

YOURFC

PKF FRANCIS CLARK - ISSUE 06

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Welcome to Your FC

Our latest issue has a celebratory air to it. We were delighted recently to announce the promotion of two new Partners and five new Directors. The promotions take place in the Truro, Plymouth, Torquay, Exeter and Taunton offices and bring the total partnership to 55 with the firm now employing over 700 staff across the South and South West. You can read more on page 4. Our staff have also been very busy studying for professional qualifications and I would like to also congratulate our team members who have recently qualified in their respective areas.

Investing in learning and development is at the heart of ensuring our firm provides you with the best expert advice and in this issue you can get the latest news and updates from your trusted advisers on pages 7-21.

We would also like to welcome Achievement Training Ltd to Your FC, as guest writer in this issue. With attitudes towards higher education changing, apprenticeships are becoming an increasingly popular career path and in their article they look at the benefits of apprenticeships and recruiting new staff into your business.

Our Exeter office relocated to larger premises on 9 April 2018. 160 staff members moved to Centenary House, Peninsula Business Park, Exeter, just a stone's throw from our current premises at Vantage Point on Pynes Hill. The newly refurbished office space has been renamed to reflect our upcoming 100th Birthday in 2019 and we are looking forward to welcoming clients, both existing and new to our new Exeter home.

We have a number of events planned through the spring and early summer aimed at keeping you up to date with the latest developments in various sectors and services. May will see a series of charity seminars and in June our Essential 6 monthly Financial Director updates take place. You can book these free events on our website: www.francisclark.co.uk/news-views/events



A handwritten signature in black ink that reads "Andrew".

Andrew Richards
Managing Partner

New Partner and Director Promotions

We are delighted to announce the promotion of two new Partners and five new Directors. The promotions take place in the Truro, Plymouth, Torquay, Exeter and Taunton offices and bring the total partnership to 55 with the firm now employing over 700 staff across the South and South West.

Daniel Sladen, a tax specialist in the Truro office becomes Partner and James Barrett's work as a Business Services Director has also been recognised by appointment to the partnership in the Plymouth office.

Also in Plymouth, Louise Bridgett's work as a Senior Manager in the not for profit team has resulted in her promotion to Director and in Torquay, Tim Lannin's work across the leisure and tourism, transport and digital sectors sees him promoted to Director.

In the Exeter office, Rob Gear becomes a Corporate Finance Director and in Exeter and Taunton respectively Sonia Fisher and Sam Cook are promoted to Business Services Directors.

PKF Francis Clark Managing Partner, Andrew Richards commented: "The firm has grown rapidly in recent years, there have been a number of significant mergers and in 2016, the firm joined the PKF International Network of professional firms. These substantial developments have been reflected in rising staff numbers, investment in new sectors, new clients of all sizes and increased turnover.

"To sustain our upward trajectory and to remain competitive, we must recruit and reward the very best talent available. I would like to congratulate our new Partners and Directors, on their well-deserved promotions which confirm our ambition and ability to deliver the very best client focussed solutions for businesses of all sizes."



From left: Sam Cook, Rob Gear, Sonia Fisher, Louise Bridgett, Tim Lannin, Andrew Richards, James Barratt, Daniel Sladen

Staff achievements

Congratulations to the following members of staff who have recently qualified in their respective professional examinations:

ACCOUNTANCY

AAT

Jonny Fletcher	Laura Hill
Callum Philcox	Archie Willmot
Jenna Rundle	Lily Gammon
Joshua ~Yelland	Glen Chudley
James Basher	Chloe Nicholls

ACA

Jasmin Knight
Joe Dowling
Ed Marffy
Ellie Sheppard (see below)
Katie Richards

ACCA

Claire Tourle
Gavin Roberts
Daniel Berks
Nathan Patterson
Tom Hicks
Ben Hart

ATT

Luke Bowyer

ICAEW Certificate in Insolvency

Scott Bebbington

CTA

Sarah Brown
James Barrett

VAT Compliance Diploma

Mike Frost
Dan Austin

PAYROLL

CIPP Level 4

Claire Sanders

FINANCIAL PLANNING

AFPS

Reme Holland



Congratulations to Ellie Sheppard from our Poole office, who recently received an award for achieving first place in the Strategic Management element of the July ACA exam.



Exeter office celebrates move to Centenary House

Having out-grown the offices at Vantage Point, 160 staff relocated to larger premises at Peninsula Business Park, Exeter. The newly refurbished office space, renamed 'Centenary House' to reflect the our upcoming 100th Birthday celebrations in 2019, is just a stone's throw from the old office at Pynes Hill.

Enjoying sole occupancy, our new building comprises 18,000 sq. ft. of space over two floors - almost double the area previously occupied at Vantage Point.



Visitors to the new office will be greeted by larger and more spacious meeting areas, be able to charge their electric car in the car park, or enjoy the office's courtyard Zen style garden. The interiors and spaces have been designed to encourage collaborative and creative working. The materials reflect the Devon landscape: glass, timber and slate and its colour scheme includes bright modern colours with a variety of textures and patterns running through both decorations and furnishing, with artwork by local artist Amanda Sabin.

Managing Partner, Andrew Richards commented: "Exeter is the geographical centre of the firm and a great place to do business. As we approach our centenary year, our new office will help further enhance our client offering and experience and will provide an attractive modern working environment for our staff.

Exeter Office Managing Partner Sean Grinsted said: "We are looking forward to welcoming clients, both existing and new to Centenary House and hope that the fantastic new workspace will help inspire and encourage our continued expansion and success."

Corporate Finance News



Despite numerous aspects of uncertainty in the economic and political world, the demand and opportunity for transactions and funding reviews continues apace. Whilst overall deal volumes in the UK declined by 5% during 2017, at PKF Francis Clark we advised on significantly more with a rise of circa 25% compared to the prior year. This made us the most active Adviser across the whole of Southern England last year (source: Experian/MarketIQ).

To help us achieve this and to provide support for more clients going forwards, we have recruited two new Directors, Andrew Thornhill and Richard Harris, who significantly add to our specialist Energy & Sustainability team. We see more clients recognising the changes in the Energy market, in terms of both power generation and usage, and the economic and diversification benefits these can offer and consequently we are working on more transactions in this sector.



From left: Richard Harris, Andrew Killick, Head of Corporate Finance, Andy Thornhill

In addition we have recruited two further executives to the team from within the firm and it's pleasing that in a competitive process, those who trained with PKF Francis Clark in other parts of the firm, were considered to be the best candidates.

Looking ahead for 2018, we see many clients considering the political uncertainty resulting in a marked increase in potential tax risk to their business wealth (mainly through the stated increases in capital gains tax from other political parties). With a wider range of funding options available today than ever before, as well as these being at historically low rates, this gives a unique opportunity to undertake transactions and succession planning in a cost-effective and value protecting way.

We are always happy to have a discussion with clients so that they are aware of the options and can take these into account in their decision-making - it's amazing how many entrepreneurs and business owners that we have helped with transactions where they were not aware at the outset that it was even possible!

Andrew Killick
Head of Corporate Finance



Not for Profit



New rules on converting to a charitable incorporated organisation

From 1 January 2018 charitable companies and community interest companies (CICs) with an annual income of less than £12,500 will be able to convert to charitable incorporated organisations (CIOs). The ability to convert was previously only available to unincorporated charities.

The phased approach, based on income levels, will ultimately allow all charitable companies and community interest companies to convert from 1 August 2018.

The CIO structure is one that suits most sizes of charity and it has become increasingly popular due to the advantages it brings.

One of the main benefits is that the CIO is afforded the same limited liability protection as an incorporated charity, but without the requirement to be registered with Companies House as well as the Charity Commission. Companies House requirements therefore no longer apply to the charity.

Another important provision is that, in most cases, the new CIO will be able to receive any legacies left to the old charitable entity and any bank accounts simply transfer across. Once converted, the entity retains its name and charity number. The administrative burden is minimal.

A potential downside is that, being a relatively new structure, the CIO form is not as recognisable in the outside world as the traditional charitable structure. This may be of particular significance for charities operating internationally.

Before seeking conversion, CICs need to consider whether it is appropriate for them to adopt wholly charitable objects in order to comply with the Charity Commission's requirements or whether they wish to remain more commercial in their activities. The governance and external scrutiny regime is also much stricter for charities and falling under this spotlight may be an unwanted consequence of conversion. Countering this, however, charities do enjoy various tax advantages and this may tip the scales in favour of conversion.

