Commercial Perspective

SUMMER 2008

Over and above a regular banking service

In this edition of Commercial Perspective:

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- COUTTS BUSINESSLINE
- THE SPECIALIST TEAM – TAKE TWO
- PRAY FOR THE HIGHER THINGS

Over and above a regular banking service

Stephen Fletcher
Head of Commercial Banking

WE'VE TALKED A LOT IN RECENT ISSUES ABOUT NEW PRODUCTS AND SERVICES. I AM KEEN TO ENSURE THAT ALL OUR COMMERCIAL CLIENTS ARE FULLY AWARE OF ALL THAT WE CAN OFFER YOU, PARTICULARLY IN THE CURRENT ECONOMIC ENVIRONMENT.

The worsening outlook for the global economy, with the US apparently heading into a recession, is grabbing all the headlines at the moment. Here, in the UK, our economy is already slowing with below-trend growth expected this year. Some of you may already be feeling the consequences of this changing environment, so I want to reassure you that our maxim 'always looking for new ways to help' carries ever more significance. Quite often, though, we have a solution to a requirement already in place. Apart from offering all the usual banking services you would expect, there are many products specifically designed for our commercial clients. Additionally, we are able to call upon the resources of one of the world's largest financial institutions, The Royal Bank of Scotland Group, of which we are a subsidiary. Of course, our people are just as important in delivering a quality service. Over the last four issues of *Commercial Perspective* you have been introduced to the various teams. Opposite, I summarise them and their specific areas of responsibility.

The provision of asset finance is just one product I would like to highlight in this issue. Research shows that most businesses tend to purchase three assets a year, of which over a third will fund these through hire purchase and leasing. We can offer tax-efficient solutions that allow you to acquire assets without using up working capital.

Invoice discounting is a service that can provide a line of finance linked to sales growth, giving up to 90% finance against approved invoices and allowing a business to unlock its working capital.

We can offer a complete trade finance service to clients who buy and sell goods (usually import/export) to provide certainty of payment and control of transactions.

In our first issue of *Commercial Perspective*, we talked about our Customised Options Service. This allows you to protect your loan payments against rising interest rates, lock-in favourable funding rates or to manage currency risks arising from assets, liabilities or cash flow. Coutts is able to tailor interest rate or currency hedges to meet clients' needs across a range of major currencies for transactions over £0.5 million. We also featured our Customised Deposit Service that gives the opportunity to generate better returns from cash balances. New strategies are opening on a regular basis so, if you are interested, it is worth speaking with your commercial banker about future issues.

Of course, what people want more than anything is a banking service that gets the basics right and the article by Mark Smith, our Service Delivery Manager, considers some of your comments about our service, given in response to our regular client surveys.

If you would like to know more about our products and services that we can offer you, please contact your commercial banker.

A REMINDER…
Please note that our fax numbers for payment instructions have changed. If you hold a valid fax indemnity, please use the numbers below with immediate effect.

For all sterling payments: 020 7672 7399 or 020 7672 7398

For all currency payments: 020 7672 7395

Solicitors only
Both sterling and currency payments: 020 7672 7396

Chris Dos Santos
Head of Professional Practices Team

- Legal
- Accountancy
- Hedge and private equity funds
- Financial services
- Recruitment

Chris' team offers a range of products tailored for its clients that include equity loans and a multi-currency cash management system for managing clients' monies. The team has good experience in assisting with the LLP conversion process and keeps abreast of challenges that its clients' face.

Jim Pittick
Head of Specialist Banking Team 1

- Property
- Owner-manager businesses
- Leisure sector
- Premium brands

Property is the largest sector in which Jim's team specialises, offering senior debt facilities for the acquisition, refurbishment and development of property investments, as well as mezzanine funding on occasions. With owner-manager businesses, it is more the ease and level of communication with their commercial banker that is paramount in the relationship.

John MacGregor
Head of Specialist Banking Team 2

- Independent schools
- Charities
- 'Not for profit' organisations
- Health care
- Insurance
- Quoted/small cap companies
- Livery companies

You can read more about John's team elsewhere in this newsletter, but, in essence, it is focused on a number of highly specific sectors. Each member of the team has significant experience and knowledge of the sector they deal with. This knowledge allows them to add value to their clients, as well as acting as their trusted adviser.

Neil Phelps
Head of Media Banking Team

- Music, television and film
- Advertising, publishing and public relations
- Merchandising and licensing
- Artists' management

Neil's team offers a number of products specially designed for its clients, from intellectual property rights to contract discounting and royalty cash flows. But, more significantly, the team's understanding and wealth of experience in this highly specialised sector is its major strength.

