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New joint venture

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Regulated by the Institute of Chartered
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a range of investment business
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authorised under the Financial Services
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certain circumstances to offer a limited
range of investment services because we
are members of the ICAEW. We can
provide these investment services if they
are an incidental part of the professional
services we have been engaged to
provide.

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Barlev (UK) PLC

Barlev Associates, established in Israel twelve years ago, and generally recognized as the Number One Investigative Auditors in that country, have now opened their European Head Office in London.

Barlev's expertise in Investigative Auditing includes fraud detection and prevention, utilizing sophisticated I.T. skills as well as the detection of international money laundering activities and the tracing of missing funds.

We are delighted to announce that Barlev have teamed up with Arram Berlyn Gardner and our two firms have set up a new joint venture which will trade as Barlev (UK) plc (BUK).

The new business will specialize solely in Investigative Auditing.

BUK will use resources from both joint venture partners and assignments will be performed by qualified accountants and former officers of law enforcement agencies with considerable experience in major local and international fraud cases.

BUK will be based at ABG's offices and headed by Maurice Hyman, who qualified as a Chartered Accountant with a 'Big 4' firm in London, and has since held senior positions in large multinational companies in Europe, South America and the Middle East.

The target clients of BUK will be large UK and European companies, government agencies and financial institutions.



Pictured the Barlev office in Israel.
Maurice Hyman can be contacted on
020 7400 6038, or at mhyman@barlev.co.uk

Make the most of us

Here are just some of the ways we can help you and your business.

Call us now and we'll arrange a meeting to discuss:

- ◆ Strategies for improving your planning and business profitability
- ◆ Raising finance to fund investment and expansion
- ◆ How to protect your business from financial disaster
- ◆ How careful timing of transactions can reduce your tax bill
- ◆ Retirement strategies, and how retirement planning can work for you, other family members and your business
- ◆ How to maximise the price you receive for your business, and how to minimise the Revenue's tax take
- ◆ Strategies to crystallise capital gains and losses
- ◆ Using your annual exemptions to redistribute wealth within the family and make more use of tax breaks
- ◆ Reducing the inheritance tax on your estate, and strategies to cover any remaining liability



If you would like any further information on this subject, please contact Harvey Rose on 020 7400 6011 – hrose@abggroupp.co.uk or your contact partner.

Q My father and I own a limited company and we have one share each. I actually run the business, but he has loaned money as necessary from time to time. We're looking for the best way to pay ourselves and people keep mentioning dividends. I'm a bit wary because I understand that dividends have to be paid equally and that's not what we want. It looks as though I'm going to have to take a bonus. Can you help?

A What you say is quite true where dividends are of the same class, but a very useful procedure would be to convert your shares to different classes. By convention, share classes are often identified as 'A', 'B', 'C' etc (you can have as many classes as you want).

So if you were to convert your shares so that your father had one 'A' share and you had one 'B' share, you could extract income in whatever proportions you choose.

The dividend route can be a very efficient way of getting paid, because:

- a) Under present legislation, dividends are not liable for national insurance contributions;
- b) For basic rate taxpayers, the personal tax charge is covered by the tax credit and so there is no further tax to pay.

Please bear in mind that there are prescribed formalities that have to be observed when amending your share capital structure, and it is essential to seek our advice.

New Employment Law – Family Friendly Policies

Several “family friendly” developments in employment law came into effect on 6 April 2003 including the following:-

- 1 Fathers have acquired the right to paid paternity leave.
- 2 Employees who adopt children up to the age of 18 have acquired the right to adoption leave.
- 3 Maternity leave has been extended.
- 4 Employers are now responsible for payment of statutory paternity and adoption pay, as well as, statutory maternity pay.

In this article we focus on the extension of maternity leave.

Ordinary maternity leave now lasts for 26 weeks (up from 18 weeks).

Additional maternity leave can be taken up to 26

weeks from the end of ordinary maternity leave (instead of 29 weeks from the date of child birth).