In order to convert, a new CIO constitution must be drafted and a special resolution to convert must be made. There are model constitutions on the Charity Commission website and using these will help to avoid the application being rejected and the process being delayed. Copies of these documents must be submitted with the conversion application. The application process is simple and via a Charity Commission online form.

Please contact your usual PKF Francis Clark adviser if you wish to find out more or would like support with your application.



Louise Bridgett

Director

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...charities do enjoy various tax advantages and this may tip the scales in favour of conversion

Financial Planning



An interview with...

Gary Quick, Director, PKF Francis Clark Financial Planning



Gary Quick

Director, Chartered Financial Planner
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What approach do you take to working with clients?

"At PKF Francis Clark Financial Planning, we understand that planning a client's finances in a way that enables them to enjoy and achieve the lifestyle they desire can be both a time consuming and technically challenging activity. We also understand that life is a journey and it will undoubtedly throw in some challenges along the way. That is why our service focuses on working closely with clients – we know that getting to know our clients as individuals and families is just as important as getting a comprehensive picture of their financial situation and indeed their financial aspirations."

What can a client expect to experience?

"So when it comes to implementing a plan, we really do appreciate that no two families are the same and there is no such thing as a 'one size fits all' financial strategy. Following our initial meeting where we really strive to get to know the individual, couple or family, we dedicate time to develop a comprehensive strategy report for each client. This report covers our understanding of their objectives, their attitudes to risk, the cash flow projection required, the tax planning options available to utilise appropriate tax relief, and finally the recommended plan of action going forward."

How often do you meet with clients?

"With people being the focus of everything that we do, we ensure our relationship with our clients is a constant one, carrying out regular reviews and being available at any point in between where required. We keep in touch to ensure that the plan we have put in place continues to be right, no circumstances have changed and the plan is performing as expected. If anything has altered or needs our attention, we will do just that and make the adjustments required to get things back on track."

One final comment?

"Our excellent team is delighted to support individuals and families through some of life's biggest moments. From having children to opening a new business, we are here to provide advice and support whenever you may need us."

To find out more or to look into creating a financial plan tailored to your personal circumstances, please contact 0800 8321785 or visit www.fcfp.co.uk



Making Tax Digital for VAT - from April 2019

Making Tax Digital (MTD) is the most fundamental change to the administration of the tax system for at least 20 years. This is part of the wider Government agenda to transform the tax system into a modern digital one, making it easier for businesses to get their tax right and keep on top of their affairs.

When does it start and what does it mean for me?

VAT registered businesses operating with taxable turnover over the VAT registration threshold (£85,000 until at least 31 March 2020), will be required to keep digital accounting records and file VAT returns using MTD compliant software from April 2019 (the first VAT period starting on or after 1 April 2019). Taxable turnover includes income from standard rated, reduced rated and zero rated supplies. It does not include income from exempt, outside the scope of UK VAT or non-business supplies.

Businesses registered for VAT but operating with taxable turnover below the VAT threshold will not be required to keep digital accounting records or to file VAT returns using MTD compliant software until 2020 or later. The current online method of VAT return submission via HMRC online services will not meet the requirements of MTD but will continue to be available until at least spring 2020.

In short, Making Tax Digital for VAT (MTDfV) will not change what is submitted to HMRC, just the way in which it is submitted. The accounting software package used will be required to upload the VAT return information from the software directly to HMRC's portal.

Many businesses use spreadsheets to prepare VAT returns and keep records. HMRC has indicated that the use of spreadsheets will still be permitted, but that in order to be MTD compliant, the spreadsheet must digitally link to a software product which uploads the data.

If you do not currently prepare VAT returns via a software package, or with the use of spreadsheets, our Cloud Accounting team are currently actively working with software providers in the lead up to MTDfV and can provide further guidance in this area.

For non-VAT registered businesses, MTD for VAT will only become relevant if they become VAT registered on a compulsory basis.

HMRC planned to start the pilot in April 2018, initially by inviting a number of VAT registered businesses to sign up to the service. Over the subsequent months, it will expand the numbers and types of businesses able to sign up. This will allow the service to be tested ahead of mandation from April 2019.

PKF Francis Clark has been approached by HMRC to help pilot the new digital VAT process and has been asked about the possibility of signing up clients to take part in the pilot.

To participate in the pilot, businesses (or an agent acting on their behalf) must:

- Use software to keep digital business records
- Sign up to the service
- Submit their VAT return when it becomes due using MTDfV enabled software

Although HMRC anticipates that most software companies will enhance their existing products to become MTDfV enabled, only a selection will be available from the start of the pilot. Therefore HMRC won't invite businesses to sign up for the pilot until it has confirmation that the software is available.

What are the benefits of joining the pilot?

- By being involved earlier, you can get used to the new system before it becomes mandatory; you will have access to more support during the initial stages of the pilot so we can check if we are doing it right or need clarification
- HMRC will keep us up to date with what is happening as the service develops and how it affects our clients
- It provides an opportunity to influence how the service looks and feels
- Joining the pilot early means that by the time the rush comes when the service becomes mandatory, we will already be on-board
- Participation in the pilot is voluntary - we can, for whatever reason, leave the pilot at any time

PKF Francis Clark's Cloud and VAT teams will be more than happy to answer queries relating to Making Tax Digital.

My colleague, Darren Jasper, from our Cloud Accounting team has written an article about the software that must be used and the mechanics of reporting - see page 12.



Julie Towers

VAT Partner

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PKF Francis Clark has been approached by HMRC to help pilot the new digital VAT process

Food & Drink

Food & Drink producers can access RDPE funding 'rural' – but need to act fast!



Nick Farrant

Partner, Head of Food & Drink
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...the good news is there are still opportunities available to access these grants, the not so good news is that the deadlines for applications to be received are fast approaching

The Rural Payments Agency (RPA) is already dealing with a number of applications from food & drink producers (micro-breweries appear to be popular!) for the Growth Programme and Countryside Productivity schemes - and it would welcome more.

At our Finance in the South West event in late February, Quenton Steele from the RPA highlighted that both the 'food & drink production theme' of the Growth Programme and the 'adding value to agri-food theme' of the Countryside Productivity grant scheme are not necessarily restricted to businesses based in a 'rural' area.

The Growth Programme places great emphasis on schemes which support job creation in the business, whereas the Countryside Productivity scheme is happy to accept applications for investment in machinery to improve productivity without necessarily creating direct employment opportunities.

So, the good news is there are still opportunities available to access these grants; the not so good news is that the deadlines for applications to be received are fast approaching:

Scheme/Theme	Closing date for expression of interest
Growth programme: Food processing	31.05.18
Countryside productivity: Adding value to agri-food	29.06.18



and Countryside Productivity grants even if not

An overview of the two schemes and links to further information is set out below:

Growth Programme: food & drink processing	Countryside Productivity: adding value to agri-food
<p>To support food & drink businesses that process agricultural or horticultural products to grow and create new jobs.</p> <p>Who can apply?</p> <ul style="list-style-type: none"> • Small and medium sized enterprises (SMEs) engaged in food and drink production using Annex I product <p>Grant funding can help pay for:</p> <ul style="list-style-type: none"> • Constructing/improving buildings • Buying new equipment and machinery <p>How much money can be applied for?</p> <ul style="list-style-type: none"> • Varies across LEP areas, but generally 40% of eligible costs, with a minimum grant of £35k. For example: maximum grant for Heart of South West LEP area is £7.54m <p>Cornwall & Isles of Scilly, specific</p> <ul style="list-style-type: none"> • Up to 50% of eligible costs • Minimum grant of £50,000 in Cornwall and £10,000 on the Isles of Scilly • Maximum grant of £1,000,000 	<p>Grant funding can help pay for equipment or construction costs associated with all aspects of processing</p> <p>Who can apply?</p> <ul style="list-style-type: none"> • Processors of primary agricultural or horticultural products (Annex I product) • Includes businesses or farmers • Projects can be rural or urban • Any business size but priority given to SMEs <p>Grant funding can help pay for:</p> <ul style="list-style-type: none"> • Improving processing of primary agricultural products • Shortening supply chains and delivering benefits to primary producers <p>How much money can be applied for?</p> <ul style="list-style-type: none"> • Up to 40% of eligible costs • Minimum £35,000 • Max variable
<p>More details at: gov.uk/food processing handbook (including list of Annex I products at Appendix A)</p>	<p>More details at: gov.uk/adding value to agri food handbook (including list of Annex I products on page 29)</p>

Timelines for processing of applications for both schemes:

- Appraisal and decision on expression of interest - 30 workings days
- Appraisal and decision based on full application - 60 working days

If the timeframe works for you, and if you have a 'project' that might fit with the eligibility criteria, please do not hesitate to contact your PKF Francis Clark adviser with any questions.



