UHY

Prosper

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Helping you prosper

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In this edition of Prosper, we hope you find valuable insights and explore how businesses can adapt and thrive in the face of ongoing change.

Welcome to our ninth edition of Prosper

It has been quite a year since we released our last issue of Prosper. There have been significant economic shifts, with inflationary pressures gradually easing, yet leaving a lasting impact on household budgets and business costs. Interest rates have been a key focus for businesses and individuals alike, as the Bank of England carefully navigates the delicate balance between stability and growth for the country and its economy. This, coupled with the devastation caused by the ongoing conflict in the Middle East and Europe, ensured that 2024 was a year filled with transformation and challenges for both our society and businesses.

Perhaps the UK's biggest change in 2024 was the shift in the country's political landscape in July when Labour won the General Election. The new government has already brought in new priorities and policies that have begun to shape the economic outlook. October saw Chancellor Rachel Reeves present Labour's first Autumn Budget to Parliament. It intended to restore stability to our economy and to begin a decade of national renewal. A summary of the Budget and what it means for individuals and businesses has been provided on **page 10**, alongside a short commentary from Richard Stanley, tax partner in our Nottingham office.

As the Autumn Budget continues to dominate business and politics, UHY Ross Brooke's David Jones considers the key changes to Employee Ownership Trusts outlined by the Chancellor and the clarity these changes have brought. As well as simplifying the key changes announced in the Budget, this insight provides an easy-to-follow guide on what EOTs are, how they work and importantly, how they could work for your business and bring about prosperity. Find out more about this on **page 12**.

Continuing the focus on the Autumn Budget, Peter Tuffin examines the recent changes to the taxation of pension funds after the death of a member. He breaks down how these updates could impact estate planning and what steps you can take to protect your pension wealth for future generations.

Environmental, Social and Governance (ESG) initiatives continued to evolve as businesses of all sizes prioritised their commitment to this vital framework. On **page 8**, Harriet Hodgson-Grove, UHY's national head of ESG and partner in our London office, discusses how ESG is becoming a non-negotiable element of doing business. Whereas it has previously been more of a focus for larger organisations, the narrative is shifting as SMEs are now experiencing growing pressures to consider ESG. Building on this, emphasis is also placed on the benefits of SMEs embracing initiatives that can positively impact and make a real difference for both our planet and our organisations.

In this issue, we spotlight personal tax planning with insights from Adam Wing, financial adviser at our Nottingham office. On **page 14**, Adam explores investments in a world of higher Capital Gains Tax, while on **page 15**, he tackles the important question: could you afford to live to 100? Adam's insights give practical guidance in today's evolving tax landscape.

Here at UHY, we understand the importance of customer satisfaction and how client advocacy is the key to long-term success. Focusing on client and customer prosperity, Rhys Madoc, CEO of UHY International, considers on **page 20** how SMEs can become more client-centric and stand apart from competitors. If you're considering the various ways your business can become so much more than a service or product provider, this article provides insight into how this can be achieved, how you can become an integral part of your client's prosperity and how you can create lasting relationships.

If private equity is something you're interested in, but not quite sure where to start, Nick Carr, corporate finance partner in our Nottingham office, talks through what it means to work with private equity and considers the different reasons why it may be suitable for your organisation. Further prominence is placed on what you should look for from private equity and how it generates returns. You can read more about this on **page 22**.

In the latest of our interview series, we sat down with Powersheds CEO, Jack Sutcliffe, and gained insight into what it takes to build a successful company. From an initial idea in 2019 to a £15m turnover business three years later, Jack shares an inspiring story of exceptional growth, the resilience required to overcome challenges and the importance of innovation to deliver exceptional products. On **page 24**, you'll find how in such a short space of time, the founders turned Powersheds from a start-up to a market leader. It's an interview you won't want to miss.