Barry Williamson
Head of Business Development Team

- New business

Prospective and new clients' first experience of Coutts may be through Barry and his team. Their role, therefore, is vital in ensuring that your Coutts experience is all that it should be. Once Barry, or a member of his team, is fully conversant with your company's needs, they will introduce you to your dedicated commercial banker.

More than ‘the pantomime guys’

Richard Skinner
Commercial banker

QDOS ENTERTAINMENT IS ONE OF THE LARGEST, BROAD-BASED ENTERTAINMENT GROUPS IN THE UK, AND IS THE WORLD’S LARGEST PANTOMIME PRODUCER. NICK THOMAS, CHAIRMAN AND FOUNDER, DELIGHTFULLY RECOUNTS THE COMPANY’S GROWTH STORY AND THE PART COUTTS PLAYED.

I’d had very few banking relationships in business before Coutts. When I was 16, with a blossoming career as an entertainer, I wanted to buy a new Ford Cortina, so I asked my then bank manager for a loan, but he turned me down flat. He suggested I got the bus or took a taxi to my gigs, so I closed the account and went to NatWest…a brand new Ford Cortina rolled up within the week, and the rest, as they say, is history.

NatWest Scarborough did me proud for over 20 years but as Qdos grew to about £10 million turnover so we were sent to Hull, as opposed to Coventry, as this larger office could better deal with our demands. We had a supportive manager there, who took the rough and tumble of a theatrical production and talent business on the chin. By 2000, the size of Qdos had doubled again, and the remit was out of Hull’s ‘comfort zone’ so our chap suggested we hook up with Coutts, as it was still keeping our business in-house so to speak, and they were more ‘up our street’.

Enter Richard Skinner, who became our account manager but much more…he is our life counsel, chief of checks and balances, and even better, he tells appalling jokes. The key to the Qdos/ Coutts relationship is that both he and Neil Phelps, Head of Media Banking team, recognised that Qdos Group needed to be more than 'the pantomime guys'. Qdos is best known for its domination of the pantomime business, which peaked at 30 annual productions grossing over £20 million by 2004. That year, two of our client venue chains took their ten pantomimes in-house then 'squared up' to Qdos to challenge our market leadership in the open market.

In response, we cut our pantomime production overheads in half, strengthened the relationships with 20 independent pantomime venues and 'battened down the hatches'. In tandem, we took the decision to transform Qdos into a broad-based entertainment group within five years that did not rely solely on pantomimes, however lucrative they may be, and for this process we sought Coutts advice and assistance.

Nick Thomas

Our first move was to create a joint venture, HQ Theatres Ltd, in partnership with small scale theatre operators Hetherington Seelig Theatres. The complementary skill sets of the directors worked very well, as we immediately won the operating contract for The Beck Theatre, Hayes, and for Southend Theatres, which includes the largest theatre and banqueting complex in the South East, The Cliffs Pavilion. The enlarged HQ Theatres is now the third largest provincial theatre operator in the UK with a raft of new venue contracts in negotiation or under tender.

Secondly, we decided to 'beef up' our talent division, so we targeted two very different businesses: the TV drama agency, JLM, as an ideal fit for our existing business, International Artistes (IA); and, The Entertainment Department Ltd (TED Group), Europe's largest supplier of entertainment services to holiday parks and resort hotels, which complements Qdos' existing light entertainment business.

Our third expansion strategy was to exploit the ancillary trading opportunities across the venues division. As soon as the Southend venture was bedded in, we terminated our contract with external caterers and took the catering operations in-house to create HQ Hospitality (HQH). As each new theatre management contract is awarded, HQH takes over the food and beverage provision, making it better and more profitable. We have also brought our print and graphics business, Adverset, into the Qdos Group. I started this business six years ago to supply the live entertainment arena. It has serviced many West End shows, including Billy Elliot and Mamma Mia, plus numerous touring shows and, of course, the entire print requirement across the Qdos Group.

Our strategy has had very significant support from Coutts. Initially we looked to fund the acquisitions through bringing in new equity and Coutts introduced us to a number of corporate finance brokerages and also to the Media Team at Seymour Pierce which, itself, has developed into a significant and beneficial business relationship for Qdos. Seymour Pierce found many interested parties but, through discussing all options with Richard, he felt that all the acquisitions could be funded through debt (keeping my equity intact), leveraging off the value of the existing core Qdos businesses (pantomimes and summer shows). Coutts duly came to the table with the funding.