To qualify the employee must have 26 weeks of continuous service with you, at the beginning of the fourteenth week before the expected week of confinement (rather than at least a year before the beginning of the eleventh week before the EWC, as previously).

Your employee must give you notice of when she intends to start her maternity leave before the end of the fifteenth week before the expected week of childbirth, or as soon as practicable thereafter.

She must give you at least 28 days notice. You must notify her of when her maternity leave will end.

If you fail to do so, you cannot prevent her returning to work early or subject her to any detriment, if she fails to return on the due date.



If you would like any further information on this subject, please contact Julie Piper on 020 7400 6028 – jpiper@abggroupp.co.uk or your contact partner.

Overhead reduction

Over 90% of companies waste money on their non-core business overheads.

This startling statement was the finding of recent research carried out by Diffuso Consulting, an ABG client.

Growing pressures on revenue streams as a result of increased competition and pricing issues in the marketplace mean that the need for continual exploration of cost controls within the business operation are essential in order to maintain profitability.

The same is of course true for suppliers. Since deregulation in the telecoms market, and the increase in the competitive nature of just about every other service sector, prices have been falling. There is now the opportunity for most SME's to reduce the costs that by now they just take for granted.

“We find that in nearly all cases most small to medium sized companies can increase their bottom line profitability by thousands of pounds without increasing their sales, prices or by making any other significant changes. Yet, surprisingly few are taking the opportunity.”

Research conducted showed that average wastage is between £350-£450 per head per year. Therefore a

business with 50 employees could, on average, increase bottom line profits by approximately £20,000 just by fine tuning their expenses.

So why are more companies not taking advantage of these potential windfalls?

“Most of our clients contact us because they recognise that whilst they are experts in their own field, they lack the experience in cost management or simply do not have the time to devote to finding the most economical way of administering their businesses”.

The problem is twofold. New technology available is changing the way we work. We have seen in the none too distant past the difference that e-mail and mobile phones have made to the way we work.

These two areas alone are still developing and maturing; broadband is making an impact on working practices, and soon 3G will do the same. The second problem is the almost infinite number of alternative competing suppliers. Once we bought our telecoms from BT and our computers from IBM. Simple. Now there are over 300 different telecoms companies and even more computer firms.



Diffuso Consulting is an agency specialising in identifying areas of possible excess and selecting new suppliers to suit individual businesses. They can be contacted on 0870 751 2882 or by e-mail at abginfo@diffuso.co.uk.

If your business is running perfectly, wastes no money, is making maximum profit and dominates its market, then you can pat yourself on the back and get back to work. But if you think your business performance can improve and, amidst the meetings, phone calls, e-mails and office crises, you find it difficult to know how to begin, then you will benefit from reviewing your business planning.

Don't confuse business planning with crisis management. The former should prevent the latter. Making time for planning now can reduce the time you spend fighting fires later. Here are six key steps that can lead to an effective plan for your business:

Step 1 : Establish your mission

In essence, your mission statement explains why your business exists. When you encounter a problem or a key decision, the answer will be informed by your mission. Think about why you started the business, and imagine where you want it to be in the future. These two elements will provide your mission statement.

Step 2 : Analyse your SWOT

With your mission statement in mind, analyse your business's strengths, weaknesses, opportunities and threats. List each category in full and be honest. Done correctly, this 'SWOT' analysis will help you to take an objective, critical, unemotional look at your business in its entirety.

Step 3 : Develop a plan

Try this exercise: from each SWOT category, choose three to five important items. Then set goals to maximise your strengths, correct your weaknesses, make the most of your opportunities and nullify your threats. For example, you could decide to focus more strongly on a particularly successful product or service (a strength), and abandon a side-project which is costing time and money for little return (a weakness). Remember that you can't do everything yourself. Think about how you will delegate tasks and involve all the staff. Avoid dwelling on the negatives – set yourself realistic strategies for improving the business.

Step 4 : Create a budget

All missions and strategies need money to succeed. A smart budget will help you to regularly review your expenses and make financially beneficial decisions. You may need to take a wide variety of factors into account when setting your budget. This is where we can help you – why not give us a call?