National head of charities and not-for-profits at UHY, Tracey Moore, takes on this issue's sector spotlight, sharing key insights and actionable advice for charity trustees navigating today's complex and ever-evolving landscape. The article explores critical topics such as sustainability through ESG strategies, the potential of AI to drive efficiency and the importance of maintaining robust financial governance; as well as outlining upcoming financial reporting changes and guidance on crafting impactful trustees' annual reports. For a detailed exploration of the tools trustees require to thrive, visit **page 28**.

The UK government has announced two new taxes under Pillar 2, in an attempt to ensure tax fairness and prevent organisations shifting to low-tax jurisdictions. Namrata Choitram, senior corporate tax manager at our London office, provides a detailed breakdown of these new taxes and explains the importance of seeking expert advice in this area on **page 30**.

As always, this publication focuses on prosperity and its many guises. For our UHY network, it has been quite a year of prosperity, and you can read some of our 2024 highlights in UHY News on **page 32**, including our national and international rebrand, which has united our entire global network with a slick and inspiring new brand logo, colour palette and so much more.

On the topic of UHY prosperity, we also hear from London and Nottingham's managing partner, Subarna Banerjee, as we celebrate UHY Hacker Young London 's 100th anniversary. Read all about the rich history of UHY Hacker Young London and its future ambitions on **page 34**.

Last but certainly not least, we discuss our support for Dementia UK, our 2024-26 National UHY Charity. Find out more about this amazing charity, its history and the incredible work they do for individuals and families living with dementia, and how our fantastic teams are raising funds and awareness to support their vital services on **page 36**.

In this edition of Prosper, we hope you find valuable insights and explore how businesses can adapt and thrive in the face of ongoing change. If any of the topics covered prompt further questions, please get in touch with our relevant expert. We're here for you, and our team will be delighted to help your business prosper as we enter 2025 and beyond.

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The importance of ESG for your SME

The emergence of Environmental, Social and Governance (ESG) has rapidly evolved from niche considerations to essential priorities for businesses across many sectors.

In recent years, larger corporations have faced pressures to 'think and act greener', which has left many organisations grappling to show a genuine dedication to environmental causes. Some have been rightfully criticised for 'greenwashing' – creating the illusion of sustainability without enacting substantive changes. For others, the financial investment required to adapt policies, procedures and product services has proven to be an obstacle. Yet despite this, as climate concerns deepen and societal changes persist, businesses are under the spotlight to take meaningful action. However, the narrative is shifting from its initial focus on larger corporations. Increasingly, small and medium-sized enterprises (SMEs) are experiencing indirect, yet substantial, pressures to embrace ESG due to their position within supply chains and rising stakeholder expectations.

As larger corporations integrate ESG into their daily operations, their suppliers – including smaller businesses – are encouraged to align with these expectations. In simpler terms, ESG is becoming a non-negotiable element of doing business.

What is ESG and why does it matter?

ESG is a framework that can measure an organisation's impact on the environment, the important work being carried out to benefit communities and society and the transparent and accountable nature of its governance. While the broader concept of sustainability focuses on meeting present needs without compromising future generations, ESG offers measurable frameworks for businesses to act on those values. By focusing on governance structures, risk management and long-term strategies, ESG offers a roadmap for integrating sustainability into every facet of business.

Whereas traditional interpretations viewed ESG as an additional cost, many companies now recognise it as an investment that yields returns in the form of reduced risks, an enhanced positive reputation and even financial gains.

The growing demand for transparency

Today, stakeholders are placing unprecedented demands on businesses to provide transparent and credible ESG data. For SMEs, this will have significant implications.

In today's more ESG-focused world, businesses are looking for sustainable partners and are no longer satisfied with minimal compliance. Quite rightly, they now want to see clear, data-backed ESG initiatives that demonstrate genuine commitment and transparency.

As our collective awareness increases, both clients and employees are becoming more vocal about their expectations. Clients, in particular, are less tolerant of 'greenwashing' and want to partner with organisations that are committed to making a real difference for our planet, communities and future generations. Whereas employees, or prospective recruits, are seeking purpose-driven employers who align with their values. As an SME, aligning with ESG is not just about compliance but also about building trust and engagement with stakeholders and employees who not only influence their successes but play an active role in achieving those.

