



A DIFFERENT PERSPECTIVE, A BROADER VIEW

Expanding Your Business into the UK and Europe

“A comprehensive solution to your inward investment needs”

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Why the UK and where do we start?

The UK Government wants to encourage multinational companies to come to the UK. Tax legislation has been introduced which now makes the UK a very attractive location for overseas investors.

Should you want to take advantage of these opportunities, James Cowper can help you through the expansion and cultural change process.

We discuss below some of the more common queries asked by our clients:

- How do we choose the right location?
- Do we need a UK company?
- What banking arrangements are appropriate and how should we fund the UK operations?
- How can we find employees and how should we pay them?
- What rates of tax will we pay?
- Should we outsource the UK accounting function?
- How can we locate reliable UK business suppliers?
- How much will it cost?

Our overseas clients have a wide variety of needs and our “in-house” team, together with our network of local contacts, can provide any help required.

Whatever your requirements you can be assured that client relationships are of the highest importance to us. Every client has a dedicated partner who will keep in touch on a regular basis and ensure that we deliver a positive and value for money service.

Whatever your stage of expansion into the UK, whether you are a new entrant or an established organisation, we would be happy to talk to you.

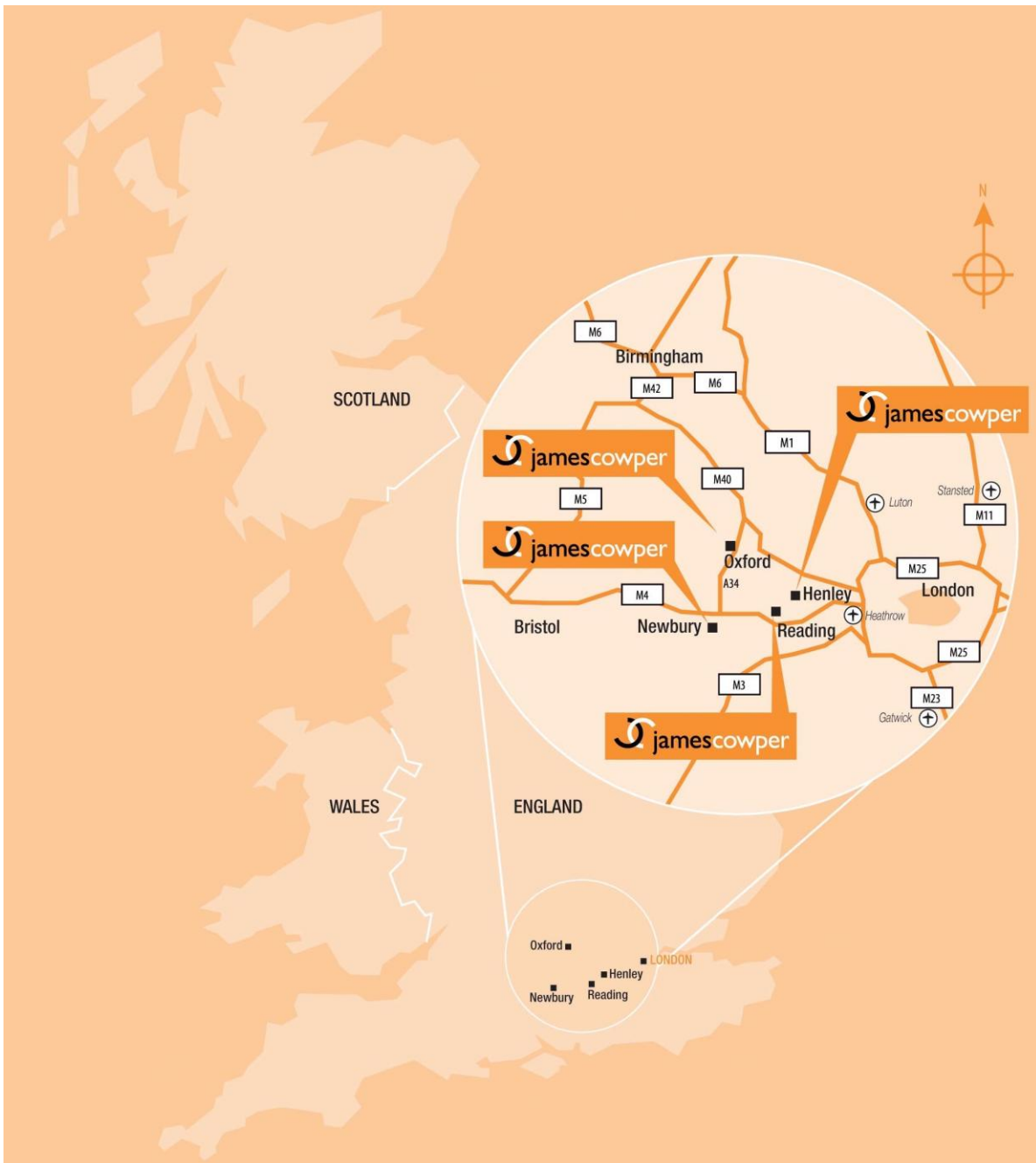


Ten reasons to do business in the UK

- 1. The UK is one of the easiest places to set up and run a business** – the World Bank found that the time taken to set up a business in the UK was less than half the European average. It ranks the UK first in Europe and sixth in the world in which to operate a business.
- 2. One of the most flexible labour markets in Europe** – many businesses have relocated to the UK from other European countries for this reason.
- 3. An internationally competitive tax environment** – the top rate of corporate tax in the UK is 28%, one of the lowest tax rates in the G7 and amongst the UK's core competitors. Individual tax rates are also one of the lowest in the EU.
- 4. Top location for European headquarters** – more overseas companies set up their headquarters in the UK than anywhere else. This in turn attracts more companies.
- 5. Geographical location and transport links** – the UK's location makes it conveniently located for mainland Europe as well as North America. The UK has excellent transport links with all major industrialised countries.
