



BUSINESS
ADVISER BAROMETER

monthly brochure

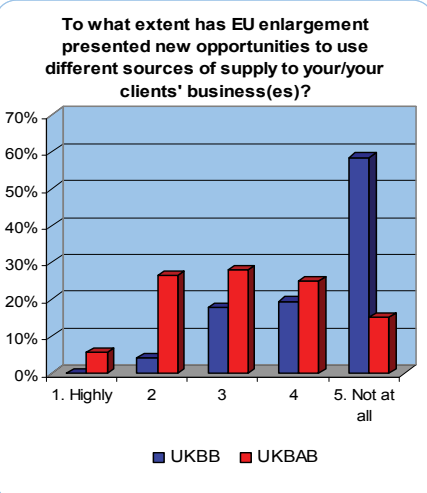
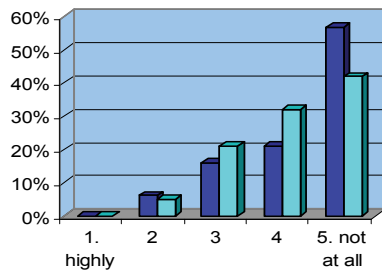
> JANUARY 2008 EDITION — KEYNOTES FROM NOVEMBER 2007 - BAB63

Has the enlarged EU brought new opportunities to business?

The largest ever enlargement of the EU took place on 1st May 2004, when 10 new countries joined the EU. With 2½ years experience since then, and more applications for membership of the EU in the pipeline, do business advisers see businesses based in the UK being able to gain benefit from a larger marketplace? The parallel UKBB survey also asked its panel of smaller businesses if the enlarged EU has brought new opportunities for them in terms of markets and supply sources.

There was a marked difference between the results from the two surveys, with only 21% of UKBAB respondents saying that the enlarged EU has presented no opportunities or markets for their businesses compared to 52% of UKBB respondents. On the positive side, 22% of UKBAB respondents say that their clients have found new opportunities and markets to a high or reasonably high extent. Only 12% of UKBB respondents concurred.

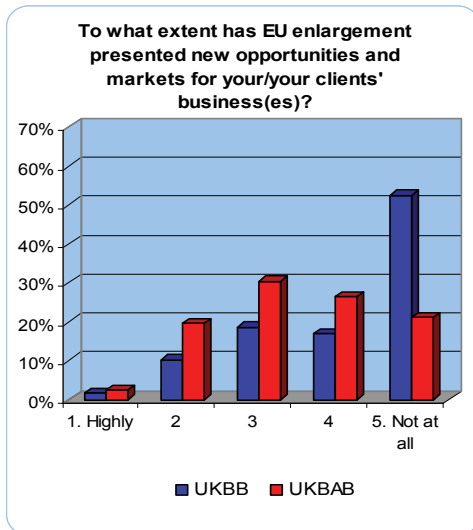
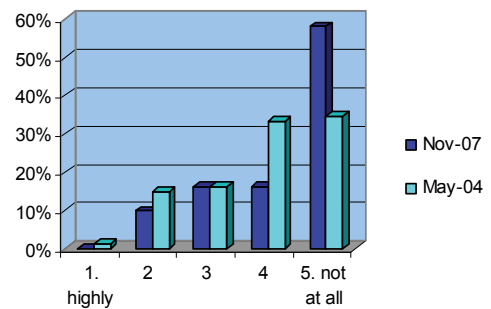
UKBB on: Opportunities for New Sources of Supplies



What of the opportunities for clients in terms of new markets and sources of supply?

A similar contrast was obtained in response to the question about opportunities for sources of supply, where only 15% of advisers said their clients had found no new opportunities while 59% of UKBB respondents said they had found no new opportunities for their businesses. More advisers were positive, with 32% saying that for their clients' businesses, EU enlargement has presented opportunities for different sources of supply to a high or reasonably high extent but no UKBB respondents said that EU enlargement has presented opportunities for different sources of supply to a high extent and only 4% said this was true for their businesses to a reasonable extent.