The benefits of ESG for your SME

SMEs that commit to ESG and embrace impactful initiatives can gain advantages across multiple areas:

Recruitment and retention - In recent years, attracting and retaining the best talent has become more challenging than ever. Recruits are increasingly selective, and rightly so, favouring organisations that share their values, provide a positive work environment and who play their part in making a tangible difference in our world. You can build a competitive benefit by implementing policies and initiatives that not only include ESG principles but also support your employee growth and community involvement.

An enhanced brand reputation - In today's competitive market, ESG-aligned SMEs can differentiate themselves from competitors, particularly in sectors where clients/customers are increasingly aware of social and environmental impact.

A strong ESG reputation can also open doors for you to partnership with larger organisations that prioritise responsible sourcing. Beyond this, by proactively adopting ESG into your daily operations, you will be better placed to compete with larger corporations to not only meet client expectations but also to position the business for future growth where ESG credentials are expected.

Meeting client expectations - The way consumers approach products has changed. Nowadays, they want to know that the businesses they buy from or partner with align with their values. SMEs that embed ESG into their organisations can differentiate themselves in crowded markets, building loyalty and attracting clients/customers who value transparency and an eco-friendly approach to service/product delivery. As a result, this can lead to deeper, lasting relationships that strengthen your business' longevity.

Financial performance - Research has shown that businesses that embrace ESG enjoy stronger financial performance in both the short and the long term, in part due to enhanced governance. Transparent and responsible initiatives and operations often lead to cost savings and efficiency improvements.

Access to financial and investment opportunities - Investors are more willing to support businesses that demonstrate a commitment to sustainability, recognising ESG as a sign of resilience. Therefore, with strong ESG credentials, you may find it easier to secure funding opportunities from those looking to make sustainable investments.

> Implementing ESG initiatives does not have to be overwhelming. By viewing ESG as a long-term investment, SMEs can change the narrative.

A positive mindset: transforming costs into investment

For many SMEs, the financial investment required to adapt policies, procedures and product services has proven to be an obstacle in their ESG journey. It may seem like a significant cost, when financial resources may be tight, but implementing ESG initiatives does not have to be overwhelming. By viewing ESG as a long-term investment, SMEs can change the narrative. Treating ESG as an opportunity to improve efficiency, reduce waste and strengthen relationships can help businesses gain a competitive edge.

Building a brighter future

Businesses of all sizes have a role to play in tackling environmental and social challenges. The power of ESG does not simply lay in an SME's ability to comply with ethical standards, but also in the potential to bring about positive change that has a lasting impact. By embedding ESG into the heart of your organisation, you can become catalysts for a more equitable and sustainable future.

By adopting ESG into your daily operations and services, you have the opportunity to position your business at the front of your industry, enhance your product services, strengthen relationships and establish a legacy of responsibility and sustainability.

As we embark on our ESG journeys, no matter how far down the path we are, it is essential to remember we are all evolving, adapting, learning and growing. Through collaboration and shared insights, we can empower each other to navigate this journey confidently. Together, we can build a brighter, sustainable future.

As businesses navigate the evolving ESG landscape of both measuring and reporting, ensuring accuracy and credibility in sustainability data is more important than ever - and we're here to help. To discover more about our ESG services, please get in touch.

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> By embedding ESG into the heart of their organisations, SMEs can become catalysts for a more equitable and sustainable future.

The Autumn Budget and what it means to you

When the Autumn Budget was announced by Chancellor Rachel Reeves last October, the country finally heard the government's vision for stability and economic growth. It was perhaps the most anticipated Budget in recent history as businesses had been braced for the 'painful Budget' the Prime Minister had warned of.

Fresh off the back of the Autumn Budget announcement, we worked on a summary to highlight the key aspects that may affect you and your business.

I am a 'working person'

As promised in the Labour party manifesto, the rates of income tax on all income types remain static until at least 5 April 2026. The rates of national insurance contributions paid by employees and the self-employed also remain static until at least 5 April 2026.

