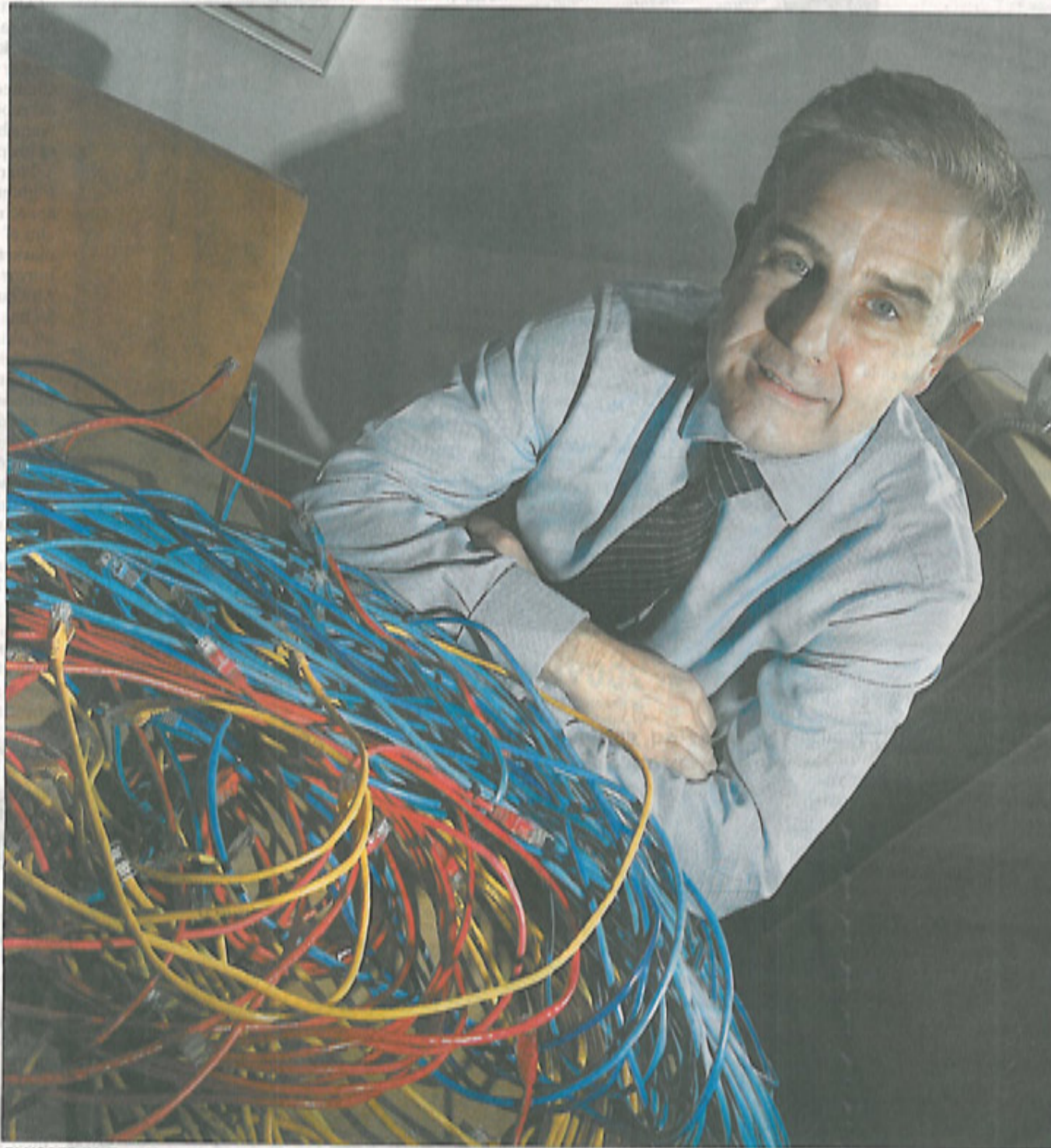


PRESS CUTTING

CASE STUDY: the small business



PLUGGED IN: Tom Sime of Exchange Communications says this was a good Budget for people like him. Picture: Mark Gibson

'We are better now than when he stood up'

NAME: Tom Sime, managing director, Exchange Communications.

BUSINESS: Telecoms entrepreneur.

BASED: Kirkintilloch.

BUDGET HOPES: Mr Sime was not expecting the Chancellor to offer much practical help to firms. He was concerned that ministers might have resorted to an unhelpful increase in the rate of capital gains tax to reduce the government's huge debts, prompting a flurry of tax-driven

mergers that would have reduced the numbers of potential buyers of the communications systems his company sells.

BUDGET REACTION:

Mr Sime said: "We feel we are in a better position than when Alistair Darling stood up. The message for me and my size of business is that it's a good Budget."

He was especially pleased that Mr Darling had won agreement from Lloyds Banking Group and Royal Bank of Scotland that they would provide £94 billion in new

loans this year, around half to small and medium-sized enterprises. This could mean that more potential clients can raise the money to buy systems from his company.

Mr Sime feels the decision to appoint an adjudicator to consider complaints about banks will encourage bankers to prove lending decisions are fair.

He was also pleased that Mr Darling doubled the annual investment allowance to £100,000. This allows SMEs to set expenditure on things such as telephone networks against their tax bills.

His £6m turnover business should also benefit from moves to increase the amount of contracts central government awards to SMEs by £3bn annually. "It's positive discrimination, but that's a good thing."

Mr Sime was relieved that Mr Darling left the standard Capital Gains Tax rate at 18%. However, he was disappointed that the Chancellor confirmed that the employers' national insurance rate will increase by one percentage point from next April. This will make him cautious about increasing his 50-strong workforce.