- 6. Technology and innovation** – the UK is one of the most productive places for technology firms in the world. It has been ranked only second to the USA for the quality of its research base.
- 7. A stable political environment** – the country has a consultative approach to the making of laws so there are less surprises for businesses.
- 8. Communication** – because UK businesses operate in English they have a natural advantage when communicating globally. The UK also has one of the most extensive broadband networks among G7 countries and has one of the strongest ICT structures in the world.
- 9. Standard of living** – UK residents enjoy a high standard of living, education and leisure. There is also a reasonable work life balance, which means that residents have time to enjoy the many leisure opportunities.
- 10. Olympic Games** – London will be hosting the 2012 Olympic Games. Contracts will be available for companies of all sizes and the total budget will run into billions.



Choosing the right location - the Thames Valley



The right location for your operation is crucial, not only to maximize exposure to potential clients and partners, but also to increase your ability to recruit skilled people and obtain government grants.

The Thames Valley is one of the strongest regions in the UK with above average growth.



Productivity is also high, with the region offering a highly skilled workforce with almost 40 per cent of those in employment holding a degree. The Thames Valley is just west of London and is served by London Heathrow Airport. Three of James Cowper's offices are in principal business locations in the region; Reading, Oxford and Newbury. Other major towns in the area include Bracknell, Maidenhead and Slough.

As well as being close to Heathrow Airport, the Thames Valley has good road and rail links. With this good communication network and some of the world's leading universities, the area has become a focal point for inbound investment into the UK and a centre for technology, telecommunications, computer and internet enterprises.

Some of the world's biggest multinational corporations are located in the area including Microsoft, Vodafone, Oracle, Hewlett Packard, Oxford Instruments and Amazon.com.

Yet at the same time it is the favoured location of many smaller dynamic companies testing out the UK or European market for the first time. This fits well with the region's reputation as one of the most entrepreneurial in the UK.