Recipients of the national minimum wage will see uplifts from April 2025.

However, many working people are also business owners, landlords and savers.

Employers are also being pinched in this Budget and may have no choice but to limit future employee pay awards or recruitment, creating an indirect impact on working people.

I am a business owner

If you have employees, it is important to note the significant changes that have been made in this Budget to both the national minimum wage and employers' national insurance contributions.

There will also be an increase in the rates of capital gains tax paid on business disposals in future, along with your business possibly triggering new and unexpected inheritance tax liabilities in the future.

I am a landlord

Income tax and corporation tax rates remain the same on rental profits. Capital gains tax rates also remain the same when you sell a residential property.

If your property currently qualifies as a 'furnished holiday let', the tax advantages associated with this will be removed from 6 April 2025.

If you buy an additional property, note that the Stamp Duty Land Tax charge has increased with immediate effect.

I am a saver

Generally, this Budget was not as tough on savings and pensions as we had feared. Income tax rates on savings and dividends income remain the same. Your individual Savings Account limits remain intact and pension tax reliefs remain available.

It will be important to watch out for the immediately increasing rates of capital gains tax on certain asset types, along with undrawn pension funds now being included in inheritance tax estate valuations.

The next step

The UK tax rules are wide-reaching and affect individuals and entities in different ways. The above are just some simple examples.

Please read our full **Autumn Budget Summary** to see all of the key Budget headlines and our commentary and, as always, please do reach out if we can help in providing personalised advice to you.

> This was already the most highly anticipated budget in a generation – but the scale of the changes is far more radical than most anticipated.
>
> The vast majority of these tax increases will fall on businesses – many of whom are struggling from high interest rates and years of high inflation.

Richard Stanley
Tax Partner, Nottingham

Key changes to Employee Ownership Trusts

The October 2024 Budget brought clarity to the Employee Ownership Trust (EOT) provisions, addressing potential misuse while supporting businesses that have genuine intentions. Key changes include a ban on offshore trustees, mandatory market valuations and a focus on long-term employee ownership.

For years, there has been debate over whether the noble aspirations of the EOT tax provisions were being abused. On 30 October, the Budget Notes provided clarity on HMRC's stance, although subject to the final legal drafting and Royal assent. The changes are mostly good news for those using EOTs within the original spirit of the law. However, they are less favourable for those intending to use EOTs with tax avoidance in mind.

What is an EOT?

The premise of the EOT legislation is to encourage a much wider participation in the ownership of an established and/or entrepreneurial company.

Could an EOT work for your business?

1. Do you have a cohort of reliable, established employees who share a vision for the company?
2. Do you believe the employees might be interested in being beneficiaries of a Trust that owns the company?
3. Would that interest be piqued if they could utilise future profits of the company to pay for the purchase of the company?

If the answers are yes, then utilising an EOT could be well aligned for you.

How does an EOT work?

Here is a simplified breakdown:

- You will agree on the value of the shares you wish to sell with the Trustees of a newly established EOT. Post-Budget, this value must now meet specific market valuation requirements.
- To transfer control of the company to an EOT, you must sell at least 50% of the company's total shares to the EOT. Once this is done, the Trustees of the EOT will manage and own the company on behalf of the employees.
- The agreed sale price can be paid using initial (typically, current balance sheet cash) and deferred arrangements (typically over two to four years), the latter out of the accumulating profits of the company.
- Employees will nominate representatives to sit on the board of the corporate trustees, having a direct say in how the company evolves and develops at the highest level.
- The current owners can remain in the structure, although not as controlling owners.

The essential drivers of EOTs are to promote the company's commercial success, employee wellbeing and future performance. If your goals align with these principles, the EOT structure could be a great fit. HM Treasury encourages the EOT structure by offering that the seller(s) of the shares secure a zero CGT charge on the gain arising from that share sale. In the future, the beneficiaries (the employees) will share the proceeds after tax from any later sale of the company, upon instruction.