UKBB on: Opportunities for New Markets





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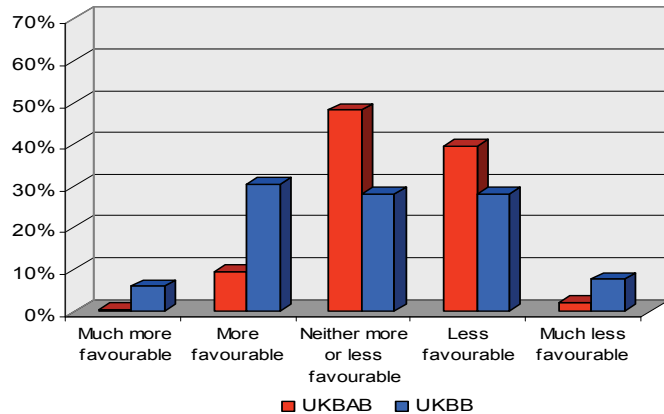
> JANUARY 2008 EDITION — KEYNOTES FROM NOVEMBER 2007 - BAB63

Cash flow position — a year on from November 2006.

When asked if the cash flow position of clients is more or less favourable than a year ago, 10% of the respondents to the UKBAB said that it was more, or much more, favourable. 42% said that it was less, or much less, favourable and 48% reported no change.

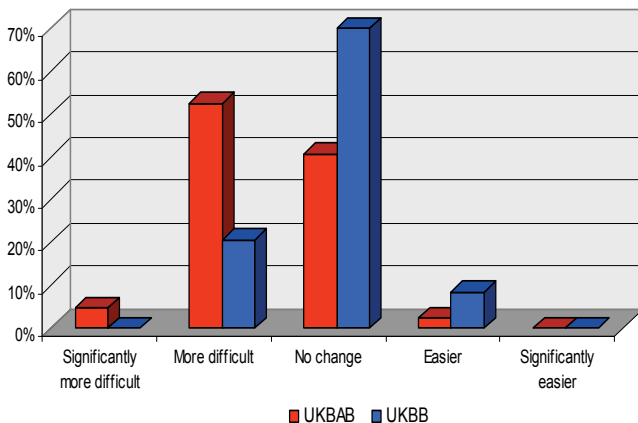
UKBB panellists were asked how their own business cash flow position compares to a year ago. 36% said that it was more, or much more, favourable. This compares with 41% in the November 2006 UKBB survey, when the same question was put. Of the panellists responding this time around, 36% said that it was less, or much less, favourable – 3% greater than the result in last year’s survey, and 28% reported no change.

In general, compared to this time last year, is the cash flow position of clients:



Access to finance affected by recent financial turbulence.

In your experience has there been a change in the ability of clients to access external finance from banks and other sources over the last six months?



after adjusting for 'not applicable' responses, UKBAB 7%; UKBB 31%

In the October 2007, panellists were asked to what extent their financial advice to clients had changed, and whether requests for advice on sources and uses of finance had increased, following the recent turbulence in financial markets. This month the survey asked whether advisers' clients have found it easier or more difficult to access external finance over the last six months. The results revealed that 57% of respondents say that their clients have found it significantly more difficult, or more difficult, while only 2% say that clients have found it easier.

In the parallel survey of smaller businesses UKBB panellists were asked if their businesses had found changes in their ability to access external finance over the same period. 21% say they have found it more difficult, although 8% report that it has become easier.

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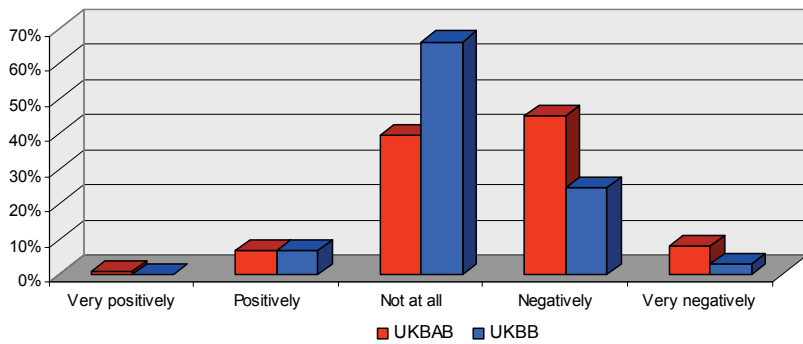
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How would falling house prices affect your clients?