Step 5 : Put it in writing

Make sure you write down your finished plan. Include the mission statement, SWOT analysis, goals and plans, budget and forecasts, and make it clear who is responsible for doing what. Share it with your key staff and shareholders, and encourage their input.

Step 6 : Make it a living document

This is vital! Make your business plan a living

document that you and your staff can frequently update and improve. Consider reviewing it monthly to track your progress and readjust your strategy as necessary. Hold yourself and your staff accountable for meeting the plan's goals, and think about introducing an incentive programme to keep everyone motivated.

And six reasons why business plans fail . . .

You may well have prepared a business plan some years ago to present to your bank manager. If you revisit that plan now, you will probably be surprised by how little relationship the position of your business now bears to that predicted in the plan. The reality is that most business plans fail. Here are some of the traps to avoid:

1 : A dead document

A business plan that is created for a purpose and then discarded will always become obsolete fast. Making your business plan a living document (see step 6) is essential if you don't want the whole process to be a failure. Only a regularly reviewed and updated plan can be the spur to look critically at your business on a recurring basis.

2 : Over-optimism

Most business plans are over-optimistic, especially as regards predicted sales, often massively overestimating the size of the market. Research your market thoroughly. Too many business plans include a SWOT analysis, but concentrate on the strengths and opportunities and ignore the threats and weaknesses.

3 : Ignoring the competition

Business plans commonly assume that the competition will make no competitive response or indeed, will have no new initiatives of their own. Study your competitors and try to second-guess their plans. A living document will take into account their actions.

4 : New or old?

Too many business plans depend on doing something new, when what is needed is to find a better way of doing what is being done now.

5 : Ignoring risk

What are the risks attached to the plan? Think through these and the costs of failure as well as the rewards of success.

6 : Profit or turnover?

If expansion is planned, it should result in increased profits, not just sales. Expansion requires finance, people and other resources.

Can you get them?

Remember, a good business plan is as much about the process as the final document. Creating your plan will open your eyes to the realities of your business. Keeping it updated will help you stay on the right track. For help with developing your plan, call us.



If you would like any further information on this subject, please contact Melvyn Segal on 020 7400 6013 – msegal@abgroup.co.uk

Private equity, or venture capital as it is often referred to, can be a highly effective method of funding the growth and expansion of your business. Indeed a recent British Venture Capital Association (“BVCA”) survey found that annual sales growth rates for private equity backed companies at 30% were 3.5 times higher than those for FTSE 100 companies and just over 3 times higher than those for FTSE mid-250 companies.

So how do you go about raising private equity? First of all you should ask yourself the following four questions.

- 1 Does my company have high growth prospects?
- 2 Does my company have a competitive advantage?
- 3 Does my company have an experienced, committed and ambitious management team?
- 4 Am I willing to sell some shares in my company to a private equity investor?

If the answers are “yes” then you have a good chance of being able to attract a private equity investor.

Before approaching private equity providers you will need to have a good business plan with an executive summary. This is an essential document for owners and managers to formally assess market needs and the competition; review the businesses strengths and weaknesses; and to identify its critical success factors and what must be done to achieve profitable growth.

Choosing the private equity provider to approach requires research and strategic targeting and will depend on the stage of your company’s development, the size of the investment required, the amount of finance your company needs and the geographical location of your business. Sagitta Private Equity, for example, invests between £2 million and £10 million in UK based companies, with proven revenue models, in the healthcare, IT services, media, leisure and business services sectors. A helpful and comprehensive guide to identifying venture capital providers is the BVCA directory which lists private equity firms, their investment preferences and contact details and can be found at www.bvca.co.uk.

Typically the period from initial approach to completion of investment can take between 8-12 weeks. During this period the potential investor will thoroughly evaluate your business plan, make further enquiries as they feel necessary, agree with you the basis and valuation upon which they are prepared to invest, conduct due diligence, and complete the requisite legal documentation.