Along the way, each beneficiary can receive an annual tax-free bonus of £3,600 (subject to NIC) as a very modest 'thank you'. However, it is the longer-term horizon that should be the main objective, including the beneficiaries driving the company's future success, receiving distributions from the Trust (funded by company dividends), and ultimately benefiting from any future sale of the company shares by the trustees - see Budget updates on the next page for further details.

What changed in the 2024 Budget?

HMRC has closed loopholes, and some mischief is now blocked, if you are after the beneficial UK tax perks.

Offshore trustees banned - The Budget changes included prohibiting the use of offshore corporate trustees. There can be reasonable commercial reasons for such a structure, but there was also undoubtedly exploitation of this – this is no longer the case for sales after 30 October 2024.

Trustee independence - There was also concern that a corporate trustee effectively controlled by the seller of the shares was just a little too cosy. As a result, it's important to consider this when designing the trustee structure in anticipation of a sale to new EOTs. Interestingly, we cannot find any decisive comment (at the moment) on the treatment of existing EOT arrangements. Tax commentators suggest that older structures may be allowed to keep the old rules.

Market valuation required - Valuation has also been addressed by HMRC. Previously, the tax legislation did not prescribe the need for a market valuation, although clearly something akin to market value should be agreed upon – remember, the trustees must be acting in the best interest of the beneficiaries. The new rules will make this a tax requisite under the EOT provisions.

Long-term ownership mandated - Longer-term ownership by the beneficiaries (the employees), must be your objective when using the EOT provisions. The new law will likely specify that, if the trustees sell the company within four years of acquiring it, then the seller will face a clawback of the CGT that was originally extinguished in their EOT tax claim. Similarly, during that four years all parties must avoid any disqualifying activity or events.

What should you do?

Please note that, although the postulated changes came into effect on 31 October 2024, we are at the stage of considering Budget Notes and draft legislation, currently still at Parliamentary committee stage. In addition, some tax press have mooted a possible grace period for the ordered unwinding of "non-compliant" structures we must wait to see. Therefore, rather than taking knee-jerk action, we highly recommend that you consult with your tax adviser to understand what all of this may mean for your existing or planned employee-owned company.

The next step

If you are interested in a new EOT, or want to discuss existing structures, please contact David Jones or, alternatively, speak to your usual UHY contact.

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Investment in a world of higher Capital Gains Tax

Investors face higher tax on investment gains after the rates of Capital Gains Tax (CGT) were increased in the Autumn Budget.

The Budget raised the main CGT rates to 18% or 24% (from 10% and 20%). This follows a cut to the CGT annual exempt amount (AEA) last year to just £3,000. This makes tax-efficient savings vehicles like ISAs and pensions more attractive as there is no CGT to pay on gains made in either wrapper.

Utilise pensions or sell shares

Other ways to potentially reduce future CGT liabilities include making additional contributions to pensions outside the CGT regime and making strategic use of the CGT AEA. If you are looking to realise a large gain, it may be worth selling shares in tranches over two or more years to utilise each year's CGT AEA, as it cannot be carried forward.

Offset against losses

Capital losses can offset capital gains, and losses can be carried forward indefinitely to offset future gains if reported to HMRC within four years of the end of the tax year in which the asset was disposed of.

Transfers of assets between married couples and civil partners are CGT free, so there is scope to arrange finances as a couple, potentially reducing the total tax paid. Owning assets jointly is also effective as any gain is split equally.

As always, take advice before making key decisions about your finances.

Please note: The value of your investment and any income from it can go down as well as up and you may not get back the full amount you invested.

Investing in shares should be regarded as a long-term investment and should fit in with your overall attitude to risk and financial circumstances.

Past performance is not a reliable indicator of future performance.

The Financial Conduct Authority does not regulate tax advice. Tax treatment varies according to individual circumstances and is subject to change.

Could you afford to live to 100?

The number of people reaching their 100th birthday is expected to treble over the next 25 years, raising a long-term financial planning challenge. How can savers ensure they have sufficient funds to maintain living standards through a potentially far longer retirement?

