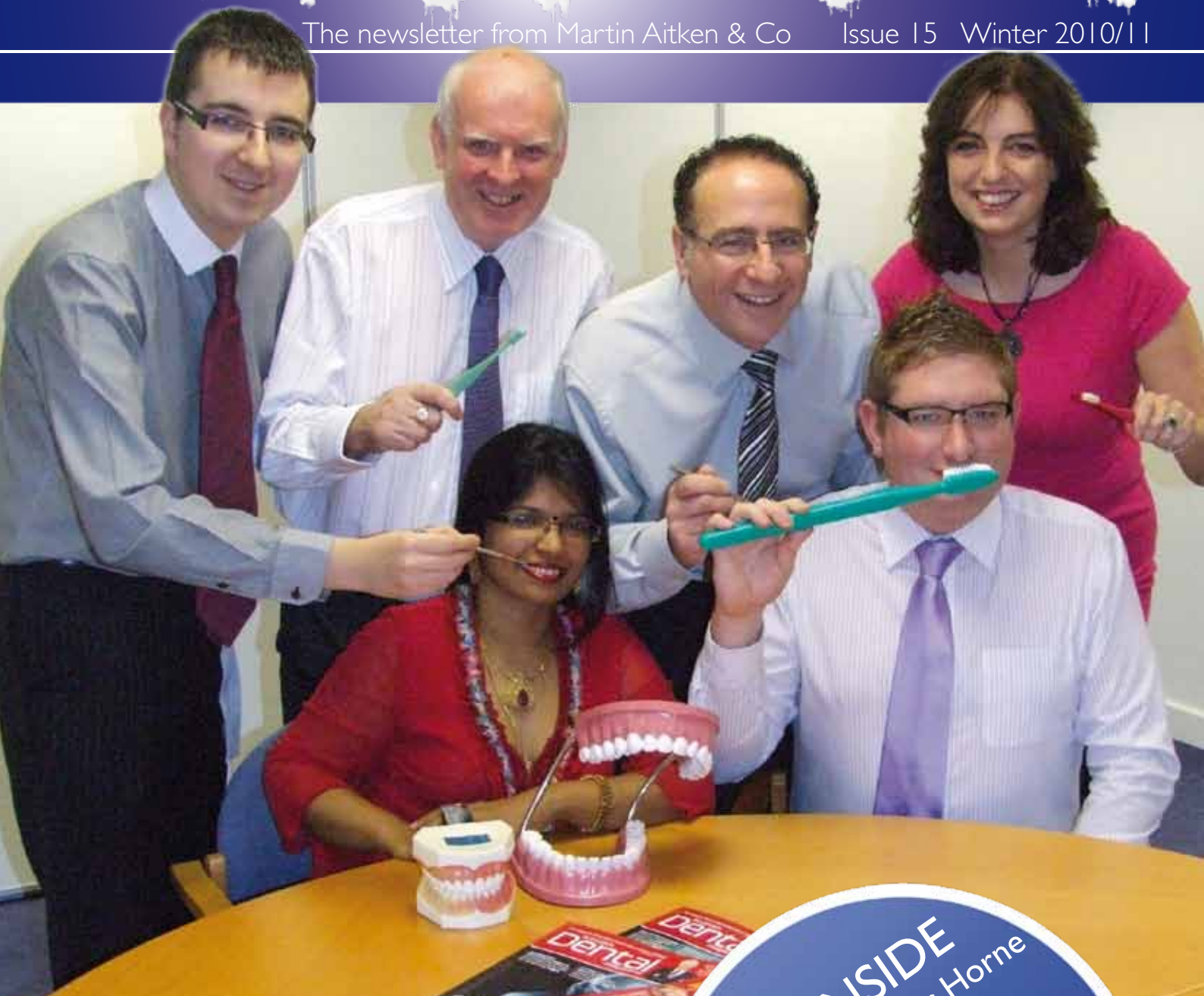


maconews

The newsletter from Martin Aitken & Co

Issue 15 Winter 2010/11



MARTIN AITKEN'S DENTIST TEAM

Whilst patients are sometimes nervous about making a visit to their dentist for a check-up, their minds are put at ease by the comfort of being seen by professionals with many years' experience who do what they do, day in and day out without any issue.