Finally, I would always recommend using professional advisers, like ABG, as they can provide a vital role in the fund raising process through critically reviewing the business plan, introducing you to their private equity contacts, advising you on the potential investment terms and helping to guide you through what can seem a complicated investment process.



Mark Salter is an Investment Director at Sagitta Private Equity, he is contactable on 020 7543 1500 or via email at msalter@sagitta.co.uk.

To find out more about Sagitta Private Equity visit www.sagitta.co.uk

The Enable Programme™

It was after midnight and we had left the West End 6 hours earlier for the 12-mile journey home. I was feeling frustrated and anxious with the traffic still heavy and black ice on the roads. The driver turned to me and said, “But it is very beautiful isn’t it”. When I looked around me I began to appreciate the snowy scene and feel more positive about the remainder of the journey. After agreeing with him I realised he had used a wonderful reframe; it had certainly altered my state.

The previous week the Headmistress at my daughter’s school had been talking about teaching styles addressing the needs of the kinaesthetic learner as well as those of the audio and visual learner. What was going on here? It seemed that everyone was using the techniques and language I had heard about on The Enable Programme™.

There was no need for surprise; it is no secret that NLP (Neuro Linguistic Programming) brings together best practice learned from a number of psychologists, which many of us apply naturally with sound common sense.

When I was invited to an ABG breakfast seminar, I accepted on the basis that it represented a good networking opportunity. However, I was intrigued by

what I saw and heard, and leapt at the opportunity to go on The Enable Programme™.

It is only now, having completed the six-day course, that I can appreciate the benefits to the organisation and myself of this programme. In a way it is the missing ingredient from the typical leadership courses on delegation, motivation, time management and meetings.

NLP is all about communication. Any and every communication – whether it be with customers (so important to a relationship bank like Bank Leumi with our desired aim to be a leading provider of financial solutions in our specialist areas of activity), or with the 100+ staff the Bank employs. NLP provides a fairly full toolbox to make the task of communication more manageable.

Since attending the course my communication skills have undoubtedly improved. I have mentored a number of staff who have benefited from the techniques I have used to help them with goal setting and other varied issues. I have been able to bring a different perspective to the advice I have offered customers, whilst being up front about where this perspective comes from. Some have heard about NLP and one customer has used an NLP consultant to train all his staff.

At home I have found that the course has provided



For more information on The Enable Programme™ contact Neil Kirby on 020 7400 6000 or 07887 955643.

The Enterprise Act was granted Royal Assent on 7 November 2002. It deals with competition laws and the Office of Fair Trading, as well as major changes in the law and practice of insolvencies.

In the area of corporate insolvencies the main change is that, after probably July 2003, banks will generally not be allowed to appoint Administrative Receivers. The banks and others secured by a floating charge, as well as companies, will be able to appoint an Administrator without the need to apply to the Court. The company has immediate protection from its creditors the moment it applies for the appointment of an Administrator. All actions are stayed and no third parties can attempt to recover their property, e.g. items subject to reservation of title or equipment leased or rented.

Common to all insolvency procedures will be the elimination of the Crown's preferential status, i.e. no longer will the Inland Revenue be preferential for PAYE and NIC or Customs & Excise for VAT unpaid as at the commencement of an insolvency. Instead of this windfall being given to secured creditors, however, a percentage of realisations (perhaps 10%) will be retained for the benefit of unsecured creditors.

"What does this all mean?"

Lenders with floating charges created after the date the Act comes into force will no longer be able to appoint Administrative Receivers. Companies in

difficulties, however, will be able to appoint an Administrator of their own choosing, subject to a bank with a floating charge not overruling them, obtain immediate protection from pressing creditors and then, with the time it has bought them, negotiate a settlement proposal with creditors. This would usually involve moving on into a Company Voluntary Arrangement (CVA), which commonly involves paying a percentage of the debts due, over a period time, out of retained future profits.

This enables companies with a viable business to come out from under the sometimes overwhelming weight of accrued debt by allowing them to make a contribution from future profits to settle a proportion of its past debts.