Does that make Coutts reckless I hear you ask? Not at all – they simply understand the business niches in which they operate, recognise a strong and ambitious management team, and develop real relationships that are partnerships with their clients - not just a nameless call centre at the end of a phone line (if you can even get through!).

The Qdos Group today bears little resemblance to the pantomime-based business it was five years ago. It has 'grown up' in every sense of the word, with a turnover of about £55 million and 600 employees across 11 sites. The Group now has a clear vision for growth and its scale and profitability now compares favourably with its rival businesses. Significantly, unlike its rivals, Qdos is controlled by its founding shareholders, myself and Jon Conway, who own 95% of the stock (thank you – Coutts!). The company has maintained its personal 'user friendly' culture and quality of delivery, which is best evidenced by the retention of its core pantomime business and its 100% success rate in tendering for new venue contracts.

The support provided by Richard and the Coutts team has enabled the business to grow into a valuable and cohesive entity, thus providing tangible shareholder value. The relationship is business based, but it is fun as well, and in show business that makes the vital difference.

Coutts BusinessLine - dedicated to you

JULIA MAHONEY, MANAGER OF COUTTS CLIENT TELEPHONY, INTRODUCES BUSINESSLINE, A NEW SERVICE TO ENHANCE OUR COMMERCIAL PROPOSITION.

Why have we done this? The feedback from the commercial client surveys told us that you felt we could make it easier for you to deal with us by telephone. As a direct result of this, we felt that a dedicated telephone banking service for commercial clients, along the lines of the highly-rated Coutts24 telephone banking service for private clients, would represent an improvement in the service we offer to you.

Coutts BusinessLine has been piloted for several months with all of the team hand-picked based on their client service skills and previous banking experience. The team is based here at 440 Strand and available Monday to Friday, 8am to 6pm.

This is an alternative contact point for you for all your day-to-day banking requirements. This team spends their whole day talking to commercial clients about banking matters so they are in a good position to help you with a range of enquiries (please see the list of services provided by BusinessLine). If for any reason, you still need to speak to your commercial banker, or their assistant, they can easily transfer you.

Stephen Fletcher has recognised that you need access to people whose specialist knowledge of what many may see as run-of-the-mill banking is important. "I'm absolutely thrilled with this new service and am quite sure it will live up to all our expectations," enthused Stephen. "We know how important it is to get the basics right: I believe this service will ensure that we do just that."

Below are the initial enquiries that will be handled by BusinessLine

- BALANCE ENQUIRIES
- PAYMENTS CREDIT/DEBIT ENQUIRIES
- STANDING ORDER INFORMATION
- STOPPING CHEQUES
- TRANSFERS BETWEEN SAME NAME/SAME RIGHT ACCOUNTS (REAL TIME)
- FOREIGN PAYMENT ENQUIRIES
- DAY-TO-DAY ACCOUNT QUERIES
- DIRECT DEBIT INFORMATION
- ORDERING CHEQUE BOOKS AND PAYING-IN BOOKS
- ACCOUNTCARD ACTIVATION

SOME CLIENTS ARE ALREADY BENEFITING FROM BUSINESSLINE. WE WILL BE WRITING TO MORE OF YOU LATER THIS SUMMER TO PROVIDE DETAILS AS TO HOW YOU TOO CAN ACCESS THE SERVICE. IN THE MEANTIME, IF YOU WISH TO START USING THE SERVICE IMMEDIATELY, PLEASE CONTACT YOUR COMMERCIAL BANKER WHO WILL MAKE THE NECESSARY ARRANGEMENTS.

Stephen (standing left) and Julia (standing) with just some of the team.

Specialist *n* (usu. foll. by *in*): a person who exclusively studies a subject or a particular branch of a subject

HERE, WE FEATURE THE LAST OF OUR TEAMS, A SPECIALIST TEAM, RUN BY JOHN MACGREGOR. JOHN INTRODUCES US TO HIS COLLEAGUES AND THE CLIENTS THEY LOOK AFTER.

"Another Specialist Team," I hear you cry. Well, yes, but again with a very specific set of clients. My team has grown alongside Jim's, (Jim Pittick's Specialist team was featured in our last winter issue) but with a complete contrast in the clients we look after.

There are 20 commercial bankers and commercial banking officers in the team, all of whom are well versed in our clients' needs. Altogether, the team members can boast between them 372 years of looking after commercial clients, and I cannot stress enough how important this is. A wealth of experience, of course, isn't the only prerequisite for the delivery of a specialist banking service. Keeping ahead of developments in our niche markets and understanding fully the challenges our clients face is fundamental.