Financial Reporting

Making Tax Digital



Darren Jasper

Head of CloudSourcing
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Cloud accounting with PKF Francis Clark is about more than software though; it's like having a virtual Finance Director

Making Tax Digital for business (MTDfB) and for VAT (MTDfV) are still moving ahead full pace, with HMRC starting trials for both income tax and VAT in April 2018. Although the Government gave businesses more time to make the accounting changes necessary last July, the remaining time is actually very short - digital reporting for VAT will start in one year, and digital reporting for income tax the year after that. There is still no news about when corporates will be brought on board, but it is likely to be by April 2021 at the very latest and potentially a year earlier than that.

With the start of digital VAT reporting approaching fast, the VAT regulations have now been approved by the House of Commons, and we look at some of the detail of these below. Importantly, there is no requirement that the electronic recording of VAT return data must be done at the time of the transaction. As long as the data is recorded electronically by the earlier of the date that the VAT return must be submitted, or is actually submitted, this will be sufficient.

Businesses will be able to use more than one piece of software to keep their digital records, but those separate software programmes must be 'digitally linked'. HMRC has provided three examples of what it means by digitally linked:

1. The business records transactions in accounting software (A), transfers the totals to spreadsheet (B) where adjustments are made for (say) partial exemption, then it uses another software package (C) to transfer the totals to HMRC. The transfer of data between A, B and C must all be done digitally.
2. The business uses accounting software to record all its transactions and to submit the VAT return. However, it uses a spreadsheet to work out the VAT adjustment on road fuel scale charges. That adjustment is manually typed into the main accounting package as a journal entry. As the road fuel adjustments are not part of the records which are prescribed to be kept digitally, the manual journal entry is permitted and the business is compliant with the MTD regulations.
3. A VAT group uses three different accounting packages (A1, A2, A3) for different companies in the group. The totals are collected in a spreadsheet (B) to create the VAT figures needed for the group VAT return. Spreadsheet B is then digitally linked to another software package (C) which is used to submit the group VAT return to HMRC. As long as software family A is digitally linked to B, which is also digitally linked to C, the requirements of the MTD regulations are met.

The digital linking of the accounting software to other submission software - or to any spreadsheets used - will apparently be a legal requirement, but the definition of exactly what 'digital linking' means isn't included in the draft VAT regulations currently available.

It is clear from the information provided alongside the draft regulations that businesses will be permitted to record transactions in a spreadsheet and transmit that spreadsheet by email or USB stick to their tax agent. The agent will then import the data electronically from the spreadsheet into its own accounting software which will be used to submit the figures to HMRC.

A business may be exempt from MTDfV reporting on any of the following grounds:

- Its turnover for the year ending with previous month is less than the VAT registration threshold (£85,000 until 31 March 2020)
- The owners are practising members of a religious society, whose beliefs prevent the use of computers
- A disability of an individual, or the location of the business, which makes it impractical to use digital tools, or
- It is subject to insolvency procedures.

A business can't simply 'choose' to be exempt. If one of the circumstances above applies, the business will have to contact the VAT helpline to discuss alternative arrangements to submit its VAT figures. An exempt business can still voluntarily file under MTDfV.

A business will fall into the MTD reporting regime if its annual turnover (which would be subject to VAT) exceeds £85,000.

Even if the business turnover later drops below £85,000 the business must continue to make MTDfV reports until it deregisters from VAT.

Our Cloud Accounting team is currently working with clients to source the most appropriate accounting packages for them to deal with the move to digital reporting. Cloud accounting with PKF Francis Clark is about more than software though; it's like having a virtual Finance Director. With remote log-in, we will be able to give you feedback that will help grow your business and spot potential issues early on. MTD will revolutionise the way we work with you and your business, with the availability of real time business-critical information enabling you to spot patterns and trends and take advantage of them, supported by our teams.



Personal tax advice ...not just for the wealthy



Lisa Macpherson

Head of Tax Technical

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...more and more people are being brought into the scope of higher taxes and some very simple and basic rearrangements of their affairs can result in them not paying more tax than they ought to

Lots of people think their personal finances are basic and uncomplicated and that they don't require personal tax advice. Often though, we meet clients who have missed out on their chance to make advantageous elections for principal private residence relief, when changing their interests in properties they own, leading to unexpected tax bills. Or clients who have made gifts to family members, which will be brought into the inheritance tax net when they die, where some simple planning could have resulted in a reduced tax bill. Are you subject to the high income child benefit charge because your or your partner's income is over £50,000? There are simple steps that can be taken to alleviate the position in many cases.

Personal tax advice isn't just for the very rich - as the uprating of numerous allowances and rate bands fails to keep up with inflation, more and more people are being brought into the scope of higher taxes and some very simple and basic rearrangements of their affairs can result in them not paying more tax than they ought to. We are not speaking about the type of complex 'schemes' that HMRC is likely to challenge here, but simple uncontentious measures such as using all of your available allowances and reliefs, and planning the timing of gifts or disposals, to ensure that you minimise any tax payable. Making pension contributions and charitable donations can also legitimately reduce tax, whilst saving for the future.

Our private client teams specialise in advising clients on simple measures to ensure they don't pay more tax than they need to - if you would like any help or advice, please speak to your usual PKF Francis Clark contact.

Corporate Interest Restriction

2017 was a year of significant change for corporate taxes, with a radical re-working of the loss relief rules, the introduction of the corporate interest restriction (CIR) on which HMRC has released a huge 489 pages of guidance, changes in the rules for obtaining the substantial shareholdings exemption and the uncertainty caused by a general election, which meant that a number of measures which took effect from 1 April were not actually legislated for until November. And this is all before we start to consider what impact Brexit will have on businesses.

Looking at Brexit first, while no-one knows what rules will change as a direct result of leaving the EU or from a removal of the perceived 'shackles' of EU legislation, we do know change is on the horizon and that businesses need to be mindful of what they can do now to mitigate the risk of adverse consequences. We have a team of international tax specialists, including customs duty and VAT specialists, who will be able to help you establish the likely consequences for your business and any actions you can take now to mitigate these.

The corporate interest restriction continues to present challenges, as the Government continues to 'tweak' the rules, and it is evident that UK groups - as well as multi-

jurisdiction groups - need to consider the rules, and actions will be needed - even where group interest is below the £2m de minimis. We would be happy to help with this.

Looking forward; at the autumn Budget, the Government announced that the non-resident capital gains tax (CGT) regime will be extended to cover disposals of non-residential property, including by non-close companies, from April 2019. Although an anti-forestalling rule came into effect on Budget day, our international tax team will be happy to help you consider whether restructuring would be beneficial, prior to the introduction of the new charge.

The Government is also consulting on the UK's corporate intangible fixed assets (IFA) regime. The consultation will review the operation of the IFA regime and consider whether there is any scope to introduce targeted, cost effective reforms that support ease of administration and international competitiveness - this is good news, as this area has long needed reform.

...change is on the horizon and businesses need to be mindful of what they can do now to mitigate the risk of adverse consequences

Multi Academy Trusts



Why are Multi Academy Trusts failing? What do you need to consider?



Katie Skea

Director

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It appears that MATs are either thriving and flourishing as the Government model intended or they are failing, and in some cases, spectacularly so

Late January saw the publication of the secondary school league tables by the Department for Education (DfE) and an interesting trend emerged in relation to Multi-Academy Trusts (MATs).

Of the 62 MATs* running mainstream secondary schools examined by the DfE, (which judge schools by two measures: 'Progress 8' and 'Attainment 8' - using raw GCSE results and other various data), 45% were found to be performing "significantly below average" while 30% were found to be performing "significantly above average". It appears that MATs are either thriving and flourishing as the government model intended or they are failing, and in some cases, spectacularly so.