This problem was made significantly harder with the government announcement that it was cancelling planned reforms to long-term care funding in England, due to the cost.

Planning for the twilight years

This makes planning for the twilight years difficult. While people's spending on essential bills remains fairly constant through retirement, discretionary spending, on travel and entertaining for example, is higher in the early years of retirement, but typically declines as people enter their 80s.

However, it can rise steeply if care is needed, whether at home or in a residential setting. Building a decent retirement fund can provide flexibility through retirement, regardless of circumstances. It can help to save what you can while working to build up funds. Starting early means your savings benefit from compound growth. Retiring later, or working part-time in retirement, can help these savings go further.

Seeking advice when it comes to retirement income options is imperative. Annuities offer a secure income and will continue to be paid for life, however long that is, but may represent poor value if you die young. Drawdown, where funds remain invested, offers more flexibility but less security. Many will opt for a blend of the two.

Consider all your assets

It can also help to take a holistic view of your finances. For many people it is unrealistic to save enough to cover day-to-day living expenses through retirement plus potential care costs. Other assets, such as a property, could be sold to pay for care should the need arise.

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Pensions and inheritance tax: what the Budget changes mean for you

The recent Budget has introduced significant proposals concerning the taxation of pension funds after the death of a member. These changes, if implemented, could have far-reaching implications for pension savers, their beneficiaries and estate planning strategies. Below is a breakdown of what has been proposed and what it means for individuals and families.

Current system: A recap

Under the existing rules, pension funds are considered a tax-efficient vehicle for both retirement planning and inheritance. If a pension holder dies before the age of 75, their beneficiaries can typically inherit the remaining funds tax-free, whether as a lump sum or as income. After age 75, the inherited pension is taxed at the beneficiary's marginal income tax rate. Crucially, these funds are outside the scope of inheritance tax (IHT), making pensions a valuable tool for wealth preservation.

What's changing?

The Autumn Budget proposal introduces an IHT charge on pension funds passed on after death. This could effectively remove the "double protection" that pensions currently enjoy from both income tax (in some cases) and inheritance tax. Key points from the proposals include:

1. **Application of IHT** - Pension funds left to beneficiaries could now be treated as part of the deceased's estate for IHT purposes, subject to the standard 40% tax rate above the £325,000 nil-rate band.
2. **Broad scope** - The proposals are expected to apply to defined contribution (DC) pensions, which are currently the most common type of pension. Defined benefit (DB) pensions, which often do not leave large lump sums on death, might be less affected.
3. **Potential exemptions** - Discussions around whether pension funds used to provide income for a spouse or dependent might be exempt from the tax are ongoing.

> The UK's Autumn Budget has introduced significant proposals concerning the taxation of pension funds after the death of a member.

Implications for savers

The introduction of IHT on pension funds could significantly alter the financial planning landscape:

1. **Estate planning** - Pensions may lose some of their appeal as a tax-efficient inheritance tool, prompting savers to explore alternative strategies, such as gifting wealth during their lifetime or using trusts. Pensions could be subject to a 40% IHT charge and an income tax charge in addition when drawn.
2. **Shift in withdrawal strategies** - Individuals will now need to seriously consider drawing down their pensions earlier in retirement rather than leaving funds untouched for inheritance purposes. Maybe gift the tax free lump sum and hope to survive seven years and actually using the remaining pension.
3. **Increased complexity** - Beneficiaries could face more administrative burdens and potential tax bills when inheriting pension funds, particularly for high-value estates.
4. **Impact on retirement savings** - The proposals might discourage some individuals from maximising pension contributions, especially if the perceived inheritance benefits are reduced.
5. **Executors** - will have an obligation to liaise with pension fund administrators to determine the tax payable. Also as forming part of the estate they will need to consider the effect on the residential nil rate band.

What can savers do now?

