applications are assessed by a panel and loans typically range from £10,000-£50,000 over a term of between 6 months and 5 years.

Local funds include the Aston Reinvestment Trust, the Black Country Reinvestment Society and the Coventry & Warwickshire Reinvestment Trust.

Perhaps another alternative is the Funding Circle. This is an innovative and relatively new concept that cuts out the banks entirely and matches prospective business borrowers with investors who are looking for a better return from their surplus cash. Loans range from £5,000-£75,000 typically over a term of between 1 and 3 years. Once a loan is approved (Funding Circle claims that the application form takes 20-30 minutes to complete and a lending decision is made within 2 days) then the lending request is posted on the website and Funding Circle members compete to lend all or part of the loan. I think this is a really interesting development and the website www.fundingcircle.com gives much more background on this scheme.

Whenever you are considering raising finance consult your advisers, there are an increasing number of solutions available which may not necessarily lie on the high street.



Paul Stokes

Apathy costs taxpayers £4,400



Dains are warning that workers in Britain will waste more than £4,400 each this year due to a lack of basic tax planning, according to new research.

The study by Unbiased.co.uk shows that taxpayers will pay over £13.5 billion more than they need to, simply because they have failed to plan. This is a considerable increase on last year's figure of £9 billion.

According to the research, almost nine out of 10 people have taken no action in the past year to reduce their tax bill.

Andy McQuillan, Tax Partner at Dains said: "Tax credits represent the most tax wastage, with more than £8.5 billion unclaimed in child

benefits, child tax credits, working tax credits and pension credits.

"This was followed by inheritance tax, with £1.3 billion wasted through mistakes which could have been avoided with adequate planning."

With the increase in the top marginal income tax rate to 50%, or even higher for those losing their personal income tax allowance at a £100,000 taxable income threshold, in these difficult times it is now ever more important for individuals (as well as businesses) to consider their tax position.

For more information please contact Andy McQuillan email: amcquillan@dains.com

Staff get 'suited-up' in epic torch relay for charity...

Staff at Dains have recently taken part in a nationwide event, organised by the UK200 Group, to raise money for the Alzheimer's Society.

The whole event sees more than 300 professionals taking part across the UK. From May until November this year, participating members of the UK200 Group of independent accountancy and legal firms will be tasked with relaying an Olympic-style torch across the UK. This can be done by walking, running, cycling or, indeed, any other innovative mode of transport other than a modern car – anything goes just as long as the torch reaches the Olympic Stadium in November.

With the chosen theme of "support the suits" staff at Dains relayed the torch between each of the local offices in Derby, Burton on Trent, Rugeley, Lichfield and finally Birmingham



The 'Cabaret Suits' left to right: Elaine Smith, Mike Castree and Mark Gurney.

before handing it over to J E Consulting in Sutton Coldfield. The team walked and cycled dressed in a variety of themed suits including shell suits, cabaret suits and wet suits.

Dains in the Community representative Manuela Pullinger said: "We decided to support this event with the Alzheimer's Society as the benefactor as we like to support charities that are important to our employees and clients. We also feel that they will benefit from the boost of funds in these difficult times, to continue their valuable research into effective treatments for dementia."

VAT rule breakers targeted

HM Revenue & Customs (HMRC) has announced it is to target individuals and businesses who are trading above the VAT threshold but have not registered for VAT in a new drive against rule breakers.

The campaign will be launched in the summer, following discussions with interested parties to help HMRC design the campaign. The VAT threshold is currently £73,000 turnover on a rolling annual basis.

Announcing the initiative, Mike Wells, HMRC's director of risk and intelligence, said: "Our aim is to get as much input as possible into our future campaigns so that the views and experience of people and organisations outside the department play a fuller part in what we design for customers."

Phil Luty, VAT Director said: "Previous HMRC projects have targeted savers in offshore investments, medical professionals and workers in the plumbing industry.

"The department says its campaigns focus on areas where it has identified significant underpayment and that they provide straightforward opportunities for customers to put their records in order on the best possible terms, followed by swift action to target those who choose not to take up those opportunities."

HMRC indicates that previous projects have raised over £500 million from voluntary disclosures and a further £100 million from follow-up activity.

These specialist teams will carry out concentrated compliance activity in specific high risk trade sectors and locations across the UK. This comes as part of the Government's aim to tackle tax evasion, avoidance and fraud from 2011/12 and raise an additional £7 billion each year by 2014/15.

For further information please contact Phil Luty email: pluty@dains.com



Dains LLP

In the mailbag...