**Only includes trusts that have run at least three schools for three years or more.*

The subject of MATs is a much talked about topic and clients are regularly asking us for advice and for insights into our experiences. It is a hugely important decision to undertake - from the perspective of both the school looking to join a MAT and the MAT/lead school looking to take on new schools. There are many factors to consider and below we review some of the reasons why MATs have fallen into the 'failing' category and note these as pitfalls to be avoided:

Rapid growth

There are now some extremely large national MATs with more than 70 schools in their trust and, following the favoured government model, the general trend everywhere is for MAT growth. There is a risk though that this growth can be too rapid and in some cases, has felt almost panicked - choose a MAT or be pushed into one. The consequence of growing too quickly has led in some cases to extreme pressure being put on central services such as finance where there has not been adequate resource to properly complete the take on procedures, new systems implementation and to iron out differences and integrate. Often there has been a lack of thought into governance structures and delegation of responsibilities. And while these holes can be identified and patched

in time, some MATs have continued to move forward with more new school joiners before the holes have been plugged which has further exacerbated the problem and led to break downs.

Sponsoring too many failing schools

The government ideal for MATs is driven around the concept of the more successful schools sponsoring their poorer performing counterparts with the aim of improving their performance through knowledge and resource sharing and proven management. Very similar to the point above though, for this model to have a chance of working, sufficient time needs to be invested and especially so when the schools involved are failing. This time also needs to be very carefully balanced to ensure that the performance of the sponsoring school is still maintained. Throwing too many challenging schools into a MAT and/or too quickly, significantly increases the risk of overload and failure.

Too big and too far away

We feel that the benefits of being part of a MAT can only truly be realised if your partner schools are in close vicinity to you. This is certainly the case for resource sharing and meetings as well as, to some extent, exploitation of economies of scale. Also, more physical movement and presence between schools definitely helps the MAT to operate as one. In fact, with the MAT growth movement, we have seen some academies transferring out of national or other non-local MATs in favour of working with schools more local to them.

Indeed, the media has reported that in some areas there has almost been a feel of empire building, with some executive head teachers priding themselves on the number of schools in their MAT and receiving a remuneration package aligned to this. Related to the above point, geography is another very important factor to consider. It appears that when MATs become too large, there is a loss of control over some of the 'smaller ticket' finances that can accumulate into more significant sums. Furthermore, with size comes anonymity and it is

increasingly more likely that individual schools are not being given the focus and attention that they originally joined the MAT for.

The advantage of the MAT model works on the premise that with increasing size comes increasing economies of scale - for example, many functions can be centralised - such as admin, finance and HR and bulk ordering discounts can be exploited. However, recent findings from the National Foundation for Educational Research has found that larger MATs are significantly more likely to be in deficit than the smallest ones. It would appear that the optimisation of economies of scale would actually be at a smaller MAT size, perhaps around 20 schools.

Culture, leadership and governance

From our experiences, a factor that is often overlooked is the importance of having the right cultural fit amongst schools. A successful MAT is one where each school effectively enters into a marriage - and is there for the long term, willing to both give and take and has the mindset to work together as a team. A MAT can fail if this concept is not bought into, if there is a culture of 'them' and 'us' and 'who is to blame', (this was a key reason attributed to the recent failing of Wakefield City Academy Trust).

Culture is often coupled to management of the lead school or the trust and so it is important that the fit is right between schools. Related to this, another factor to consider is the longevity of management. If changes or retirements are imminent, then who is likely to take over? Is the culture likely to change as a result of this change? Similarly, it is very important to consider governance, who is on the executive board and how this is run. Are board members suitably qualified/experienced? Will they challenge decisions? Will they fairly represent your school?

Financial constraints

The financial position of each school is a huge factor that needs to be

considered when accepting a school into a MAT or joining a MAT. From the point of view of the MAT, due regard needs to be given to schools that are in a state of disrepair and/or that have little or deficit reserves. Similarly, very careful consideration needs to be given to schools in a position of debt (potentially with the Education and Skills Funding Agency (ESFA) and the likelihood of any debts crystallising (e.g. legal claims/redundancies) and how that is managed. Close scrutiny is also needed of future budgets and key assumptions, like pupil numbers, should be proactively challenged. A school need not necessarily be ruled out on the basis of finance, but rather a different deal should be brokered with the ESFA. MATs that are currently failing tend to fail financially first and then in terms of educational outcomes. Financial resource is very much a driver of success.

From the point of view of a school joining a MAT, clarity needs to be sought on the basis for central charging as there are two main options for the funding structure within a MAT, top slicing or pooling of reserves.

If top slicing is adopted schools run with individual restricted reserves and set their budget based on allocation from the ESFA. Schools are charged a top slice of their income, usually a percentage of General Annual Grant (GAG), to cover central costs. This has been the most common basis historically. The amount of the top slicing will depend on the degree of centralisation and the level of central costs the central pot has to cover.

Alternatively, some MATs are now choosing to 'pool' the key funding income for each school, GAG. In a nutshell, this means that the GAG for each school (which is based on national funding formulas) is centrally received by the MAT and then allocated to schools within the MAT on an alternative basis to that derived from

the funding formula. For example, funding may be apportioned according to measures such as budgeted need, Ofsted performance, SEND needs, key performance indicators such as staffing levels, and so on. There are various mechanisms for how pooling can work including 'in year pooling' where schools retain individual right to their historic reserves but all current funding from a certain point is pooled and 'full pooling' where all historic and current funds/reserves that can be pooled are combined at MAT level, either on adoption of the policy or on conversion of new schools joining.

Whichever option is adopted, the joining school needs to be satisfied that the financial arrangements are clear, fair and viable and there should be a plan in place to understand how each member school can benefit from the MAT in the medium to long term. Best practice would also indicate that an appeals mechanism should be in place.

The importance of how finances are managed centrally is of paramount importance given the recent failing of Wakefield City Academy Trust and the asset stripping from schools that it has been accused of.

While the above outlines some of the potential pitfalls and factors to consider with MATs, it is not to detract away from how successful and synergistic they can also be. Handled and managed correctly a MAT can significantly improve the educational outcomes of member schools and better financial strength can be achieved together. What this article does underline though is the utmost importance of making the right decision.

Our teams can help with initial viability reviews, due diligence services or just general advice. Whatever stage of this process you are at, we would be happy to help.

Guest Article: Achievement

Changes to the Apprenticeship Service

Achievement Training Limited (ATL) is one of Plymouth's longest-established private training organisations, located in the heart of the city centre since 1996. They have a wealth of knowledge and experience in delivering training that supports real progression within employment, leading to sustainable careers. Their excellent reputation with local employers and employment services is a key factor to their training delivery.

Friendly, experienced staff are passionate about supporting local businesses and improving the job skills of the area's employee pool through a wide range of flexible educational and vocational training courses, including:

- IT Skills for Users and Professionals (Networking, Software Engineering etc)
- Business Administration, Customer Services, Management & Team Leading
- Child Care, Early Years Education and Playwork;
- Health & Social Care
- Education & Training and Supporting Teaching & Learning in Schools
- Beauty, Hairdressing and Nails
- Functional Skills and GCSEs in English and Maths

Having delivered Apprenticeships since 2001, both learners and employers regularly give positive feedback. In 2017, 96% of employers and 97% of learners would recommend ATL to others. Consistently rated 'Good' by OFSTED since first inspected, ATL have also held full MATRIX accreditation since 2013 in recognition of their advice and guidance.

Tracy Barnes has worked with ATL's Apprentices for over 15 years and now heads up ATL's Apprenticeship and Business Development department. Her team work closely with local businesses supplying high quality apprenticeship recruitment and guidance.

All you need to know about hiring apprentices and how to fund them

During 2017 the Government changed the way employers access apprenticeship training. They created a system whereby large employers pay into a levy account straight from their payroll system. Medium and smaller employers are, for the moment, exempt from the levy but need to contribute 10% of the total training costs. The Education Skills Funding Agency (ESFA) top up the remaining 90%. The expectation is that if employers are invested financially in the training, the quality and quantity will increase. Also, if employers are paying for a service/product, it is in their interest to get a good service from their training provider and to ensure their apprentice receives robust, career improving

training. By increasing the number of apprentices and developing vocational skills, national productivity will be boosted supporting the growth of the economy.

Generally businesses who employ less than 50 staff get the full cost of the training covered if the apprentice is aged between 16 and 18 years old, or aged between 19 and 24 years old and has either an Educational Healthcare Plan (provided by their local authority), or has been in the care of their local authority.

All Apprenticeship employers can access employer incentives. A payment of £1,000 towards the additional cost associated with training if, at the start of the apprenticeship, the apprentice is: aged between 16 and 18 years old; aged between 19 and 24 years old and has an Educational Healthcare Plan (provided by their local authority), has been in the care of their local authority. The first 50% is paid 90 days after the apprentice starts, and the remaining 50% will be paid 365 days after the apprentice starts.