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Back Row: Andrew Morrison, Gordon Kerr, Stephen Neville, Jayne Clifford Seated: Latha Manoharan, Iain Stirling

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Two world "firsts" for Horne
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TWO WORLD "FIRSTS" FOR HORNE ENGINEERING

A JOHNSTONE engineering company has the unusual distinction of creating TWO world "firsts"...one hundred years apart.

Innovation in action - the award-winning Optitherm tap

Renfrewshire's Horne Engineering is the archetypal example of an innovative family business that's thriving in a specialist niche market.

It has been designing, developing and manufacturing thermostatic valves since 1909. But the story really starts before that...five thousand miles away in China!

Alexander Dewar Horne was born in Glasgow, joined the Royal Navy and was sent to China in 1898 at the height of the Boxer Rebellion, the bloody anti-colonialist, anti-Christian movement by the "Society of Righteous and Harmonious Fists" (or Boxers as they became popularly known). He then left the Navy and became a tax collector for the British Government based in Yichang before returning to Scotland.

Always resourceful and inventive, he became involved in creating a temperature control system that could deliver safe hot water and Horne Engineering was born in 1909. In that year he is credited with inventing the world's

first thermostatic temperature-controlled valve, the very first of which was installed in Glasgow's Ruchill Hospital.

Grandson Angus Horne, the company's Managing Director, stresses the unique importance of this invention.

"My grandfather didn't just develop a new product, he actually created a completely new market. Before 1909, there was no such thing as a thermostatic valve – they didn't exist! So what he did was quite extraordinary."

A ledger from the time shows that sales were slow at first, but picked up steadily. Soon Horne valves were being sold to places as diverse as Motherwell Poorhouse, Bothwell Asylum, Miss Cranston's Tearooms, Carnegie Baths in Dunfermline and various "steamies" in Glasgow. Angus explains how Horne Engineering has

developed its world-class reputation for innovative products.

"Over the years we have continually improved and refined thermostatic temperature control technology and its applications. Our product portfolio includes a broad range of specialised thermostatic mixing valves and shower valves developed to address the needs of a variety of niche applications."

One hundred years on, the second world "first" is The Optitherm, a highly-specialised thermostatic tap developed principally for the healthcare sector:

Angus enthused: "It's the optimum in safety and control and has been installed in hospitals throughout the UK. It's also an award-winner, gaining the Best Interiors Product in the prestigious Building Better Healthcare Awards in 2008. So it's in the same great tradition as 1909 – it's

something that's genuinely novel."

Today, Horne Engineering employs thirty-eight people and sources precision components from as far afield as Denmark, Germany and the Negev Desert in Israel. "Our products are Rolls Royce," commented Angus, "for which we have a very complicated supply chain."

Horne is very much a family affair. Angus's father Dewar, son of the enterprising founder, is Chairman, Angus is Managing Director and brother John is Sales Director.

Donald Gillies is Company Secretary and explained the Martin Aitken connection. "We've known Russell McGowan since the 1990s when he was with Miller Colquhoun. In particular, Russell and his Partner Tricia Halliday have given considerable assistance with tax relief for research & development expenditure and are involved substantially in audit, tax and compliance. They are very straightforward, sound and sensible. The personalities are an excellent fit."

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MARTIN AITKEN'S DENTIST TEAM

...Continued from front page

The same can be said about the Martin Aitken Dentist team: dental professionals can visit us anytime, safe in the comfort that their financial affairs are in the hands of experienced professionals with many years' service.

Reflecting this expertise, MACO has established a specialist group of staff, client managers and partners who all have experience serving dentistry professionals. This enables us to pool our knowledge and become involved in more outside projects, such as regularly contributing to the trade publication The Scottish Dental Magazine and participation in the Scottish annual seminar of the Faculty of General Dental Practitioners.

Partners Stephen Neville and Jayne Clifford, who head up the dentist team, have over forty years' combined experience advising dental clients.