While the proposals are not yet finalised, it's important to take proactive steps to safeguard your financial future. This includes:

1. **Reviewing your pension plan** - Understand how your pension is structured and how these changes could affect its value for your beneficiaries.
2. **Consulting a professional** - A professional accountant or financial adviser can help you assess your options, such as diversifying your retirement savings or updating your Will and beneficiary nominations.
3. **Staying informed** - Keep an eye on updates as the proposals progress through Parliament. The details may change, and exemptions or transitional arrangements could be introduced.

The need to prepare

The proposed changes to pension taxation mark a significant shift in the UK's approach to retirement and inheritance planning. This may reduce the level of funds held within the pensions wrapper and increase spending as members will be more likely to try to spend their pensions before death. Now is the time to evaluate your financial plans and prepare for a potentially more complex and tax-heavy inheritance landscape.

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JP Jenkins: the alternative venue for private companies

Over the 33 years since the platform was established, many household names have been supported by JP Jenkins through their capital journey. Companies coming to the venue are generally either in a growth phase, having been in operation in excess of three years, are at pre-IPO stage, or have been moving from AIM to JP Jenkins.

In its most recent development, the platform was acquired by leading fintech business, InfinitX. This move has taken JP Jenkins into a fully electronic trading platform as of March last year. Now, for the first time, sophisticated private investors can simply buy and sell shares on JP Jenkins through their own brokerage platforms in a similar way to trading and investing in publicly listed securities.

In this article, we take a look at this alternative trading platform and the reasons behind its increasing success and profile.

How does the platform operate?

For investors and shareholders, JP Jenkins is a matched bargain venue. Matched bargain trading systems are order driven, rather than quote driven, like public markets. Investors' offers to buy and sell securities are directly matched with each other.

All secondary share trading is fully authorised by the underlying companies who abide by the platform's rules, which are not as onerous as for publicly listed companies. Shares traded on JP Jenkins settle via CREST (the UK electronic settlement system), and can be held in investors' brokerage accounts where they have direct access to real time bids and offers on the venue.

The venue offers an efficient and cost-effective solution that allows the trading of securities, whether that be in the form of shares, warrants, loan notes or other options. JP Jenkins work with their clients to tailor a solution for them, be it open daily trading or on a timed auction model.

The platform has many benefits; companies that join have access to a robust distribution network, expanding their reach and raising their profile amongst potential investors and partners. There is clear and transparent reporting, pricing and visibility to enable private companies to build on the trust and support of their shareholders and, ultimately, the platform provides a secure environment for companies and intermediaries to trade, utilising existing market infrastructure, such as authorised brokers and other intermediaries.

Who does the platform attract?

JP Jenkins has worked with some fantastic companies over the years, from large blue chip British brands to substantial international football clubs. Currently, the platform is home to a number of exciting growth companies, including GS Verde, Thrive Renewables, Quantum Financial Holdings Limited and Cafédirect Plc.

There are also a number of notable clients who have chosen to leave the London Stock Exchange and make JP Jenkins their new home, such as Stanley Gibbons PLC, iEnergizer PLC, Hurricane / Prax PLC, E-Therapeutics and Superdry.

How easy is it to join JP Jenkins?

The set-up process is simple, with onboarding typically taking 4-6 weeks. As a starting point, initial discussions take place between the company and the platform's experienced team to evaluate the best solution.

JP Jenkins then run due diligence checks on the company, with a focus on reporting standards and audited accounts. All companies need to have their shares dematerialised and freely transferable in CREST; this is where the team work with the registrars to obtain the active ISIN code. On admission, JP Jenkins then release an international press release.

How has the venue been performing?

JP Jenkins are seeing continued investor demand for access to unquoted assets. Due to uncertainty and volatility in public markets, growth companies are staying private for longer whilst access to these assets remain largely in the hands of bigger institutions.

The JP Jenkins venue offers an opportunity for shareholders and investors to manage their portfolio of private investments effectively, including allowing opportunities to exit, where required. This in turn leads to greater recycling of capital and wider support for emerging growth companies.