The company can then move forward, retaining any tax losses where they have built up, and getting the benefit of an immediate reduction in its liabilities without a corresponding tax charge.

The Administrator's objective will be primarily to save the company. If he can't, for good reason, he must be seen to achieve a better return for the creditors as a whole than they would be likely to get from a liquidation.


Only if this secondary objective can't be achieved is the Administrator allowed to have regard primarily to the remaining preferential creditors, i.e. the employees, and the previously all-powerful secured creditors.

It is hoped this new legislation will give more power to smaller businesses to control their own destinies. It is expected that banks will need to maintain a dialogue with struggling businesses and, if the company decides it is best to seek the protection from its creditors and the other options Administration provides, it is hoped the company will be allowed to do so without the bank taking control by appointing their own man.

Unsecured creditors should also benefit from the fact that more of their customers could be saved, or at least they will be better off than in a liquidation and, in any event, a sum of money will be carved out of the secured creditors' fund to be available for unsecured creditors.

There are clearly going to be greater opportunities for companies in difficulties to avoid liquidation, restructure their balance sheets and put their businesses on a firm financial footing for the future.

The Enterprise Act 2002 is also the embodiment of the Government's attempt to make the fear of failing for entrepreneurs less overwhelming. However, it will require directors to be sensitive to the warning signs and seek advice from appropriate specialist professional advisors at the earliest possible time.

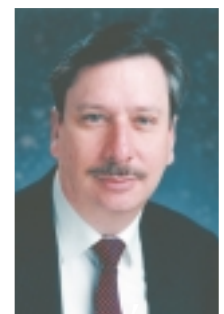


new ideas to deal with old problems. Not taking "I don't know" for an answer, has led to enriched conversations and I have enjoyed some success with my daughter's thumb sucking and my son's learning strategy for spelling.

I stated on my feedback form that The Enable Programme™ has empowered me. What I mean by this is that as an individual I feel better equipped to face the many and varied challenges of both my business and personal life. As an outcome, it couldn't have been bettered.

Rob Sherr is a Commercial Banking Manager for Bank Leumi (UK) plc, a niche commercial bank, which specialises in financing International Trade, Property, Media and Israeli related businesses, as well as offering private banking services. Bank Leumi has offices in London, Manchester and a subsidiary bank and trust company in Jersey. Bank Leumi (UK) plc is regulated by the Financial Services Authority. Bank Leumi (Jersey) Limited is registered with the Jersey Financial Services Commission to conduct banking and investment business.

For more information you can call Rob on 020 7907 8169 or email him at rsherr@bankleumi.co.uk.



By John Alexander
Head of Corporate Recovery
and Insolvency at
Carter Backer Winter

The Small Firms Loan Guarantee Scheme is administered by the Small Business Service (SBS) and was introduced to fill a gap in the market for small firms access to finance. It assists viable small firms that are unable to raise conventional finance because of lack of security. The scheme provides a guarantee, which encourages banks and other financial institutions to lend where they would normally be unable to do so.

The Small Firms Loan Guarantee Scheme started in 1981 and to date has guaranteed over 82,000 loans valued at more than £3 billion.

Loans are of a fixed term, with a minimum of two years and a maximum of 10.

The maximum loan size is £250,000 for established businesses that have been trading for two years or more and £100,000 for younger businesses.

There are currently 23 lenders participating in the scheme including all of the main banks and a number of other financial institutions. All applications are made direct to lenders who are responsible for all commercial decisions.



If you would like any further information on this subject, please contact Paul Berlyn on 020 7400 6008 – pberlyn@abgroup.co.uk or your contact partner.

From 1 April 2003, many small businesses should find it easier to obtain bank loans because of changes announced in the Chancellors pre-budget report.

From April, a whole new raft of sectors including retailers, caterers and motor mechanics will be eligible for the Small Firms Loan Guarantee Scheme. The government has estimated that this move will mean a 25% increase in loans granted under the Scheme.