Their client base covers the whole of Scotland, from the Borders to Dingwall and from Rothesay to Edinburgh.

Since forming the team, Martin Aitken has also built links with Universities and Colleges. Recently, Jayne and Stephen were invited to represent Martin Aitken at the opening of the new state-of-the-art School of Dental Studies at Coatbridge College and also made a presentation at a seminar for qualified dentists at the Glasgow Faculty Dental School in Sauchiehall Street.

All of this means that the firm can provide a relevant, pain-free, high-quality and efficient service to everyone involved in the dentistry sector, from hygienists and associates to practice principals and technicians. Combined with input from Martin Aitken Financial Services Limited, we are able to supply a comprehensive solution covering all tax, accounting, finance, pension and investment requirements particular to dentistry clients.

The Martin Aitken Dentist team will be attending the Dentist Faculty Day at the Glasgow Science Centre on Friday 3rd December.

MARTIN AITKEN HELPS NURSING HOME GROUP GROW

A Martin Aitken Partner is helping the owner of a group of Scottish nursing homes to grow by advising on restructuring programmes running into the millions.



Dr Siraj Ahmed, a Consultant Paediatrician with NHS Greater Glasgow and Clyde, owns five nursing homes in Cambuslang, Blantyre, East Kilbride, Falkirk and Carstairs. The homes, employing two hundred and fifty staff, provide top-quality care for over one hundred and eighty elderly and dementing residents.

Martin Aitken Partner Russell McGowan has worked closely with Dr Ahmed since 1995.

"My first home was Greenlees in Cambuslang which I bought in 1988," explained Dr Ahmed. "It should have taken six months to open at a cost of £300,000 but it took thirty months and cost £900,000. Our previous accountant made a bit of a mess and caused problems with the bank. Russell came in and immediately made a difference, helping us re-schedule with another bank and streamline the business. We went ahead and bought New Calderglen in Blantyre in 1996 and Russell has been with us ever since.

"Our fourth purchase – Acorn Park in East

Kilbride – also required some restructuring which involved Russell in quite a bit of work. Then along came the credit crunch, and none of the banks was keen to lend. We put together a new business plan and approached the Clydesdale with our case. It took a lot of work and six months to get everything re-organised but we got it sorted.

"That allowed us to make our fifth acquisition, the Menteith in Carstairs, which I bought only last month. I'd been trying to get it for three years and eventually we were able to do the deal. It's currently being renovated and will open shortly."

Dr Ahmed and his staff work closely with the Scottish Commission for the Regulation of Care, the independent body that oversees all registered care services in Scotland.

"They know the quality of care we provide here and are quite happy for me to take over badly-run homes because they have confidence in me," he said.

And he has an equally close relationship with Russell McGowan. "I have known him for seventeen years. He is cautious and I trust him completely. We regularly exchange ideas and I always listen to his advice... but I don't always take it!"

TECHSI IS TOP EUROPEAN SUPPLIER OF COMPUTERS

A Martin Aitken client, formed only last year, is now one of the UK's largest resellers of desktop computers, laptops, notebooks and accessories...and it started following a chance conversation on a Spanish golf course!

Technology Supplies International Ltd (Techsi) has only been trading for eighteen months but already has built a healthy turnover of £3.5m and expects to get to £5m next year.

Managing Director David Shields explained how the business got started. "I've had a number of companies over the years and my background is actually in refractory and high-temperature insulation products through a company called MacGregor and Moir which I bought in the 1990s. Latterly, after two years' protracted negotiations, it was bought by a large plc and after the buy-out I was looking forward to a period of leisurely retirement playing golf in Spain.

"I then met a guy over there who was a real computer expert but had no experience of running a business. When he asked me to become involved in a start-up, I saw the potential right away and I was happy to do something new, basically to keep busy."

The result was Techsi which is based in a warehouse and factory in Cumbernauld and also has a Sales Office in London. It supplies new and used/refurbished computers and components, dealing primarily in Apple and Dell products and has quickly become one of the largest suppliers of its kind in Europe.

