



Joanne Roche and Beverley Platt, managing partners of TFT

## Take the right route

Until recently, Training for Travel's rapid expansion was starting to put a strain on its organisation and finances. But after calling in HW, the company is again looking to the future with confidence, reports **David Carter**

Initially established to focus on serving the north of England, Training for Travel (TFT) has grown beyond expectations in the 11 years since it was founded in 1997. The Bury-based company went from strength to strength, and now provides travel and tourism industry training not only nationally but also internationally. Managing partners Beverley Platt and Joanne Roche currently employ 40 people and their clients include such household names as Co-op Travel, Mark Warner Holidays and TUI, the largest travel group in the world. The secret to TFT's success lies in the professional quality of its training service, ranging from NVQ (National Vocational Qualification) and ABTA (Association of British Travel Agents) courses to self-study, online and other training.

In its first decade, TFT's expansion was funded internally. This method of funding worked well at the time, but more recently

has started to constrain the company's ability to take on new clients and expand. Against this background, TFT commissioned HW Manchester to conduct a strategic review of its operations and identify options to ensure continued growth.

Roche says: "We originally chose HW following a friend's recommendation. HW proved to be excellent, from the first meeting to the strategic review to the after-sales service we've received since. They asked exactly the right questions without fuss or bother, which eased the pressure on my time."

HW helped TFT by providing forecasting support, advocating both a change from partnership to limited company status and private equity involvement, and carefully selecting two new funding partners, Aberdeen Asset Management and The Royal Bank of Scotland. HW also managed

15 advisers working for the funding partners in areas such as commercial, financial and legal due diligence.

Following the review, TFT strengthened its management team with the appointment of a new non-executive director, chair and full-time accountant. Sean Moriarty, managing partner, and Victoria Skelton, manager, of HW's Manchester office, were closely involved in the strategic review.

Moriarty says: "HW excels in projects like this, in which we provide a lot of assistance and input in a relatively short time, and making sure everything runs smoothly.

"As a result of our review and recommendations, TFT's managing partners have kept a majority stake, brought in external investors, raised significant additional funds and appointed three new high-calibre staff. They no longer have to fund the company's entire expansion out of their own pockets, which is a huge step forward.

"Our solution shows how it's sometimes right to choose the middle ground between 100 per cent external shareholder ownership and selling the business.

"TFT's new path enhances its profile and sends out a message that this is an expanding, ambitious company."

Roche of TFT says: "The strategic review and subsequent organisational, management and financial changes have accelerated our growth. I'm delighted with the review and the professional, personal service we received, and I've already recommended HW to someone else."

With its reorganisation and continued strong growth this year, TFT is back on track towards its aim of becoming the UK's leading supplier of specialist training to the travel and tourism industry. ■

### IN A NUTSHELL

**Company**  
Training for Travel (TFT)  
**Sector**  
Travel  
**Project**  
Refinancing to enable expansion  
**Result**  
Status change to limited company, majority stake for partners, significant external investment and three additions to the management team



# R&D tax relief

Despite moves by HMRC to clarify the tax position of research and development, UK SMEs are missing out on millions in tax relief. **Vicky Fox**, Tax Partner at HW High Wycombe, examines the problems involved

UK companies are still missing out on tens of millions of pounds of tax relief because they are not properly investigating whether their research and development (R&D) activities qualify for tax relief, despite HMRC issuing clearer guidelines on the subject.

A recent survey of more than 500 SMEs found that 55 per cent of businesses eligible to claim R&D relief were not doing so. Of the 160 manufacturers included in the survey, 71 per cent of eligible businesses were not claiming relief, with a third believing they were not carrying out R&D and 20 per cent not being aware of the available R&D tax relief.

#### The HMRC clarification defines R&D thus:

- A project seeking to achieve an advance in science or technology.
- A project which increases overall scientific knowledge or technical capability.
- Development of a new process or device that shows 'appreciable improvement'.

Staffing costs, software and consumable items' costs, including attributable utility costs, can be claimed against, as can 65 per cent of sub-contracted R&D costs and the costs of externally provided workers attached to R&D projects, as well as company employees directly and actively engaged in R&D activities.

Payments made to people who are participating in health trials also now qualify

for tax relief. Aborted projects costs can also count as R&D if genuine intent to advance knowledge can be shown.

In all cases, it is important to keep records with details of the objective (and the outcome) of the project, and all the employee costs associated with it.

#### The types of relief available are:

- A corporation tax deduction equal to 150 per cent of the R&D expenditure in an accounting period.
- Pre-trading loss relief equal to 150 per cent of R&D expenditure, if the company has not yet started trading.
- The relief is being increased to 175 per cent, although the Treasury has yet to announce that date.

Enhanced relief on any particular project for SMEs is to be capped at €7.5m. SMEs can claim reduced R&D tax relief, increasing tax deductible expenditure by 25 per cent if the SME carries out R&D sub-contracted to it by a larger company or by a non-trading organisation such as a charity.

Most importantly, a claim has to be made for tax relief to be given, using the section on CT Tax Return (full version). ■

**HW has helped a number of clients with their R&D tax claims. If you require help and guidance on R&D tax relief, then please contact your local HW office or email [one@hwca.com](mailto:one@hwca.com).**

## HWCF DEALS

A snapshot of deals completed by HW Corporate Finance in the past three months.

#### Due diligence for:

- Barclays Bank as part of the re-financing of Cobalt Consulting (UK) Limited.
- Royal Bank of Scotland to enable the funding of an MBO of Inter Clean Limited.
- Royal Bank of Scotland to enable the funding of an MBO of the Ferschl Group of companies.
- Due diligence for Royal Bank of Scotland in preparation of an MBO of Project Zoom.
- Due diligence for Royal Bank of Scotland in preparation of an MBO of Project Wheel.

#### Advising the MBO teams of:

- Selectequip Limited – a supplier of engineering products.
- TC Communications – advisers to the vendors of the leading marketing communications company to Aberdeen Asset Management.

#### Advising on the sale of:

- An on-line games designer on the sale of its business to Swedish-listed Boss Media. Advice was provided to the vendors.

#### Advising on the purchase of:

- Acquisition support to Sovereign Capital and the Kinetics Group on its acquisition of The Lord Group.
- Financial due diligence and support to Sovereign Capital on acquisition of Paragon Training (Dorset) Ltd.
- Acquisition support to Sovereign Capital and Kinetics Group on its acquisition of Sureway Gas Ltd.

#### Debt and finance raising for:

- Training for Travel Ltd, a Bury-based vocational training company.
- Retail pharmacist Medichem Ltd. Corporate finance advice was given in connection with securing business development finance.

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