Additional changes to the scheme include:-

- a. The maximum turnover limit for the service sector increases from £1.5 million to £3 million.
- b. A single guarantee rate of 75% will apply, rather than the current 85% for established firms and 70% for younger businesses.
- c. Previous beneficiaries will be able to apply again – as any loan guaranteed prior to April 1993, will no longer count towards the maximum loan amount.
- d. A 2% premium will be paid by the borrower on all new loans.

These changes to the Small Firms Loan Guarantee Scheme are one of the first outputs under the DTI review of business support.

The congestion charge

Whilst it remains to be seen whether the introduction of the London congestion charge results in the anticipated emptier roads in and around the capital saving drivers time and hence money, the charge came into force with effect from 17 February 2003 for all cars travelling in the Central London Area between 7am and 6.30pm Monday to Friday.



Great you think, “at least I can claim this as a business expense and reduce my tax liability as a result. If I travel in 5 days a week 48 weeks a year, costing me about £1,200, I can reduce my tax substantially.” If only it were that simple!

The Inland Revenue has issued guidance regarding the tax deductibility of the charge as follows: -

Self Employed individuals

The treatment is in line with other business expenses. If the expense is incurred in earning income and is wholly and exclusively incurred for the purpose of the business then it is tax deductible.

However, where there is a material private element to the expense, **which includes travel from home to work**, the expense will generally not be tax deductible. Thus, for example, a commuter travelling into London by car each day and not using the car for travel in the congestion zone during the day, will not be able to claim the expense as tax deductible.

Employers

If staff must pay the congestion charge which is wholly and exclusively incurred for the purpose of the business and the employer is re-implementing this cost, dispensation can be obtained from the Inland Revenue. Then, the rebate can be paid free of tax to the employees. If you wish to take advantage of this scheme, please contact ABG and we will be happy to arrange this for you.

As long as the charge is wholly and exclusively incurred for the purpose of the business, then the expense will be tax deductible in the company accounts.

Employees

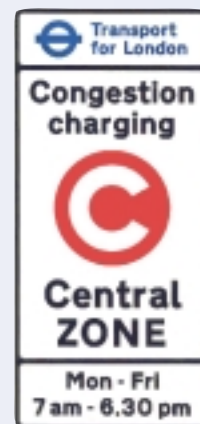
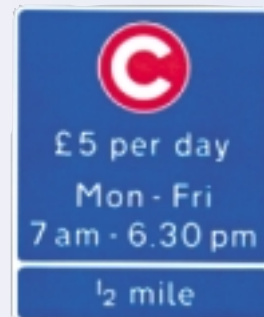
If staff must pay the congestion charge and their employer does not re-imburse the cost, then provided the travel expense has been incurred in the performance of the duties of employment or is wholly, necessarily and exclusively to perform the duties of their employment then the charge is tax deductible and can be reclaimed after the end of the year from the Inland Revenue via the tax return or a tax reclaim form.

If however, the charge is incurred whilst commuting to or from work or in the course of a private journey, the cost is not tax deductible.

General

Regardless of the nature of the employment, if a fine is received for non-payment of the charge, this will not be tax deductible.

The Inland Revenue is strict about what it does and does not allow for tax purposes so if you are in any doubt, please contact ABG.



The Landmark Case of White -v- White (October 2001) established a “yardstick of equality” and “fairness of outcome” test in financial claims on divorce, particularly in “big money” cases where there are surplus assets after the parties’ needs are met. There was to be no discrimination against the homemaker and child caring wife. But the expected 50/50 split of assets was in practice watered down in subsequent cases to at best something close to a 60/40 division in favour of the asset owning husband.

A number of cases such as Cowan v. Cowan (2001) developed the concept of a business owning husband being able to claim that a 50/50 split would not be fair because of his “exceptional” or “special” or “stellar” contribution to the build up of the family wealth.

All this was a far cry from the broad and sweeping reform seemingly envisaged by the House of Lords in White.

HAS LAMBERT ENDED THE RETREAT FROM WHITE?

More than likely !