The product range is vast - Dell Desktop PCs, Dell Laptops, Dell Notebook computers, Apple iMac computers, Apple Mac notebooks and laptops plus other models such as Sony, Acer, HP and Packard Bell.

David explained Techsi deals with two major retailers from whom he buys massive amounts of stock.

"In this business, you need a substantial amount of working capital as there could be 5000 models or more in a batch. Our first deal was for £280,000 and the second was for £500,000. Cash flow is key to its success and we sell them on as fast as we can get them. We're self-financing, we have no borrowings and we are very profitable."

David revealed that his staff are currently working 24/7 to keep up with demand. "We started with three people and we're now up to seven plus we bring in temporary staff as and when we need them."

Techsi's reputation is based on providing excellent prices and service to both trade customers and individuals. And despite the recession, the future is looking good.

"We plan to bring on more retailers to broaden supply and we're also looking at the possibility of moving to larger premises which will give us five times the space we currently have."

David's is looked after by Liam McKenna, one of three Miller Colquhoun partners who merged with Martin Aitken earlier this year.

"I've known Liam for twenty-five years. He was MacGregor and Moir's accountant and advised on the buy-out.

"I've worked closely with him every year. His knowledge is phenomenal and he has been there as a business guide for me from day one - from basic tax issues to the due diligence required in selling a multi-million pound business. Nothing is too much trouble for Liam; he's absolutely invaluable to me and the company."

For more information, go to www.techsiltd.com or call 01236 898232.



David Shields pictured amongst some of the computer equipment he sells.

"From basic tax issues to the due diligence required in selling a multi-million pound business, nothing is too much trouble for Liam; he's absolutely invaluable to me and the company."

facebook
twitter
LinkedIn

SOCIAL NETWORKING - HOW DOES IT IMPACT YOUR BUSINESS?

Many of us are under the impression that social networking is just a 'young person's' thing? There is no doubt that social media sites such as Facebook and Twitter are the choice of communication for this generation but, as a business owner and employer, you have to be aware of the potential benefits and risks of social networking for your business.

How popular is it?

- Facebook has 500 million users and is the second most popular website in the world (Google is first);
- 23 billion minutes per day are spent on social media sites;
- All the executives on the Fortune 500 list are members of the LinkedIn networking site.

What are the Benefits?

- Marketing Potential - used properly, it can be a very effective way to communicate with new and existing customers and develop your business;
- It can be a useful tool to manage and engage staff.

What are the Risks?

- Reputation - a contented employee or customer posting positive comments on a site can be a great advert for your company. However, a discontented employee posting

defamatory comments has far-reaching implications and could seriously damage your reputation.

- Employee Grievances: there have been a number of cases recently where employees have raised a grievance against a colleague posting improper comments or photographs about them on a social media site.

How do you manage the Risks?

Include the use of social networking in your employment contracts, policies and disciplinary procedures, making it clear to staff that:

- Comments on social networking sites are considered public, the same as letters, emails, phone calls etc. If an employee makes it known to others that they work for your company, their communication must follow the 3 Rs; Responsible, Respectful and Representative of the truth. This also applies to postings made 'out of hours';
- Employees are not authorised to speak on behalf of the company or to disclose confidential information without prior permission;
- Failure to adhere to the employer's guidelines may lead to disciplinary action.

Should you require any further guidance on this or on any other staff-related issue, our HR manager Pauline Mefford would be pleased to hear from you.

THE JOY OF CYCLING



Pictured: Pauline Aitchison, Dave Telling, Barry Edwards.

A number of Martin Aitken staff are committed cyclists, using their bikes to come to work rain, hail or shine. Senior Manager **Dave Telling** tells us why we should all get pedalling.

The bicycle is a curious vehicle - its passenger is its engine. And the bicycle is the most efficient machine ever created - converting calories into petrol, a bicycle gets the equivalent of three thousand miles per gallon. So save the planet - buy a bike!

I'm often asked why I like cycling so much. I could say it's the chance to wear figure-hugging lycra or give you thighs like Chris Hoy, but I won't. Instead, here are my top ten reasons to give it a go.