We have developed a package of services that we believe is unrivalled in its scope and delivers a comprehensive solution to the specific financial challenges and opportunities that arise in the highly specialised sectors we look after.

Many of our clients have banked with Coutts for some considerable time. For example, in the independent schools sector, which is one of our larger client bases, Highgate School has banked with us for more than 200 years. At the other end of the timeline, we have been able to support the rise of Cameron House School, which was founded in 1980, a co-educational pre-prep and prep school in Chelsea that offers a loving, affirming and encouraging atmosphere to help its pupils attain their best.

The team also looks after a number of charities. Our particular specialist in this area is John Barwick who has focused on charities for the last 15 years. John advises charities and 'not for profit' organisations on issues such as trustee appointments, fundraising, financial strategies and facilitating away days for trustee boards, as well as hosting and speaking at numerous seminars on issues affecting the sector.

One of John's clients is the Landmark Trust, a building preservation charity, which was founded by Sir John Smith, a former director of Coutts, in 1965. The Trust was established to rescue historic and architecturally interesting buildings and their surroundings from neglect and, when restored, give them new life by letting them. This generates income to pay for the buildings' future maintenance. John says, "In recent years we have hosted several lunches at Coutts for existing and potential major donors. On these occasions, current restoration projects are featured, one of the most interesting being the Clavell Tower in Dorset. This Tower had to be moved away from a deteriorating coastline, requiring dismantling, stone by stone, and then reassembly at quite some distance away." John hosts events throughout the year for many of our charity clients all with varied and high profile guest lists.

Other sectors we specialise in are health care, insurance, quoted / small cap companies and livery companies. Livery companies for example are usually run with a small administrative staff and so want a simple but efficient banking service for both the company and charitable funds.

Our health care team embrace care homes, general practices, clinics and private consultants. In the insurance sector, we primarily focus on Lloyd's and Lloyd's related entities. On the quoted/small cap side, we have a range of businesses including oil exploration, aviation charter, luxury furnishings and investment houses.

I believe that our range of services, aligned to our highly focused and specialised relationship management, forms a bedrock for a fruitful banking association.

From left to right
Back row
Rupert France, Nigel Dickinson, Andrew White, Lena Neshan, Paul Matthams, Nigel Cherryman, Ian Oriel, Oliver Powell, Grahame Watkiss, John MacGregor.

Front row
Wendy Smith, Tony Nutkins, Jenny Gregory, Alpa Shah, Selisha Moodley, Simon Jones, David Bedwell.

IF YOU WANT TO KNOW MORE ABOUT OUR SERVICES OR HAVE A FRIEND OR ASSOCIATE WHO YOU FEEL WOULD BENEFIT FROM OUR EXPERIENCE PLEASE DON'T HESITATE TO GIVE ME A CALL ON 020 7957 2925.

Pray for the higher things

Nigel Dickinson
Senior commercial banker

IN THESE DAYS OF ENCOURAGEMENT TO 'SHOP AROUND' IN OUR FIERCELY COMPETITIVE FINANCIAL WORLD, IT'S REASSURING TO KNOW THAT MANY PARTNERSHIPS ARE STILL FOUNDED UPON LONGEVITY AND LOYALTY. COUTTS HAS A LONG ASSOCIATION WITH SOME OF BRITAIN'S LEADING INDEPENDENT SCHOOLS, NONE MORE SO THAN WITH HIGHGATE SCHOOL.

Highgate School, whose motto translates to *'I pray for the higher things'*, is a leading independent day school that was established in 1565 by a Royal Charter of Elizabeth I. Free scholars were drawn from Highgate and the surrounding area but, whilst the chapel at the school was used by local residents, the school later went into decline. By the early 19th century, the school's fortunes had revived under new headmaster, John Bradley Dyne, and it was renamed after its founder, Sir Roger Cholmeley. By the end of the century, Highgate School was adopted as its title, as it competed with other well-known public schools such as Eton College and Harrow School.

Whilst Coutts cannot boast such a pedigree, we have been around since 1692, which, by today's standards, is still fairly impressive. Although we believe our first association with the school was more than 200 years ago, the earliest account mentioning a schoolmaster from Highgate dates from 1823 – but whether the teacher, Samuel Duncan, was involved with the school or simply resided in the area is not known. Other accounts are recorded for various treasurers and trustees of the School during the mid-1800s until an account in the name of Sir Roger Cholmeley's School at Highgate was opened in 1877.