In your opinion, to what extent would a fall in house prices affect your clients?



after adjusting for 'don't know' responses, UKBAB 6%; UKBB 10%

In the parallel survey of smaller businesses, the UKBB, panellists were asked to what extent they thought such a fall would affect their markets. After excluding 'don't know' responses, 7% of respondents said that they would expect a positive effect on their business, 66% said that they would be unaffected whilst 27% say that their market would suffer.

Recently several survey resources have reported falling house prices, including the Halifax Bank and the Nationwide Building Society. The number of new mortgage applications has also fallen. Panellists were asked to what extent they thought that a fall in house prices would affect their clients and, after adjusting for 'don't know' responses, 8% say that their clients would benefit, while 53% think that their clients would be affected either negatively or very negatively. 39% think clients would not be affected at all.

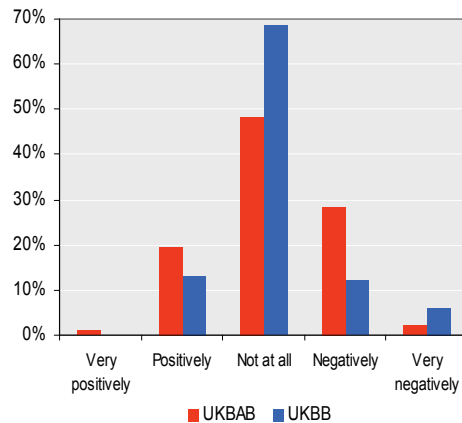
Positively or negatively? How has the strong pound affected your clients?

From the beginning of 2007 until early November the sterling exchange rate against the dollar was increasing. Although by mid December it had dropped back slightly it remained at around 5% above its minimum rate for 2007. The November UKBAB survey asked panellists how this strengthening position is affecting their clients businesses and, in the parallel UKBB survey of businesses, participants were asked how it affects their own businesses.

More respondents to the UKBAB think their clients businesses are affected negatively than positively, with 31% on the negative side and 21% on the positive side, after adjusting for 'don't know' responses.

Responses from the UKBB also show a negative balance, with slightly more respondents stating that they were affected negatively rather than positively. 15% were positive or very positive whilst 18% negative or very negative.

In your opinion, how does the strengthening of the £ against the dollar affect your clients' businesses?



after adjusting for 'don't know' responses, UKBAB 7%; UKBB 3%

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> JANUARY 2008 EDITION — NOVEMBER 2007 - BAB63 — THE QUESTIONS

Q1.

We are now changing the frequency of the Barometer surveys to bi-monthly in response to feedback from panellists and as a result of having taken advice from key observers of the project. To what extent do you think the prospect of six questionnaires a year will make the survey more attractive to potential participants?

Q2.

Apart from topical issues included in each UKBAB survey, the following regular themes are covered throughout the year. Please indicate which three topics are of particular interest to you, marking the others as 'General interest'.

Q3.

(optional) Apart from those areas listed in question 2, are there any other issues that you would like to see covered in future surveys? (please use the space below for your comments).

Q4.

In your opinion, to what extent has EU enlargement presented new opportunities and markets for your clients' businesses?

Q5.

In your opinion, to what extent has EU enlargement presented new opportunities to use different sources of supply to your clients' businesses?

Q6.

In general, compared to this time last year, (what) is the cash flow position of clients?

Q7.

In your experience has there been a change in the ability of clients to access external finance from banks and other sources over the last six months?

Q8.

In your opinion, to what extent would a fall in house prices affect your clients?

Q9.

In your opinion, how does the strengthening of the £ against the dollar affect your clients' businesses?

The November survey also asked about topics of particular interest to panellists.

To view the complete set of results for this and for previous surveys, follow this link:

www.ukbab.ac/UI/surveys.aspx

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