1. It's fun and it's the most civilised conveyance known to man. Other forms of transport get more and more nightmarish but only the bicycle remains pure in heart.
2. It's great for keeping fit, without impacting on your joints.
3. When traffic is heavy, it's the best way to get round town.
4. It's cheaper than driving.
5. It's ecologically sound, especially for shorter journeys.
6. The "Cycle to Work" scheme is less attractive after the Revenue issued guidance regarding market value, but it can still be worthwhile.
7. Most drivers give time and space to cyclists; only a very small minority act foolishly.
8. Most cyclists obey the rules of the road; only a small minority jump red lights or ride on the pavement.
9. Most people think cycling in the rain is a problem...but it's only water!
10. It's life in the fast lane. Taxis spell trouble, buses are belligerent... and potholes become personal!

What Do I Need To Know About The New 20% VAT Rate?



Tricia Halliday

The VAT rate will increase from 17.5% to 20% with effect on sales taking place on or after Tuesday 4 January 2010. This is the third recent change as the VAT rate was temporarily reduced from 17.5% to 15% on 1 December 2008 until 1 January 2010. We list below some of the important points to remember when the rate changes again.

Which rate to use?

Sales invoices dated 3 January 2011 (or before) should use the existing rate of 17.5%. Those issued on or after 4 January should generally use the new rate of 20%. However, there are some special rules to be familiar with.

Supplies of services

If you issue an invoice after the rate change for goods or services supplied before that date, you can still charge VAT at the old rate of 17.5%. However, this is optional and many suppliers will charge VAT at the new 20% rate. This will make no difference for transactions where both parties to the transaction are VAT-registered.

Deposits

Invoices can be issued for deposits received before the rate change at the old VAT rate and for any balance received afterwards at the new VAT rate. There are rules to make sure that customers who are not VAT-registered cannot just pay the whole cost in advance and expect to be charged only the lower rate of VAT.

Continuous services

If you start work on a job before 4 January but finish afterwards, you can invoice work before that date at 17.5% and 20% for the work afterwards. Do not forget that you could be asked to justify the way you split the total at a later VAT Inspection.

Flat Rate Schemes

A new series of percentages will apply and both the old and the new rates can be found on the HMRC website at <http://www.hmrc.gov.uk/vat/start/schemes/flat-rate.htm#5a>. This page also gives other useful information for Flat Rate Scheme users.

Finding VAT within a VAT-inclusive price

Clients are frequently uncertain how to find the VAT included within a VAT-inclusive price. For the current 17.5% rate, the rule is to multiply the gross figure by 7 and divide by 47 to get the VAT. After the change to 20%, you will simply divide by 6 to calculate the VAT element.

Credit Notes

Credit Notes should refund VAT at the rate applying when the original invoice was issued. So Credit Notes issued on or after 4 January for invoices issued before that date should therefore refund VAT at the old rate of 17.5%.

All VAT-registered clients and their accounts staff will need to exercise caution in dealing with the changes. If you have any problems then please ask for further advice from either your usual contact here, or Tricia Halliday or Richard Green in our Tax Department.

BUTE DENTIST COMMITTED TO EXCELLENCE

IF you're holidaying on Bute and suddenly find you need emergency dental treatment, you'll be in excellent hands...because the local practice is a Martin Aitken client.



Euan Thomson pictured with some of his staff

Euan Thomson, Principal of the Bute Dental Surgery, is the only independent dentist on the island. He's been there for over twenty years, having been in practice since the 1980s.

But he came to dentistry via a roundabout route. "I studied at Glasgow University and took a BSc in physiology. I then did my PhD and I liked science but I wanted to do something in the real world, so I opted for dentistry."

The surgery has eight employees – three dentists, four nurses and a practice manager. It's a highly-skilled, experienced team.

They have over five thousand patients and care for people not just on the island, but also on the mainland from places as far afield as Tighnabraich and Strachur.

He explained they get excellent service. "We aim to make patients' treatment as comfortable and convenient as possible. When we see them, we tend to do a lot of treatment in one session because we know they have to travel and we want to minimise that. So we carry out quite extensive work to get everything done in one visit if possible and that's quite unusual for a practice this size."