Today, Highgate has around 1400 pupils across its three schools – Pre-Preparatory, Junior and Senior – enjoying an all-round education to inspire them to develop to their full potential, wherever it may lie. Former pupils include Sir John Betjeman who was taught by T.S. Eliot, no less.

The School is currently in the middle of a £30 million ten-year capital building development programme, which we were more than happy to support. The financial arrangements were negotiated between Sean McGeeney, the school's bursar, and Nigel Dickinson, senior commercial banker. Sean was very pleased with the arrangements that were put in place. "Nigel fully understood our particular needs and put together a bespoke revolving credit facility that fits extremely well with our requirements," enthuses Sean, who adds "The competitive pricing was a real bonus. Schools not banking with Coutts may perhaps feel that pricing would be an issue, but we haven't found this to be the case."

We also hold large fee accounts for the School and Sean is often speaking with Nigel or another member of the Independent Schools Team. "The level of service we receive for our day-to-day banking is excellent," Sean says. "I am in quite regular contact with the Bank and speak with a small band of people. Whoever I speak to they know me and I'm confident that my query will be handled quickly and efficiently. It's so reassuring to know that you can speak with people who know your business."

Nigel is equally pleased with the relationship that has built over the years. "I have been the relationship manager for Highgate School for 14 years and have been pleased to see the School grow considerably in that time, both in numbers and financial terms. In the 1990s we financed the refurbishment of the Junior School, then saw the Pre-Prep School open and more recently the move to co-education and helping to finance the present major building programme."

Nigel goes on to say, "We are delighted to maintain this long-standing connection and act as a partner to the School in its development plans. I know that both Sean and the School governors value the long relationship but we do not take this for granted and I know that our business arrangements have to remain competitive."

THERE ARE GREAT SYNERGIES BETWEEN US AND INDEPENDENT SCHOOLS, AND THIS IS A SECTOR WHERE WE ARE KEEN TO EXPAND OUR BUSINESS. IF YOU KNOW OF AN INDEPENDENT SCHOOL THAT COULD BENEFIT FROM OUR EXPERTISE, PLEASE ASK THEM TO CONTACT US EITHER BY TELEPHONE ON 020 7753 1135, OR EMAIL commercial.enquiries@coutts.com FURTHER DETAILS CAN ALSO BE FOUND ON OUR WEBSITE www.coutts.com/commercial

Listening and responding

Mark Smith
Service Delivery Manager

MARK SMITH, SERVICE DELIVERY MANAGER FOR COMMERCIAL BANKING, LOOKS AT THE LATEST RESPONSES TO THE REGULAR CLIENT SURVEYS.

I believe that every one of our clients has a right to expect the very highest standards of service. Our regular client surveys are an opportunity for you to tell us about what we hope are the rare occasions when we have fallen short of these standards and also to commend us when we live up to them. I take a personal interest in what you have to say, both good and bad. Where we can learn from our mistakes, I will ensure that we are constantly challenging our systems and procedures to improve matters for you.

I regularly see comments such as:

"The commercial banker and her assistant go out of their way to help my business. They are a thorough pleasure to work with."

"My manager and his team do a great job for us and we are very grateful. My manager is amazing."

Whilst it is clearly very rewarding to receive feedback in this way, we also sometimes receive comments similar to the following:

"I was refused cash because a transfer I had requested had been processed in reverse."

A disappointing error on our behalf, and one that undoubtedly caused inconvenience for our client.

However the same client then went on to say:

"Coutts rectified the situation within 15 minutes and the member of staff who helped me was very polite and reassuring."

How we help you on the odd occasion things do go wrong is critical to maintaining a good working relationship.

I also believe that it is very important that we really do respond to your concerns and suggestions for improvement. In previous surveys, many clients commented that our electronic banking service, CrownLine, was not fulfilling their needs. Our new service, Bankline was launched at the end of last year and a number of significant enhancements to the service, including the ability to make CHAPS and foreign payments, are being rolled out throughout this year. Before the end of 2008, we aim to have a market-leading electronic banking product that meets all our clients' needs.

Previous surveys have also highlighted shortcomings in our telephony service and we have responded by creating BusinessLine, which is introduced earlier in this issue.

We now carry out our surveys on a monthly basis and you may be asked to participate in one of these during this year. If you are not contacted, please do not hesitate to get in touch with us at any time to provide feedback on our service and products. We will continue to ask for and listen to your valued feedback, and learn from what you have to say.