Inward investment has transformed the Thames Valley in the last 20 years. Historically, the US has been the biggest investor, particularly in the software sector. But the focus is changing, particularly with the prospect of a downturn in the American economy. In recent times there has been an increase in the number of Chinese and Indian companies coming into the UK and Australian companies have also been significant investors.

Whatever the prospects for the global economy in the next few years, the Thames Valley is well placed to provide a great location for companies looking to develop a presence in UK or European markets.

How do we find the right property?

Depending upon your requirements you may wish to consider a serviced office. This provides maximum flexibility and usually includes secretarial support, boardroom hire and the use of office facilities. We can put you in touch with people who can help.

Similarly we can recommend property agents who will help with your search for all types of property.



Do we need a UK company?

Typically, companies operate in the UK either through

- a UK subsidiary company or
- a UK registered branch or
- a UK registered place of business.

There are a number of important tax, legal and regulatory differences between these options, the key ones being:

	Place of business	Branch	Company
Separate legal entity	No	No	Yes
Able to conclude contracts in own name	No	No	Yes
Registration with UK Companies House required	Yes	Yes	Yes
Filing of annual accounts at Companies House	Overseas parent	Overseas parent	UK company
Annual audit required	No	No	Yes
Taxable in the UK	Possibly, depending upon the activities	Yes, on profits of the branch activity and gains from UK assets	Yes, on world-wide income and gains
UK profits assessable on foreign parent	Yes	Yes	Generally only if amounts are distributed
UK losses available to parent	Yes	Yes	Generally not
VAT registration	Unlikely	Possibly	Possibly

Reviewing these factors in isolation is not enough. Your commercial requirements are crucial. At James Cowper we understand your business needs and we can help you conclude which operating structure is best for you.

Once a choice has been made, we can arrange for the necessary paperwork to be completed as quickly as possible.



What banking arrangements are appropriate and how should we fund the UK operations?

Opening a bank account

Setting up a UK bank account is often a first priority. We have good contacts with all the national banks and can arrange introductions with local business bankers.

Funding the operations

If the new operation is seeking finance in the UK we can discuss with you the most appropriate lending source. Again we have a network of contacts that you might find useful. We can help you prepare the necessary business plans and projections and attend meetings with possible lenders if required.

If group funds are to be used, we can advise on the associated tax issues and opportunities involved with borrowing from overseas.

How can we find employees and how should we pay them?

The recruitment, retention and motivation of employees will be key to your business success. Employees in the UK will be subject to different cultural and regulatory practices from your home country.

Using our own expertise and knowledge, together with our network of local contacts we can help you with a wide variety of people issues including:

- Advising on work permit requirements for people transferring from outside the EU
- Advice on local property markets, schools etc for relocating employees
- Introductions to local recruitment consultants
- Advice on tax-efficient remuneration and benefit packages
- Personal tax advice for key employees
- Advice on stock option plans
- A cost-effective and efficient payroll service
- Advice on payroll taxes
- Employment contracts

What rates of tax will we pay?

The UK Government wants to encourage multinational companies to the UK. As a result new tax legislation has been introduced which now makes the UK a very attractive location for overseas investors. The UK now has one of the lowest rates of company tax ("corporation tax") in Europe and has a favourable capital taxes regime to rival that of The Netherlands. In addition UK social taxes are lower than many of its European neighbours.

Corporation tax

In the UK both branches and companies pay corporation tax. The main rate of UK corporation tax is 28%. Both initially, and as your organisation grows, your global tax bill can be affected substantially by the way your UK operations are structured.



Our inbound team includes tax specialists who can advise you on a wide range of tax issues including:

- How should the UK operation be structured?
- What functions should the UK operation carry out?
- How much income should be recognised in the UK?
- How should inter-company transfer prices be determined?
- How can maximum advantage be gained from UK tax reliefs and incentives?

Value added tax (VAT)

VAT is the European sales tax.