National Insurance Contributions are not required from employers with apprentices under the age of 25 earning less than £827 a week.

Finding apprenticeship training

www.findapprenticeshiptraining.sfa.bis.gov.uk

If you have an employee that you would, for example, like to train in Business Administration, you simply need to type Business Administration into the search box. You will then see a list of business courses and the duration of the course. Once you click through you will see a summary of the framework/standard including the cost, entry requirements, and job roles. At the bottom of the page click on 'Find training providers'. Insert your postcode and answer the question about the size of your pay bill, you will then be taken to a page with a list of all the providers in your area who deliver this training which includes national and local providers.

Levy paying employers will initially need to set up an account at manage-apprenticeships.service.gov.uk Once this has been done you will need to follow these steps to access money you have paid under the apprenticeship levy and pay for apprenticeship training:

- Add PAYE schemes that you want to use for apprenticeship funding
- Add organisations that enter into a contract with training providers to ensure that the training providers get paid
- Invite other team members to join the account (you can control what each team member can do within the account)
- Sign the employer agreement with the ESFA
- View transactions and check what you have to spend

Training Limited

- Search for apprenticeships and approved training providers

Once your account is set up you can add an apprentice and should follow the steps below:

- Sign in to your Apprenticeship Employer Account
- Select the account you want to use (there may be multiple accounts if you are a connected Company)
- Choose 'Apprentices' (to add/update details)
- Choose 'Add an apprentice'
- Choose 'Organisation' (the organisation named on the contract with the training provider for apprentices you would like to add)
- Add the training provider UK Provider Reference Number
- Confirm that the Training Provider is correct
- Start adding apprentices (you can do this or you can pass control to the Training Provider. If you pass this to the Training Provider you will still have the final authorisation of the transaction)
- Complete the on screen apprentice details (Name, DOB, Training Course, Start/End date, Agreed price) and 'Add', 'Save and Continue'
- Choose an option 'Approve', 'Send to training provider to review or add details' or 'Save but don't send to training provider'
- If you have sent to the training provider, they will receive an email telling them you have added an apprentice and will review it

by increasing the number of apprentices and developing vocational skills, national productivity will be boosted supporting the growth of the economy

Levy payments

To review your payment activity you should access the 'Finance' section of your Employer Account. In here you will see any levy payments you have made (remembering your account will be updated after the 23rd of each month).

You will be able to see the following information on a monthly basis:

- Levy payment - with a breakdown of how much you have paid and the 10% top up;
- Payment details - with a breakdown of what has been paid from your levy and also if applicable the value of co-investment (if you have used all of your levy) including your further 10% contribution.

Every single employee has something they can excel at and every single person has something to offer, we have a responsibility to help our employees to discover what that is. That is the opportunity an Apprenticeship can provide. No matter what anyone does with their life, they will need an education to do it.

If you are interested in recruiting new staff into your business most providers and colleges offer a full recruitment service.

For more information visit the gov.uk website or call Tracy Barnes at Achievement Training on 01752 202264.



Leisure & Tourism



Good news for South West tourism occupancy and room nights



Tom Roach

Partner

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...the key to driving the tourism business in the South West has to be recognition of the facilities and attractions

Our latest annual tourism business figures show that 2017 was a bumper year with overall occupancy trading at 55%, the highest annual figures recorded by the firm. This is in contrast to the early part of this decade where the figures hovered around 50%. Average occupancies were also up on 2016 levels by 1.5%.

Month on month there were also some interesting variations with the usual peak during the summer months, but a spike in occupancies in November and December which are now closer to 40% on average, as opposed to below the 30% mark, previously experienced in the sector.

Spend on repairs and maintenance in 2017 was on average 6.7% of turnover which is higher than historic levels of around 6%. This reflects the long term trend that has seen repair costs tending to be higher when funds are available, reflecting the fact that some of the spend can be discretionary. Over the medium term, spend on capex and repairs have normally driven additional turnover growth as customers have been prepared to spend more. Advertising spend is up on long term averages with spend currently at around 2.7% of overall turnover. Historically spend in this area has only been around 2% of turnover.

The annual tourism business figures have been produced over the last ten years by the firm and consist of a database of hotel occupancies, and room nights, which then aggregated with market information on profitability and tariffs act as a valuable barometer giving insight and feedback to the firm's clients and the South West tourism sector as a whole.

Our tourism barometer figures are optimistic overall for 2018: with regard to occupancy, we normally see a figure above 2% as significant, but a 1.5% overall increase remains good, particularly when compared with the overall picture. More generally the economic outlook is also stronger than anticipated and with inflation remaining low which should bode well for the sector in 2018.

Investment in the tourism economy is key and the latest plan by the Cornwall and Isles of Scilly LEP is really supportive of this lobbying for the region to be a test bed for a post Brexit VAT system, arguing for a sector deal for tourism and the devolution of Visit Britain's budgets for overseas tourism development and promotion.

This key aspiration to drive up inbound tourism from abroad should also be helped by a weak pound, and the Euro remains strong against the pound which again is helpful. However the key to driving the tourism business in the South West has to be recognition of the facilities and attractions, so having marketing as a central plinth in the LEP strategy is crucial if we are to capitalise on the current economic climate.

Cyber Security



Cyber protection... it's not rocket science

With Malware and 'Phishing' attacks increasing month on month combined with the imminent arrival of the new General Data Protection Regulation (GDPR), the matter of digital security is high on the agenda of most boards.

The UK Government backs a number of schemes to help organisations with their cyber security such as Cyber Essentials, which is offered through a small number of accreditation bodies such as IASME (Information Assurance for Small to Medium-sized Enterprises).

We hear a lot about the Cyber Essentials scheme, but what is not clearly understood is that Cyber Essentials is, in the words of the National Cyber Security Centre, 'basic cyber hygiene'. Cyber Essentials is not a difficult standard to achieve, yet it is surprising that many organisations neglect implementing the five key areas which will successfully defend against most of the common attacks.

Of course, the first line of defence is the human element. Effective staff training not only helps the organisation's security, but also provides information to help staff and their families stay safe from cyber attack at home. This is especially important given the new generation of IOT (internet of things) devices that are offered for sale in ever-increasing numbers. These devices range from Amazon's 'Alexa' to the Hive thermostat and camera.

Other areas of concern for businesses revolve around the new GDPR with the two year GDPR implementation period ending in May 2018, and yet the majority of UK businesses are unprepared.

A new report from Trend Micro revealed that the boards of UK companies are not treating the new European Union General Data Protection Regulations with the

seriousness that they deserve. This has resulted in an overconfidence when it comes to GDPR compliance. Rik Ferguson, VP Security Research at Trend Micro commented: "The lack of knowledge demonstrated in this research by enterprises surrounding GDPR is astounding. Birth dates, email addresses, marketing databases and postal addresses are all critical pieces of customer information, and it's concerning that so many British businesses, despite their confidence, are unaware of that. If businesses aren't protecting this data, then they aren't respecting the impending regulation - or their customers - and they definitely aren't ready for GDPR".

(Source: EUGDPR)

Some businesses feel they are too small to suffer a cyber attack and that the new GDPR is just more 'red tape' to comply with and that both increase costs to businesses.

In reality, even individuals can be attacked and statistics demonstrate that SMEs suffer more than seven million cybercrimes per year and in fact, individuals are 20 times more likely to be a victim of cybercrime than they are to be mugged. (source: Action Fraud)

Achieving some form of accreditation can be a business enabler. Rather than waiting for Government, NHS and other large organisations to mandate certain levels of compliance, businesses can move ahead of the game and demonstrate that, not only is their data safe, but it is kept in line with current regulations.

For more information, contact:

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or contact your usual PKF Francis Clark adviser.



Richard Wilding

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...individuals are 20 times more likely to be a victim of cybercrime than they are to be mugged

(source: Action Fraud)



IASME Consortium®

GOLD

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Pollards

PKF Francis Clark client, Pollards (William Pollard and Company Limited) is believed to be the oldest print company in the UK having been founded in 1781 and has been owned by the same family for nine generations.

However, this by no means makes Pollards a business dinosaur. On the contrary, it has survived and grown through its capacity to anticipate what the market requires and adapt accordingly, evolving in response to changes in technology and customer choices.



Formerly, Pollards predominantly printed business stationery and business forms and today traditional print constitutes around 15% of turnover with Pollards remaining as the UK's largest supplier of weighbridge tickets. In a capital intensive industry, the company has recently invested several millions to upgrade its state-of-the-art technology and to maintain its competitiveness.