In the widely publicised recent Court of Appeal decision in Lambert v. Lambert (2002), the Court overturned the first Judge’s decision giving the wife only £7.5m out of the total pot of £20m and ordered an equal division. Lord Justice Thorpe focused on the central message in White that there is no place for discrimination between husband and wife:

- ◆ “There must be an end to the sterile assertion that the breadwinner’s contribution weighs heavier than the homemaker’s. Each should be recognised as no less valuable than the other”.
- ◆ The Court rejected the idea that Judges should be called upon to make a detailed critical appraisal of the performance and contributions of each of the parties during the marriage.
- ◆ The force of the “special contribution” argument has been greatly reduced. Thorpe LJ observed “the danger of gender discrimination resulting from a finding of special financial contribution is plain ... special contribution remains a legitimate possibility but only in exceptional circumstances”

SO, IS THERE STILL ROOM FOR MANOEUVRE?

It seems so!

1. Special Contribution

Thorpe LJ did not completely rule out the possibility of raising the “special contribution” argument and left an opening for it to be advanced in “exceptional circumstances”. He declined to comment on what constitutes “exceptional” but beware because he did say “a good idea, initiative, entrepreneurial skills and extensive hard work are in my judgment insufficient to attract the label”. We therefore can only speculate on what might be the truly exceptional cases - the superstar footballer, the really innovative and creative musician, the inventive genius ? We shall have to wait and see.

2. Equality of Contribution -v- Equality of Division

It is often forgotten that contribution is only one of several statutory factors to which the Court must have regard. Thorpe LJ emphasised a distinction between a finding of equality of contribution and an order for equality of division. He said, “a finding of equality of contribution may be followed by an order for unequal division because of the influence of one or more of the other statutory criteria as well as the overarching search for fairness”.

3. Other Potential Arguments Against Equality

- ◆ Short marriages - White and Lambert were long marriages in excess of 20 years so what duration of a marriage will justify less than a 50/50 division?
- ◆ Childless marriages - whether lengthy but childless marriages would be a good reason to depart from 50/50?
- ◆ The homemaker and bread winner - does the homemaking, child raising, money making super wife deserve more than 50% of the assets ?
- ◆ Inherited wealth to be excluded from assets to be divided ?
- ◆ Assets owned pre-marriage to be excluded ?

SO WHAT NOW?

How in practice will Lambert affect divorcing couples ?

- ◆ It does seem likely that in “big money cases”, there will be a broad 50/50 division of assets and litigation will focus not on how those assets should be shared but on identity and value.
- ◆ There may be more use of accountants and other experts to carry out a financial investigation and analysis to assess all of the assets and their true value.
- ◆ “killing the goose that lays the golden egg” : If the only means of paying the wife her 50% share of the assets is to sell or borrow against the business, then this may be what the husband will have to do. Such was the finding in N v. N (2001).

WILL THERE BE AN INCREASE IN PRE-NUPTIAL CONTRACTS ?

Almost certainly !

At present, these are unenforceable under English law, but they do provide evidence of what the parties intended at the time of the marriage. A number of recent cases show there is a growing trend by the Judges to take pre-nuptial contracts into account and give them greater weight. For example, in M v. M (2002) the Judge said that whilst he would not simply follow what was in the pre-nuptial agreement he would bear it in mind and that “the pre-nuptial agreement in my view is relevant as tending the Court to a more modest award than might have been made without it”. In K v. K (2002) the Judge upheld the capital provisions of a pre-nuptial agreement but not the income provisions. In order for a pre-nuptial agreement to have any force at all, there are various pre-conditions which need to be satisfied but more of that another time.

CONCLUSION

It is still uncertain whether Lambert will add any certainty to this area of the law. It is noticeable that Thorpe LJ in Lambert specifically observed that he was “conscious that this conclusion does little to increase clarity or predictability of outcomes. However, any expectation of such was surely unrealistic”. Mr Lambert himself is seeking an appeal to the House of Lords. We await the future with bated breath.