And it's not just the practice that's busy; Euan revealed he has FOUR jobs!

"I'm the Principal here, I'm a Dental Trainer for new graduates, I work as a Salaried Dentist for Highland Health Board and I'm Practice Advisor for the South Highland region which takes in Campbeltown, Tiree, Oban and Helensburgh.

"So yes, I juggle four demanding jobs but I really enjoy the challenge."

Originally from Glasgow, Euan is married with four children. Two are law students, one is a medical student and the fourth hopes to study drama. His wife Ann is a clinical psychologist and part-time practice manager.

He loves living and working on Bute. "It's a lovely part of Scotland and it's a very supportive community. You really get the best of both worlds – we're rural but the mainland is only five miles away. In fact a number of people here work in the city – the ferry takes just half an hour to Wemyss Bay and then it's a forty-five minute train journey to Glasgow Central!"

The practice is always looking to expand. "We've just acquired a new decontamination unit and eventually it would be nice to move into a bespoke surgery and design it exactly the way we want."

Euan has been a Martin Aitken client for nearly twenty years.

"Larry Sellyn looked after me until he retired, at which point Jayne Clifford took me on. I've been with her for eight years now. She's open, friendly, really helpful and always makes me smile, even when presenting me with a big tax bill!"

"Her specialty is dentistry and, when I can, I recommend her and the firm to others, especially young dentists. It's important they are advised by accountants who know the profession inside out."

CARBON TRUST - INTEREST-FREE LOANS

In spite of much protesting, the banks are still wary of lending to businesses, especially for the purchase of assets and very few people have climate-change on their mind when sales are being squeezed. However, it is possible to combine the two with help from the Carbon Trust. It is a Government-funded not-for-profit company that provides specialist support to cut carbon emissions, save energy and commercialise low carbon technologies.

The application process is straightforward as are the basic criteria; small or medium sized private companies and a project that will save at least 3,000 tonnes of CO2 per annum. The loan repayments will be partly offset by energy savings and tax may well be reduced in the short term as the type of equipment bought often qualifies for enhanced capital allowances.



We have a client who combined grant assistance for a project to install energy-efficient heating with a loan from the Carbon Trust, so that their initial capital outlay for a £250,000 project was little more than 10%.

With the current drive to save money by the government, it is worthwhile taking the time to look at this opportunity to raise finance.



Dave Telling

HOLIDAY OPENING HOURS

Our office will close at **5.30pm** on **23rd December** and reopen on **Wednesday 5th January**.

Should you require urgent assistance during this period, our Partners can be contacted via their mobiles.

All the Partners and staff would like to take this opportunity to wish everyone a **Happy Christmas & Care, Success & Enjoyment for the New Year!**



5 THINGS YOU DIDN'T KNOW ABOUT... **BILL WRIGHT**

I have been with Miller Colquhoun and now Martin Aitken for 28 years (started on 21 June 1982) and have seen massive changes in the profession in that time. I still look forward to the daily challenge and enjoy dealing with clients.

1. I took a flying lesson to get over my fear of flying. (It didn't work!)
2. In my teens, I was awarded The Bronze Medal for The Duke of Edinburgh Award Scheme in spite of getting lost somewhere in the Leadhills in Dumfries as part of the activities I had to complete to gain the award.
3. I have run various half marathons and competed for Glasgow Schools in my long-distant youth. My best time for the half marathon was 2 Hours 15 Minutes.
4. I was a member of a Karate club and attained a Brown and White Belt which is one below a Black Belt.
5. I enjoy DIY and will attempt most things. I have learned two things from this. Have the proper tools and a great deal of patience!

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J04 - Pension Funding Options
Amanda Graham
J05 - Pension Income Options

Birthdays

Christine Burnett
Celebrated her 50th Birthday on 31st July

Retirements

Lewis Robertson
Retired on 29th October

Charity Update

We are delighted to announce that since our association with the Prince and Princess of Wales Hospice began on 1st June, our fundraising total stands at **£5,442.99**



**The Prince & Princess
of Wales Hospice**