Managing Director, Dave Mace said: "We have evolved, especially over the last 15 years. We have had to develop new products other than traditional print including design and online systems to allow customers to order their print requirements. We also stock ancillary products - charity customers, for instance, need printed materials but we also supply them with collection buckets, t-shirts, balloons and other fund-raising materials."

Pollards have also increased their warehouse capacity enabling them to print in bulk, store and pick as customers require. "Our aim," said Dave Mace "is to be a one-stop shop across a variety of sectors, attract new clients who like what we do and the values that go with it and to keep them not because of who we are but what we do. It's not just about price but more about value for money including the quality of service."

They are getting results. The company, which employs some 70 staff and turns over approximately £5-6 million, is located on Sowton Industrial Estate in Exeter and supplies a very wide range of businesses across the UK and especially in the South West. Being ahead of the game gets results and Dave Mace explained that by creating their own web systems and online presence, they enable customers to manage their own print instead of having to change their requirements to fit the 'off-the-shelf' online solutions offered by many competitors.

Pollards have also been quick off the mark when it comes to addressing the imminent and very stringent EU General Data Protection Regulations (GDPR) which will require any business processing personal data to carry out safeguards against loss, theft and unauthorised access.

David Mace, commented: "We have been in the mailings business for 15-20 years or so and it has now become a bigger strategic part of our business growth so positioning ourselves to become compliant ahead of the legislation will give us an edge in this particular market place."

"Basically, we are a data processor and a lot of our clients are data controllers. For instance, a charity which holds the personal details of donors are data controllers and they need to find a data processor which can use that data securely in order to mail to them."

"We have worked very closely with Richard Wilding, PKF Francis Clark's Head of Cyber Services to achieve an IASME accreditation for cyber security. This will undoubtedly provide our customers, who have data processing requirements, with the confidence that we are addressing GDPR legislation and their data is safe with us."

PKF Francis Clark partner Stephanie Henshaw said: "Pollards became our clients in 2010. We do the annual accounts, audit and corporation tax computation and we provide tax and VAT advice and support where necessary. Pollards is an immensely respected and well established business which has continually adapted to market changes to remain competitive. The IASME accreditation is yet another example of the business going the extra mile to support their clients."

"If any business or charitable organisation has an issue with secure mailings and compliance with GDPR, a chat with Pollards could be very helpful."

CASE STUDY

Rocksalt/Salumi

The Jenkins family pride themselves in creating a special dining experience with their two Plymouth restaurants. Great food served in a relaxed setting, without sittings, and cooked by someone with real skill and passion is the secret to their success.

Rocksalt Café & Brasserie is located in central Plymouth, which the family acquired over five years ago and completely gutted. Rocksalt has built a considerable reputation serving both brunch and dinner menus as well as a very tempting tasting menu.



David Jenkins, head chef/general manager



In August 2011, the family opened Salumi Bar & Eatery close to the Plymouth Pavilions. While Rocksalt enjoys a more evening oriented intimate ambience, Salumi is more informal combining great food with a wide range of beers.

David Jenkins is the head chef/general manager and is responsible for devising their creative menus.

He said: "What the two restaurants have in common is being small family businesses driven by a passion for what we do. My parents Steve and Jean first saw the opportunity and backed me to make a success of it. My wife Chantel works out front and helps with PR and some back office work.

"My Dad and brother Robert did most of the building work and Robert is always on hand as Mr. Fixit. My mother is the backbone of the business doing the administration including HR and with my sister Louise, who also works front of house, she looks after the interior design and decoration.

"Our family values have a massive impact on the business. We were brought up to have respect for others, to be polite and courteous and this permeates through in both the way we treat the staff and the way we treat our clientele.

David acknowledges that the explosion of chain restaurants in Plymouth has made the food sector very competitive, but he added, "Competition helps you develop and keep your finger on the pulse of what the customer wants and what new trends are emerging.

"This is a lifestyle occupation which is supported by the family structure. You never have a day off mentally. The two restaurants are like another two kids - they keep you busy, they keep you up at night, they are very demanding but you're proud of them and they are very rewarding."

PKF Francis Clark partner, Martin Atkins has been advising the business since 2015 and, along with his wider team, has helped to make the business tax efficient through incorporation and restructuring, conducted a review of the VAT position (including a considerable rebate) and making sure that all possible tax reliefs were considered during the restoration works.

Martin Atkins commented "We have built up a fantastic relationship with David and the wider family, all of whom are pivotal to the success of the business. We have therefore helped them to plan for the family future, providing a sounding board and being adviser on their long term plans, alongside capital gains and inheritance tax planning for the individual family members.

"The Jenkins family work really hard, and we work closely with them to make sure that all of that hard work really pays off for them and for the future generations."



By Royal Appointment...

When it comes to innovation and continuous development then Hillbrush really does sweep the board.



Brushing up: Philip Coward, Managing Director, Hillbrush (back left) and Martin Aldridge, Partner, PKF Francis Clark (kneeling right) with Charles Coward, Commercial Director, and Andy Coward, Finance and IT Director.

The Wiltshire-based company, The Hill Brush Company Ltd, is the leading UK manufacturer of hygienic cleaning equipment.

Every year millions of its products, from traditional wooden brushes to hygienic plastic products, are sold across the globe.

Hillbrush even has a Royal Warrant for providing brushware to Her Majesty The Queen.

The company is unique in having its own brush fibre-dressing department, dating back to 1926.

It processes all types of natural fibres from around the world including Sierra Leone, India, Sri Lanka, Indonesia, Mexico, China and Brazil.

As well as manufacturing millions of brushes, Hillbrush also produces a selection of cleaning products including squeegees, shovels, buckets, scoops and scrapers.

It has also successfully introduced a range of plastic backed brushes for the food and beverage industries as well as colour-coded cleaning tools.

Founded by brothers Fred and Bill Coward in 1922, Hillbrush is now run by the third and fourth generations of the family.



Philip Coward is Managing Director UK and President of Hillbrush Inc, USA, his son Charles is Commercial Director, nephew Andy is Finance and IT Director, and Philip's cousin Peter is Vice-President, Hillbrush Inc, USA.

"We're very proud of our roots but are always looking to the future. We never stand still as a business," said Philip.

Concrete evidence of that can be seen at Hillbrush's state-of-the-art manufacturing facility and headquarters based on the outskirts of Mere at Norwood Park.

The business moved to the ten-acre site in December 2015 after outgrowing its previous site in the centre of town, the home of Hillbrush since 1936.

The new 9,000 square metre factory includes the company's moulding division where colour-coded cleaning tools are manufactured.

It also has a visitor centre with shop, cafe/restaurant and one of the world's only interactive museums dedicated to brushes.

Philip said: "Since opening the visitor centre and museum in April we've had more than 30,000 people through the doors.

"We wanted to highlight our heritage which plays such a large role in what we do as well as provide a unique insight into the role brushes play in all our lives."

The new development created an extra 20 jobs with Hillbrush now employing 120 people. Group turnover in the year to December 31, 2016, was £8.6 million.

Hillbrush has been a client of PKF Francis Clark since 2000.

Philip said: "PKF Francis Clark are fantastic. They're proactive, always available whenever we have an issue and especially good on helping with our research and development (R&D) claims. We regard the firm as a great business partner."

PKF Francis Clark Partner Martin Aldridge added: "Hillbrush are an excellent example of a highly entrepreneurial forward-looking family business.

"There is so much variety working for Hillbrush. We consider ourselves to be very fortunate in having such a successful and innovative company as a client."

Pearce Fine Homes

A man wearing a yellow hard hat, a high-visibility yellow vest over a dark jacket, and blue jeans is standing in a field of tall, dry grass. He is holding a large set of white blueprints. The background shows a clear blue sky with some light clouds and a line of trees in the distance.

From building eight or nine units only five years ago, Liskeard based developer, Pearce Fine Homes, has seen significant growth in its operation and now designs and builds in excess of 60 units each year.

Pearce Fine Homes has grown from a bricklaying business, started by Chris Pearce 48 years ago, into the highly professional development business it is now which he runs alongside his son Ben who joined straight from Construction College 20 years ago.

Pearce specialises in producing unique new-build home developments and individually designed luxury homes throughout Cornwall and Devon. Chris runs the operational side taking care of the actual building work while Ben heads the development team looking for and getting options on land, negotiating the planning process, gaining permissions and working with his sales teams before handing over to the construction team.

