

NEWS RELEASE

THAMES VALLEY BUSINESSES URGED TO TAKE THE LONG VIEW IF THINKING OF BUYING OR SELLING ANOTHER BUSINESS

Firms in the Thames Valley area who are thinking of selling or buying another business in the current, positive UK economic climate should not rush or try and do so without professional advice, or they could miss out on valuable ways to save tax or get the best deal.

This was one of the key messages heard by 40 local businesses at a seminar hosted by local accountants and business advisers, Eacotts, with support from The Royal Bank of Scotland (RBS), held on Thursday 27th April at Eacotts' offices in Burnham, South Bucks.

With the UK economy stable, inflation low and interest rates low, now might be seen as a good time by directors in many local businesses, thinking of their future, to make a business sale or purchase. But, as delegates heard at this seminar, there is a lot to think about and plan carefully and directors should really allow *at least 2-3 years to get everything properly prepared.*

Phil Taylor, relationship manager for RBS in Slough, spoke about how to use the right form of finance. Phil advised that business owners/managers wanting to sell need to show that they not only have an established client base and stable revenue history, but also an established second tier of management able to take over from the owner. They will also need to have strong financial controls and a longer-term business plan in place.

Allister Simpson, corporate finance specialist at RBS, advised that businesses needing to borrow to help their long-term development should not just consider current interest rates but also how rates can change a lot over the *longer-term* - as they certainly have over the last three decades. Businesses should talk to their bankers early about structuring the best, longer-term lending arrangements and also how to make use of specific tools like interest rate 'caps' to control borrowing costs.

Jeffrey Smith, managing and senior tax partner at Eacotts, presented delegates with a range of tips on how business owner-managers can *limit their tax liability*, taking account of Gordon Brown's recent Budget and the start of the new tax year.

For example, if a lender asks for a personal guarantee, the business owner should also ask the lender to take out a debenture on the company's assets, so the owner's personal assets are less directly exposed.

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Another tip was that when an individual is looking to buy a company, consideration should be given to first setting up a new dedicated company to make the purchase, as this can save a lot of tax. A tip to minimize tax liability arising from property in a business sale was for the business to re-launch ('re-construct') itself in good time as another company.

Summing up, Eacotts' Senior Partner, Keith Hurley, and Steve Arundale, RBS Regional Director, advised local owner-managed businesses:

“ If you are looking to sell or purchase a business, you need to think where you want to be in 3-5 years’ time, plan well ahead and allow plenty of time to get your business in the right form and shape. Also, you don’t need to try and do it all by yourself. Do use local professional advisers to support you. “

ENDS

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PHOTO ATTACHED -

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Speakers at 27th April seminar outside entrance to offices of Eacotts in Burnham. Left to right: Phil Taylor of RBS; Keith Hurley of Eacotts; Jeffrey Smith of Eacotts; Steve Arundale, RBS; and Allister Simpson of RBS.

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Notes to Editors

Eacotts – is a leading UK accountancy and business advisory firm based in the Thames Valley, established in 1975. Headquartered in Burnham, near Slough, in South Bucks, it is a six partner firm employing over 40 people. The firm offers the full range of services expected of a national accountancy firm but with a stress on local, partner-led service. As well as accounting and tax advice services, the firm offers many general business support services, including: payroll, company secretarial, personnel advice, dispute resolution, business planning and personal financial planning. The firm specializes in owner-managed businesses but has clients from a broad spectrum of business types and sectors.

The Royal Bank of Scotland Group (RBS Group) – is one of the world’s leading financial services companies. For the past four years RBS has consistently ranked in the top 10 global banks. The group operates in Europe, the US and Asia Pacific serving more than 36 million customers world-wide and employing more than 140,000 people. In addition to the provision of a full range of banking services under The Royal Bank of Scotland and NatWest brands,

the RBS Group also includes Citizens Financial Group, Ulster Bank, Coutts Group, Direct Line and Churchill.