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Keeping an eye on your cashflow



Cash is the lifeblood of a business, but with so much emphasis usually put on profitability, it can be easy to overlook this fact. Of course, the bottom line is important, but poor cash flow management can drive a profitable company out of business, especially when the economy is struggling.

The risk is especially great for expanding companies. For example, if billing is delayed at the same time as stock is accumulated to fulfil increased orders, you can find yourself short of the cash needed to pay suppliers and employees.

The benefits of projection

Cash flow projections are critical, especially in times of need, but you don't have to wait for a crisis to benefit from good cash flow planning. A properly developed cash flow projection can help a business foresee and prepare for potential shortages. Cash flow management can also help you:

- ◆ Maintain adequate cash reserves to pay accounts, expand the business and invest in facilities and product development
- ◆ Reduce interest costs through managed borrowing
- ◆ Increase interest income by transferring surplus funds into interest-bearing accounts
- ◆ Receive discounts through bulk purchasing
- ◆ Improve relations with the bank manager

Businesses that prepare cash flow projections often learn something about their systems, and the process often has some positive side-effects. For example, you might discover that you need to pay more attention to certain customers, or that you can time payments to suppliers more beneficially.

To help you focus on your cashflow and profitability we have prepared this checklist. Simply answer 'yes' or 'no' to say whether each statement is true for your business. If you have more 'no' answers

than you are comfortable with, you may be facing cashflow problems. Call us to discuss an action plan.

	Yes	No
When we receive a job, we know we can complete it and be paid on our terms		
We send a bill as soon as we complete a job		
Invoicing documents are accurate, complete and clear		
Our credit procedures alert us to problem customers so that we can follow up on outstanding accounts		
We monitor and enforce our credit terms and obtain deposits from 'doubtful' payers		
We finance capital expenditure in the most cost-effective manner		
Our pricing reflects time spent on jobs and covers associated risks		
Employees understand the importance of the business's cashflow		
We complete work efficiently		
We catch mistakes before they reach customers		
Mistakes cause us to improve processes		
We keep a close eye on budgets throughout the year		
We determine the viability of outsourcing work		
Adequate controls are in place to control employee overtime		
We are effective in negotiating materials and suppliers contracts		
We forecast cashflow monthly and base our financial arrangements on our projections		
Our bank is our partner and understands our business and its financial needs		
We always see that work is done by the least expensive, capable employee		
We link staff pay to productivity and company profits		
Our standard operating procedures are written down and everyone follows them		

ABG Examination Successes

- Michelle Yule** passed FAE and advanced stage
- Ilan Cohen** passed Financial Accounting and Business Finance
- KP Kola-Daisi** passed Financial Reporting and Personal Tax
- Michael Ng** passed Financial Reporting and Personal Tax
- Joseph Walsh** passed Business Management and Business Finance

The ABG Mission

"It is the purpose of this firm to provide imaginative, timely and quality solutions to our clients' tax, financial and business problems."

Please contact Claire Overton at ABG if you would be interested in placing an article in the next issue, many thanks – coverton@abgggroup.co.uk

Red Nose Day at ABG Group

Staff and Partners of ABG Group raised £233.60 for Comic Relief on Friday 14th March Red Nose Day.

We paid to wear jeans, to enter The Big Hair Brain Quiz and to play The Scratch and Match Sweepstake.



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- STRATEGIC PLANNING
- BENCHMARKING
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- OUTSOURCED ACCOUNTING
- BANKING ADVICE
- COMPANY SECRETARIAL SERVICES



- ANNUITIES AND INCOME DRAWDOWN
- LIFE, TERM AND CRITICAL ILLNESS COVER
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- MERGERS AND ACQUISITIONS
- DUE DILIGENCE INVESTIGATIONS
- BUSINESS DISPOSALS
- BUSINESS PLANS
- CASH MANAGEMENT, INCLUDING THE PREPARATION OF BUDGETED AND FORECAST INFORMATION
- RAISING FINANCE
- CORPORATE RESTRUCTURING



- MARKETING AUDITS & ACTION PLANS
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