A UK VAT registered business must charge and account for VAT, currently at the rate of 15% until 31 December 2009, on its taxable supplies (sales). It is usually possible however to offset any VAT incurred on expenses that relate to business purchases.

We can help you determine whether a VAT registration is necessary or desirable and help with the periodic returns. We would review any planning opportunities to minimize your VAT cost.

Custom duties

If your products are liable to import duties, or if you export from your UK base, then we can work with you to ensure all custom duty planning opportunities are maximized.

Employee taxes

In the UK the social tax is known as national insurance ("NI"). NI contributions have to be paid by the workforce as a deduction from their gross salary ("employees NI"), and by employers ("employers NI"). The rate of employers NI is currently 12.8%.

Employers have an obligation to collect NI, together with UK income tax, and pay the amounts over to the tax authorities.

The tax team

James Cowper have a dedicated tax team which is recognised as one of the most experienced in the Thames Valley. The team is well regarded by the tax authorities and within the Thames Valley business community. Members of this team have specific expertise in helping inward investors maximize their tax opportunities. One of our tax partners, Sharon Bedford, heads the international tax group of Kreston International.

Should we outsource the UK accounting function?

Many of our clients do not initially employ a UK accountant in-house and therefore look to outsource some or all of their financial and regulatory functions to a firm such as ourselves.

Whilst some of the basic processing can be done overseas there is usually a need to do some bookkeeping in the UK. In addition there are a large number of ongoing regulatory, legal and tax filings that are specific to the UK. Whilst non-financial staff can deal with some of these, this can distract from the key task of growing the business.



We have developed an efficient and cost-effective approach to outsourcing these services on your behalf.

This could include:

- Arranging initial tax registrations
- Producing accounting records
- Preparing management accounts and reports in a format and to timescales acceptable to the overseas financial reporting system
- VAT returns
- Payroll administration
- Corporate tax returns and associated tax planning
- Being the Registered Office and preparing associated statutory filings
- Annual corporate tax returns

Audit

Under current legislation a UK subsidiary of a foreign parent invariably needs an audit, unless the group as a whole qualifies for exemption on the grounds of size.

If you have an international firm of auditors we would be happy to liaise with them to ensure all the information is in the format required. Alternatively we could independently carry out a cost-efficient UK audit in accordance with UK audit standards. We use a computerised risk-based audit approach to ensure a rigorous audit is carried out.

James Cowper is registered with the Public Company Accounting Oversight Board. Authorisation from the PCAOB is a legal requirement for any firm of accountants carrying out audit work for UK subsidiaries.

The Sarbanes Oxley Act requires PCAOB audits to be carried out under US auditing standards. The Act also requires auditors to report on internal controls under Section 404 audit reporting for UK standards. Auditors of US holding companies normally accept responsibility for Section 404 audit reporting for UK subsidiaries, with the UK auditors assisting them in accordance with agreed procedures.

James Cowper has carried out PCAOB audit work and assisted management with internal control reporting under Section 404. This work includes recording internal controls, testing those controls and identifying weaknesses.



How can we locate reliable UK business suppliers?

We have a network of local lawyers and bankers who we can introduce you to. We are used to working closely with our clients' lawyers and bankers to ensure consistency of service and advice.

We also have a network of local business suppliers who we can recommend. Examples include:

- Lawyers
- Bankers
- Travel agents
- Office equipment and furniture suppliers
- Mobile phone leasing
- Vehicle leasing
- Car retailers
- Property agents
- Removal firms
- Advice on local schools
- Availability of grants
- Translators
- Printers
- IT suppliers
- Recruitment agencies

How much will it cost?

Our approach is to provide a highly professional, personal and value for money service.

We would be pleased to talk with you to discuss your business plans and offer a free initial consultation.

Our fees are competitive. Should you decide to proceed we would provide you with a detailed quote for those services required.