Their developments extend from 20 to 100 units and they are involved with around nine sites at any one time with three live - 'one taking off, one in mid-flow and one winding down'. This helps to keep the business on a stable footing.

Unlike many construction businesses, Pearce Fine Homes has a fairly constant workforce of around 35 with many in-house specialists including an architect and a highly trained sales team with in depth knowledge of Pearce products.

A team of Pearce's staff always work on site to ensure the level of quality and finish they demand is maintained throughout the building process and these are supported by trusted sub-contractors with whom the business has worked with over a long period of time.

"What makes us different from most large house builders," said Ben Pearce, "is not only great design, modern methods and an eye for detail but the flexibility to accommodate more purchaser choice and influence."

Designs are unique and the attention to detail manifests itself in the Pearce's finishing team who look after quality control and who become the post-build snagging team, checking the quality of all finishes after occupation and recommending changes in specification if any item fails to make the grade.

Ben Pearce added: "There's a lot to be said for a well-run family business, it works very well for us. We have managed to maintain a professional relationship as well as a personal one. Being father and son we are in a position of ultimate trust and you can't have better than that in a business partnership.

"We consult with each other about what's going on, but we undertake very different roles. We enjoy a loyal staff - one has been with us for 36 years and many for over 25 years. We're not too big, so we know them all very well and, of course, they all know us. I'm 37 years old and have been coming on to building sites since I was a small lad so many of the staff have seen me grow up and have worked with me so I think there is some comfort in that. Dad's been doing this for nearly 50 years and I joined the business 20 years ago so there's continuity and a confidence in the future.

"I think family businesses are more resilient and prepared to go the extra mile. My father has worked through several recessions and we all have the philosophy that says if things get tough you work that bit harder."

Recent Pearce Fine Homes' developments have been completed in Truro, Lostwithiel and Dobwalls. Current projects include a 20 unit development in Liskeard and a 55 unit site in Penryn and, subject to the necessary consent, a 44 unit development is planned in Hayle.

Ben Pearce said: "We have everything sold that we are currently working on up until March next year. If you can deliver sensibly priced new build products with the Help-to-Buy scheme which we are running on all our projects, combined with the right product in the right location with the right specification and the right customer service, the market currently responds well."



PKF Francis Clark client, Lightfoot, design, manufacture and install driver improvement technology that has already been a big success with commercial vehicles and is soon to launch to the private motorist. The technology was developed in Exeter and makes vehicles greener, safer and cheaper by rewarding careful drivers and helping them to maximise engine efficiency.

Lightfoot's Marketing Director Tony Harbron explained: "Our background is in high tech automotive engineering so we know the way a vehicle is driven has as much, if not more, impact on its efficiency as the engine technology itself. Lightfoot's mission from day one has been to find a highly effective and sustainable system to improve driving behaviour that doesn't require huge amounts of effort or management input – it's just easy and it works using a combination of technology, psychology and motivation.

"The Lightfoot device listens to the engine and the way it is being driven. That's the technology aspect. Then comes the psychology – the behaviour change. When you start driving inefficiently and out of the engine's 'sweet spot', Lightfoot gives you a real time visual and verbal nudge so you adjust your behaviour immediately. Finally, we make drivers want to do well by celebrating and rewarding their better driving – that's the motivation. Traditionally, bad driving habits are recognised as being extremely hard to change but Lightfoot can

demonstrate significant improvements after just a few hours and they're sustained as long as Lightfoot remains in the vehicle. Fleet managers can see an uplift in performance and measure the sustainable difference it is making."

This ground-breaking technology has also had some very positive unanticipated consequences that are now opening new opportunities for Lightfoot.

Tony went on to say, "What we hadn't realised at the time was that not only does the product cut fuel costs and therefore emissions, it also reduces risks and accidents significantly. This was discovered by our customers' insurance companies who identified significant reductions in accidents and noticeable reductions in the value of claims they were paying out.

"Allianz, for instance, has seen a 40% reduction in claims frequency and a 60% reduction in claims value."

As a result, all the main fleet insurers are supporting Lightfoot and encouraging fleet operators to try it. This has led to

rapid expansion to keep up with demand. The business currently employs around 42 people at its current Exeter operation but is expecting to more than double the workforce by the end of the year in a new bespoke-fitted premises on the A38 Expressway near Haldon Hill.

The company senses a step change as its profile rises and as more businesses begin to appreciate its added value. One substantial insurance company is prepared to give a 20% discount to fleet drivers using Lightfoot on their private vehicle whether it is fitted with the device or not on the premise that they will have become better and safer drivers.

After developing the technology and changing driver behaviour, the third element in sustaining Lightfoot's operation is rewarding drivers for doing the right thing and seeing drivers as the solution rather than the problem. All Lightfoot drivers are eligible to win prizes, enter competitions and feature in league tables, as well as receiving discounts at a wide selection of retailers, restaurants and other outlets.



Inset top left: Lightfoot device being used in a vehicle.
Main photo: Lightfoot's Marketing Director, Tony Harbron.

This has led to the development of Lightfoot for private motorists which has been trialled in the Exeter area and is expected to launch regionally later in 2018. Private Lightfoot drivers will save on insurance, pick up rewards and get special deals such as VIP opportunities.

The Lightfoot system represents a win-win situation for many interested parties. Cities and towns benefit through a reduction in pollution, insurance companies benefit through reduced risk, commercial fleets gain from reduced fuel wastage and lower maintenance costs (Lightfoot can diagnose engine faults) and drivers win through reduced insurance costs and other incentives.

The development of Lightfoot is very timely, coming when urban areas are looking to reduce pollution and the automotive industry is investing heavily in cleaner technology and new breeds of vehicle. At the same time, there is distinct culture change in people's attitude to driving which has perfect synergy with Lightfoot's aims and objectives.

Tony added: "Old styles of driving are increasingly seen as unacceptable. More people are willing to drive sensibly, cutting speed, fuel costs and emissions while at the same time getting real benefits of cheaper insurance and other prizes, and we are seeing real driver buy-in to our ideas."

Lightfoot is successful and profitable and will be reinvesting more in further research and development along with other investment opportunities, including the Business Growth Fund where the business is being supported by PKF Francis Clark.

Lightfoot is used across South West Water's van fleet and recent business wins are also impressive and include Virgin Media, Boots and Alliance Healthcare with expansion into some European markets anticipated. In addition to commercial van fleets, potential new markets include certain company cars, grey fleets and pool cars.

PKF Francis Clark partner Chris Hicks said: "Lightfoot is an innovative business combining technological development with

behaviour change. It was originally part of a larger organisation and we were called in to advise on the separation of the business from a commercial, legal and tax point of view to make Lightfoot a standalone company. This was completed in early 2016.

"Since then, we have helped them with back end accounting and cloud accounting as well as tax and PAYE implications for their new Elite Driver reward scheme. We also provided VAT advice on the acquisition of their new premises and most recently we have been appointed as auditors. We have also advised on the tax efficiency of EIS - enterprise investment scheme funding.

Lightfoot's Finance Director, Jeremy Ellison, said: "As we rapidly grow, take on new challenges and open new markets we can do so with the confidence that Chris Hicks and his team at PKF Francis Clark have the knowledge, expertise and strength in depth to support us across all our financial and business requirements."

FC in the Community

MUD & SWEAT

The weather was kind to us for the Mud & Sweat 5k race at the River Dart Country Park in Ashburton. Although a last minute cancellation from Richard Wright (chest infection) dampened the mood slightly, we promised to soldier on and run with the 'spirit of the mankini' (Richard's trademark running attire).

The final team for this year's event consisted of members of staff from the Exeter, Plymouth and Torquay offices: Alex Lannin, David Wright, Jade Hitchcock, Jenny Clyburn, Mel Durup, Ruby Dunnett, Tamsin Tully and Richard Bambrough.

The team prepared like champions with pre-race home-made spicy sausage rolls from Mel Durup which provided much needed energy, although Richard and Alex began to regret the third sausage roll (seemed like a good idea at the time) when the warm up commenced. With the warm up stretches over we were ready to 'bring it on'.

The run started with a very serious 'near vertical' climb and this was accompanied by copious amounts of sliding back down and lunges for roots/branches/ankles/feet. We then followed what can only be described as a 'professional' off road trail for many many miles, we finally met with the first obstacle - the wood carry and this involved.....carrying some wood.

