

ADVERTISING PROFILE

How to... survive the financial road to recovery

While we are no longer in a recession, availability of finance continues to be difficult and the business community in Wales continues to face a variety of challenges.



Gwyn Williams, Director

SME's and financial directors need a tight grip on all aspects of the business and, above all, they need to be focused on cash in order to meet these challenges successfully. Leading, south Wales based independent accountancy firm, Clay Shaw Thomas is using its wide ranging experience and financial expertise to advise its clients on ways to improve the bottom line. Director, Gwyn Williams answers some of the most frequently asked questions amongst businesses in Wales.

WHAT FUNDING OPTIONS ARE AVAILABLE TO MY BUSINESS?

A business that does not have someone who is suitably experienced in raising finance should take advice from external accountants since not all sources of funds are appropriate to all businesses. The savings that could be generated or potential costs from getting it wrong far outweigh any accountancy fees incurred.

We spend the majority of our time advising clients on the funding possibilities to finance a business, whilst considering the commercial issues such as risk, obligations and responsibilities, so that the client can make an informed decision.

Most people are aware of the traditional routes but often overlook other financing options. For example, getting the right tax

structure or tax planning strategy can save a huge proportion of the wealth generated by a business.

To get the right funding structure, businesses should also look at more than one provider. We take a 'jigsaw' approach to finance by working in partnership with both private and public sector organisations to get the right fit for the client.

To generate any form of finance the business needs to demonstrate a viable proposal and evidence of its ongoing cash flow needs. Many businesses fail to get finance due to lack of security. One possible solution is the Enterprise Finance Guarantee, a Government backed scheme that will provide the lender with a 75% guarantee on loans from £1,000 to £1m over a term period of up to ten years. Another is equity finance, such as share capital and preference shares, which can be an alternative or in addition to debt.

Start with a blank sheet of paper and plan with a trusted adviser to get clear direction before approaching external organisations for funding. Understanding the expectations of different lenders is also vital when seeking funding for your business.

WILL KEEPING MY BOOKS IN ORDER IMPROVE MY CASH FLOW AND PROFITABILITY?

A business should keep accurate records of its transactions. It will help when it comes to reporting to tax authorities and will create a clearer picture of cashflow and profitability.

To achieve this you need a solution that is geared to the size of the organisation and allows you to focus on building your business, together with management information that can help operate your business more efficiently.

We offer a range of cost-effective solutions for start ups to established companies.

Our services include bookkeeping, which allows us to maintain sales ledgers, purchase ledgers, payments and receipts made from and into the company bank account, and keep correct VAT records, in preparation for production of annual accounts. We also offer SAGE software

which we can install and maintain, including accounts and payroll. We also provide training as required.

A basic accounting package can cost from as little as £100 plus VAT and this investment, if used effectively, will save external accountancy compliance costs.

We feel that a business that has accurate manual or computerised accounting records will have increased credibility with external funders due to the ability to prove its current financial position.

It is also wise to prepare cashflow forecasts for a rolling twelve month period so that the funding requirements for the business can be established. Once a need arises, there will be sufficient time to agree the sources of business funding.

WHAT ARE YOUR TOP THREE MONEY SAVING TIPS?

Firstly, hire an accountant. Fees may look expensive but an expert will be able to demonstrate immediate savings.

Secondly, use the correct structure. Choosing between a limited company and personal ownership can make a huge difference in tax liabilities and business cashflow. In addition careful planning before starting a business venture using Government legislation allows massive opportunities to obtain tax relief on share capital contributed and a tax free exit on disposal of the initial share capital.

Finally, put non earners allowances to work. If your spouse does not earn, or earns less than their personal allowance, you should consider moving any income generating assets into their ownership. Regardless of whether or not they are earning, they will still qualify for their personal allowance.

Clay Shaw Thomas is a Welsh independent firm of accountants, business consultants and tax advisors based in Bridgend.

It provides advice to private, owner-managed, national and international clients on a range of business matters. To benefit from Clay Shaw Thomas's bespoke advice, please contact us.

For further details contact:

gwynw@clayshawthomas.com
telephone 01656 867167

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Workshop town at a crossroads

With some of the big inward investors gone from Bridgend, **Simon King** asks whether smaller companies can take up the slack



MOTORING Ford's low-carbon project

When the recessions of the 1980s and 1990s and mine closures hit South Wales, Bridgend wasn't hit too hard. International manufacturers such as Ford and Sony created a buffer and kept the area busy and prosperous.

But since 2000, the area has suffered from the sector's decline and scaling back at the likes of Sony. As John Squire, chief executive of Bridgend accountancy firm Graham Paul, says: "Most manufacturing companies in Bridgend have disappeared or downsized greatly."

That makes the area harder to sell, says Dyfed Miles, a partner at surveying firm Watts & Morgan: "Once upon a time, all my sales particulars would start with standard phraseology, such as multinational occupiers on the Bridgend Industrial Estate include Sony, Beyer and Harman Becker – I'm not able to say that anymore."

These units have been replaced with warehouse-type occupiers, which employ a fraction of the workforce.

But it's not all bad news. Bridgend has shown its resilience over the years by providing services to the major investors that came in. "But also, there's quite a lot of indigenous businesses that started from very small acorns," says Gwyn Williams, a director of

accountancy firm Clay Shaw Thomas.

They include pharmaceuticals company Biotec Services International, which has just announced plans to expand its ultra-low temperature storage capacity in response to international demand from clients who require supplies to be contained at low temperatures before being dispatched internationally.

"We are well placed, but we could probably do with some quality development plans." Dyfed Miles

The company, which employs 35 workers, said that demand for long-term storage of biopharmaceuticals drove expansion, which would increase ultra-low temperature storage capacity by 300 per cent.

The area's skilled workforce is also a strength. "We've seen clients over the past decade or so retain their staff – there are good infrastructure links in the area and there's good management," says Williams. "If the pound stays weak against the euro, then the exchange rate will encourage export even more – I don't think the manufacturing

sector has disappeared, it's just been quiet."

Another thing that Bridgend has always had going for it is its crossroads location, half-way between Wales' two biggest cities on the M4 and close to the Valleys and coast.

Ray Pearce, regeneration and economic development manager at Bridgend Council, reels off a list of employment sites at Pencoed Technology Park, Brocastle, Brackla and Waterton.

While the multinationals have come and gone, the base of smaller businesses in the borough has been growing for almost a decade. There were 2,230 VAT-registered businesses in 1999. In 2008 it was 3,025. Bridgend Business Forum, set up in late 2008, now has 180 members.

"A lot of companies looking for a satellite depot in South Wales choose Bridgend, over and above Cardiff and Swansea, because it is well positioned to service east and west Wales," says Miles. "We are certainly well placed geographically and in terms of workforce. The availability of accommodation is OK, but we could probably do with some good-quality development plans."

With a highly skilled workforce, Squire believes Bridgend is well positioned to take advantage of the government's focus on