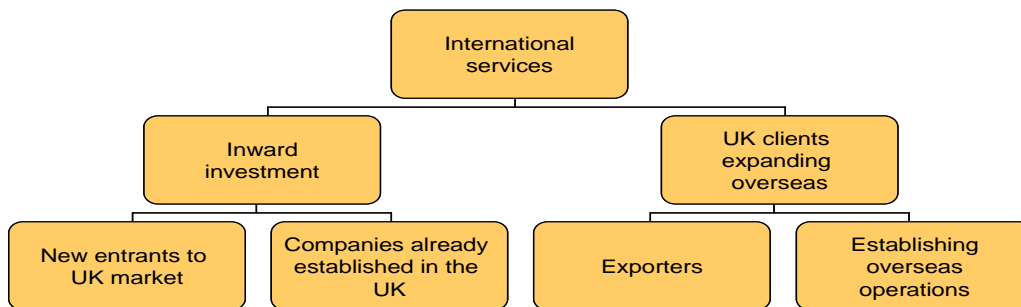


Inward Investment to the UK

Exploring a new business territory can be challenging; full of opportunity but also risk.

James Cowper's specialist International Services Team has extensive experience in helping businesses in an international context. We already provide advice to more than 100 international groups from a large range of sectors including technology, electronics, distribution and manufacturing. We are a credible alternative to the larger accountancy firms, providing a premium service without the associated premium level of cost.

Scope of our international services



James Cowper can offer informed advice to businesses expanding into the UK, Europe or beyond, whether exploring overseas markets or setting up a factory, office or company. We can also give invaluable support to investors and businesses wishing to move into the UK marketplace from abroad. Our expertise in international taxation and business strategy continues to open up a wealth of new possibilities for a diverse range of clients.

We can act as a “one stop shop” for all your requirements or merely provide a single service. Whatever your requirement, we have the expertise to meet your needs.

Our international connections

We have strong connections in North America, Europe and the rest of the world through our membership of Kreston International, which is ranked one of the largest accounting and business advisory associations in the world. We can access 18,500 professionals in over 665 locations worldwide offering local expertise and contacts. Tap into this worldwide expertise.

James Cowper is also registered with PCAOB (Public Company Accounting Oversight Board) in the United States. Authorisation from PCAOB is now a legal requirement for any firm of auditors which wants to work with UK subsidiaries of listed US based companies.



Our experience and approach

The members of our International Services Team have previous experience working with Big 4 and other top tier firms and in commerce with international groups. Many have completed secondments outside the UK. Our approach is to provide a highly professional, personal and value for money service. We develop a close working relationship with our clients to help them achieve success, whatever their business or personal objectives. Our clients are important to us.

Examples of the international services we offer

Global Strategy and Structuring

Exploring a new market for the first time? We can help you get the initial planning right to minimise the pitfalls and maximise opportunities. Frequently asked questions include “Should I form a company? Is there a need to hire overseas employees? What about supply chain management? Do I need to open a bank account?” Our experience can help you find the answers that are right for your business.

Employer Assistance

If you are hiring employees in a new territory or transferring existing employees abroad then let us assist you to implement tax efficient remuneration and incentive packages for your staff. We offer a full payroll service for UK employees, including numerous ex-pats, and can introduce you to payroll providers overseas.

International Tax

As your business grows, your global tax bill can be affected substantially by how your operations are structured. Our tax team not only has an in depth understanding of the UK tax rules but understand, how these rules interact with overseas legislation to minimise tax payments and avoid double taxation. We have carried out transfer pricing studies for many of our clients.

International Audit & Assurance

We are experienced in conducting audits of subsidiaries in the UK and international audits requiring travel overseas to clients in the US, Asia Pacific and Europe, giving us international capability in cross border businesses. We have expertise in IFRS and reporting under US GAAP.

Outsourced Accounting Services

Not yet large enough to warrant an overseas finance team? We can help you outsource your essential functions to keep initial overheads low and ensure you have high quality management information from the start.

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