Is now a good time for my business to incorporate?

The reduction in corporation tax rates should give unincorporated business owners such as sole traders and partners food for thought; if you are a higher rate tax payer operating as a sole trader or partner, you may find that it would be beneficial to incorporate your business as a limited company to take advantage of the preferential corporation tax rates (i.e. 20% to 26% instead of 40% or 50%) In addition, income from companies can be derived by way of dividends which, attract lower rates of tax and are not subject to national insurance.

Business incorporation has become synonymous with responsible business ownership. Yet, so many misconceptions and rumours exist about the benefits of business incorporation. So it's no wonder that even the savviest entrepreneurs are at a loss as to whether incorporation is right for them, what it will cost, and where to start.

There are many non-tax advantages to incorporating a business as a limited company, such as limited liability for the directors and shareholders, 'commercial respectability' and more options in terms of borrowing due to the fact that companies can create floating charges over their assets.

However, incorporating and running a limited company is subject to compliance obligations (e.g. the requirement that accounts are filed annually at Companies House) and therefore the savings that may be gained by incorporating may not be as great once these administration charges have been deducted. Choosing the right business structure for your small business comes down to several factors such as your risk of liability, your tax obligations, business objectives, and so on. Because the needs of every business are different, it's worth an hour or two with a business adviser to investigate all of the issues that will affect your decision.

For further information please contact David Bradshaw email: dbradshaw@dains.com



Dains welcomes...

We would like to take this opportunity to welcome our new clients

- First Choice Holdings Ltd
- MW Cripwell Ltd
- Cadley Developments Ltd
- First Friends Private Day Nursery Ltd
- Quantaqua Ltd
- Harmax Products Ltd
- Burton Bike Bits
- Topaz Hairdressing
- Schmooze.Me Ltd
- Insight Waste Engineering Solutions Ltd
- Crestwood Environmental
- Jobec UK Ltd
- Lion Industries UK Ltd
- Modern Painting Contractors Ltd
- Lyrico Systems Ltd
- Eden Wood Ltd
- Scorpion Garage Services Ltd
- A. Johnson & Sons Ltd
- Willshee's Skip Hire
- The Firs Day Nursery Ltd
- Jeffreys Haulage Company Ltd
- Kiebev Ltd
- Active Management & Lettings Ltd
- The White Swan
- Midland Recruiting Ltd
- Rigby & Co Ltd
- Schofield Britten Ltd
- Ford & Stanley Ltd
- Schofield Britten Media Ltd
- Essential Consultancy Ltd
- BH PR Communications Ltd
- Burmond Properties Ltd
- Fairydusters UK Ltd
- Squirrels Nook Investments Ltd
- Hobbs Carpet Sales Ltd
- Research Libraries UK
- King Street Progressive Club & Institute
- Enline PLC
- MX Display Ltd

In the hot seat...

John Southwell

If you weren't a Partner at Dains, what would you be?

A sports journalist, ideally covering all of the major sporting occasions from the best seat in the house.

What is your greatest achievement?

On a personal level, a wife and two children

What is your most embarrassing moment?

Being told (this year) that my daughter's teacher had asked her if I was her grandad!

Who are the three people you would most like to have round for dinner?

My all time hero Peter Collins – for those of you not familiar with the name he is, quite simply, one of the most talented speedway riders of his generation and was acclaimed the golden boy of speedway's boom years in the early 1970s. I would also invite Harry Hill for his satirical humor that never fails to make me laugh and Lance Armstrong so I could get an insight as to what really goes on during the Tour de France.

What is your claim to fame?

I once dropped three catches from the bowling of Martin Johnson (England Rugby Captain) during a cricket match. Martin worked with my mum at the time and he complained about me to her the following Monday morning!

Tell us something about you that we don't know and that would surprise us?

I have a metal plate in my leg from a motor bike accident in 1992. After that I hung up my leathers and helmet for good and drew a line under my motor biking days.

email: jsouthwell@dains.com



John Southwell

Winner 'app-solutely' thrilled with new iPad 2

Congratulations to Suzanne Bailye of Lichfield based Farebrook Homes who is now the proud owner of a brand new iPad2. Suzanne is the winner of our recent competition after signing up to the 'Free Resources' section of the Dains website. Her Client Manager, Adam Thompson presented her with the prize.



Adam Thompson and Suzanne Bailye

We hope you have found this edition interesting and of value. We would welcome your feedback or suggestions for articles you would like to read, so please contact us at: feedback@dains.com

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