A range of different obstacles ensued including a net crawl, bog wading, inflatable water slide and spider web net. The penultimate obstacle involved wading into deep water towards the famous River Dart pirate ship (yaaaaar). Following a dunking last year Richard took the decision to hang back fully expecting a lunge from David; therefore he wasn't expecting a move that can only be described as a cross between a ninja and a swan from Plymouth's Ruby Dunnett. Needless to say, a dunking took place.

The pirate ship was scaled, with half the team deciding to take the official route and the other half (led by David Wright) going 'below decks' in an area designed for the vertically challenged. Thankfully David was still lubricated with the washing up liquid and baby oil from the inflatable slide so was just about able to squeeze through.

We all made it through the final obstacle (a long and wet tunnel) to finish together in a time of just over 58 minutes.

A great time was had by all and we've managed to raise more than £390 for MDUK (I fight for James): <https://www.justgiving.com/fundraising/fcfp-mudandsweat>. Any additional donations (no matter how small) would be greatly appreciated.





CHARITY FUNDRAISING

EXETER

The Exeter office chose Hospiscare as its Charity for 2017. Activities included the Three Peaks Challenge, mufti days, cake sales, and many more, raising an amazing £5903.80. In addition, for Comic Relief, Macmillan and Children in Need, we raised an additional £494.88 making a total of £6398.68. Exeter's nominated charity for 2018 is the cancer charity, FORCE. Forthcoming events will include the Nello Bike ride, Cream tea for cancer (buy a cream tea and have the charity deliver it) and many more planned throughout the year.



NEW FOREST, POOLE and SALISBURY

In 2017 the Poole office continued to support the Dorset and Somerset Air Ambulance and raised a total of £6076.06 for the charity (£3891.25 of this was raised by the trio that participated in the Weymouth Ironman Challenge). This year, Poole has chosen to raise funds for two local charities - Chestnut Nursery and Dorset Mind.

New Forest office supported Oakhaven Hospice in 2017, and took part in the New Forest Marathon to raise funds for the charity. In 2018, the New Forest office is continuing to support Oakhaven Hospice.

Salisbury office has been supporting the Wiltshire Air Ambulance during 2017 and were given the opportunity to visit the charity's HQ in Devizes. In 2018 Salisbury office is raising funds for Wilton Riding for the Disabled Association.



TORQUAY

Through many fundraising activities throughout 2017, including the FC Charity Golf Day, the Torquay office raised in total £5406.02 for MDUK - I Fight for James. Torquay have decided to continue their support for MDUK - IFFJ for 2018.

TAUNTON

In 2017 we raised £3,500 for the charity 'Stand Against Violence' through a variety of activities, including a walk by 22 staff of 70 miles from the Somerset border around the coast to our Taunton office.

In 2018 our chosen office charity will be Taunton Association for the Homeless (TAH). Many more activities are in the planning, including a 'sleep out' on 8 June.

PLYMOUTH

In 2017, Plymouth office supported St Luke's Hospice for which £3,760 was raised; the partners have kindly agreed to top up to £4,000.

For 2018, Plymouth staff have voted to support Woodside Animal Welfare Trust and plan to continue the tuck shop, raffles, bake sales, breakfast club and our staff quiz. Woodside also has a wish list of items needed so we plan on asking each person to bring in one item from the list and dropping it off at the sanctuary.

The photo opposite, is from our end of year staff quiz which completed our 2017 activities in support of St Luke's Hospice.



TRURO

Truro office staff voted Penhaligon's Friends as their Charity of the Year for 2017. Fundraising event highlights included staff dressing down on pay days, indulging themselves on cake bake mornings and trying to identify colleagues from their baby photos! Not forgetting the annual Christmas jumper event, as pictured.

Truro's chosen charity for 2018 is The Invictus Trust; a small charity which aims to support and offer services to local teenagers who are suffering from poor mental health and associated issues.



Events



Finance in...

February and April 2018

This year we are hosting 3 'Finance in' events across the region. Finance in the South West took place in February at Exeter racecourse. Over 100 business people attended hearing presentations from sources of grant, debt and equity funding, as well as from business support agencies operating in the region. Feedback from delegates was excellent.

The 11th Finance in Cornwall took place on Wednesday 18 April at the Burrell Theatre in Truro. Whilst the event has always had close links to the Cornwall Business Fair, this year we held the event at an adjacent site on the same day enabling delegates to make a full day and attend both events.

The 'Beast from the East' forced us to postpone the event in Bournemouth; this is now scheduled for Tuesday 24 April, at AFC Bournemouth. Please visit our website www.pkf-francisclark.co.uk/events to book your place.



Start Up Cornwall

18 April 2018

Our inaugural Start Up Cornwall event took place straight after our Finance in Cornwall seminar on 18 April 2018 in Truro. This event is designed to showcase the range of funding and business support available to start-up businesses in Cornwall.

At a time when we are seeing a record number of new business start-ups, the event was well attended; delegates took away lots of useful advice as well as new contacts, having made good use of the networking time.

Similar to Finance in Cornwall, short and sharp presentations covered a range of topics from funding and business support through to Cloud Accounting, business structures and basic tax. To view the slides from the day, please visit <https://www.slideshare.net/FrancisClarkLLP/>



Charity Seminars

May 2018

Our annual series of Charity Seminars held across the region will this year focus on the various elements involved in building a sustainable charity.

We are delighted that across the month of May, a number of guest speakers will be taking part in our seminars in Buckfast, Ilminster, Bovington and Truro. We believe the seminar programme will be highly engaging and relevant to a broad range of charities. Please visit our website www.pkf-francisclark.co.uk/events to read more and to book your place



Finance Directors' Update

June 2018

Our six-monthly Finance Seminars provide an overview of the most important technical developments in financial reporting and taxation. The seminars address the key topical financial matters, the opportunities they present, how they affect your business and the pitfalls you can avoid.

We believe our FD seminars are essential to attend, but don't just take our word for it - "Excellent as always. No other regional accountancy firm presents anywhere near as well as PKF Francis Clark."

A full programme and invitation will be released shortly, but bookings are already being taken; please visit our website www.pkf-francisclark.co.uk/events to book your place.

Upcoming events schedule

Date	Time	Event	Venue
Mon 7 May	9.30am - 1pm	Charity Seminar	Buckfast Abbey, Buckfastleigh
Thu 10 May	12pm - 8pm	Charity Golf Day	Dainton Park Golf Club
Tue 15 May	9.30am - 1pm	Charity Seminar	The Monks Yard, Ilminster
Tue 22 May	9.30am - 1pm	Charity Seminar	The Tank Museum, Bovington
Wed 23 May	9.30am - 1pm	Charity Seminar	Epiphany House, Truro
Thu 7 June	8.45am - 1pm	Essential 6-monthly Finance Directors' Update	Somerset Cricket Club, Taunton
Mon 11 June	8.45am - 1pm	Essential 6-monthly Finance Directors' Update	Boringdon Park Golf Club, Plymouth
Tue 12 June	8.45am - 1pm	Essential 6-monthly Finance Directors' Update	AFC Bournemouth
Wed 13 June	8am - 1pm	Essential 6-monthly Finance Directors' Update	Exeter Racecourse, Exeter
Tue 19 June	8.45am - 1pm	Essential 6-monthly Finance Directors' Update	Lanhydrock Hotel and Golf Club, Bodmin

This is not an exhaustive list; for further information on forthcoming events, please visit our website: www.pkf-francisclark.co.uk/events or contact Devon Hawes, Events Co-ordinator: devon.hawes@pkf-francisclark.co.uk

EXETER

Centenary House
Peninsular Park, Rydon Lane
Exeter
EX2 7XE

T 01392 667000

SALISBURY

Hitchcock House
Hilltop Park, Devizes Road
Salisbury
SP3 4UF

T 01722 337661

NEW FOREST

The George Business Centre
Christchurch Road
New Milton
BH25 6QJ

T 01425 610166

TAUNTON

Blackbrook Gate 1
Blackbrook Business Park
Taunton
TA1 2PX

T 01823 275925

PLYMOUTH

North Quay House
Sutton Harbour
Plymouth
PL4 0RA

T 01752 301010

TORQUAY

Sigma House
Oak View Close, Edginswell Park
Torquay
TQ2 7FF

T 01803 320100

POOLE

Towngate House
2-8 Parkstone Road
Poole
BH15 2PW

T 01202 663600

TRURO

Lowin House
Tregolls Road
Truro
TR1 2NA

T 01872 276477

For your local office expert please visit our website

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www.pkf-francisclark.co.uk

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