Through the platform, investors also have the opportunity to access established growth companies and Pre-IPO businesses at the earlier stages of their life cycle with a better potential upside pre listing.

A route to exit

A review of the latest data by HMRC for SEIS and EIS shows a total of nearly £30 billion has now been invested into more than 53,000 companies since the schemes were created.

This is a similar story to venture capital and private equity investment outside of these investment schemes, where large funds are finding it difficult to manage their tail end portfolios with real requirements to find a liquidity/ exit solution.

A recent research paper 'Fortune Favours' survey from Charles Stanley gave insights from over 500 entrepreneurs, which shows that 48% of participants are without an exit strategy and 37% have no succession plan.*

It has been a tough time recently for those looking to exit the entrepreneurial stage in the UK. Recent increases in interest rates and the cost of living crisis have contributed to an environment where founders and owners must tread more carefully with day-to-day operations but also with timing exits and handing over the reins. However, this is a good time to plan.

Since 2013, there have been 5,899 exits by high growth companies. The last two and a half years have accounted for 38.9% of that activity. The reduction in exit activity in 2023 does not, however, signify a dead end, rather, it is an invitation to evaluate, strategise and align liquidity choices with a broader view.

Exits by high-growth UK companies benefit the individuals and organisations that make up the ecosystem. Early investors, such as venture capital firms or angel investors, realise returns that drive enthusiasm and free capital for reinvestment. Exits also provide liquidity for founders and employees, who can become angel investors to back new entrepreneurs creating a flywheel effect.

Beyond the purely financial redistribution of resources, exits also free individuals to pursue new ventures, channelling their experience into fresh entrepreneurial pursuits. A significant majority of the almost 6,000 exits in the last ten years - 96.3% were acquisitions, while a minority, 3.71%, took the route of initial public offering (IPOs).

This lack of companies choosing to list, coupled with a growing enthusiasm for foreign exchanges - 20.1% of high growth IPOs since 2013 occurred abroad - has fed into debates regarding the attractiveness of the UK's domestic markets. Despite these concerns, founders and leaders of high-growth companies continue to have options for successful exits that reinvigorate the UK's entrepreneurial ecosystem.

*Charles Stanley, August 2023

Interested in learning more about JP Jenkins?

If you want to know more about this fully electronic trading platform option for private companies, or have any questions, please contact Mason Doick, Head of Corporate at JP Jenkins at the contact details below.

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Client advocacy: how to make customers feel like partners

Everyone in business knows that our relationships with clients and customers are crucial. The closer those relationships are, the more successful both parties tend to be.

But in a world that is both digitally focused and increasingly competitive, providing good products or services is not, on its own, enough.

There may be five other businesses in the same city or region with similar technical skills or an identical product range. There may be 100. The difference between you then comes down to the concept of client advocacy.

Client advocacy is simply the notion that customer needs come first. When you nurture a client-first mindset, your customers naturally think of you as a business partner rather than simply a provider of services or products. In a B2B environment, their trust in your judgement will grow and they will seek your advice in relevant areas. You become an integral part of their success.

Another positive aspect of customer advocacy is that it produces mutually rewarding relationships. Your client uses your services, and you help to solve their business challenges. You refer customers to each other. You become ambassadors for each other's businesses.

All in all, client advocacy is the way modern businesses thrive, especially in the B2B space.

> In a world that is both digitally focused and increasingly competitive, providing good products or services is not, on its own, enough.

Become more than a service provider

So how do you become more client-centric, and tap into the benefits of these mutually supportive relationships? There are several ways.

Get to know your customer – inside out

Provide the products and services asked of you and then go further. Get to know your customer's business and the industry it operates within. Ask questions and talk to people in different parts of the organisation. In that way, you'll be able to tailor your service much more precisely to your client's needs and suggest better ways of doing things. At UHY our ethos is to be seen as advisers as much as service providers.

Understand customer motives

Different clients have different requirements. Some may want nothing more than a basic product or service, in which case deliver it supremely well. Others will be price-focused. And then there are those with more complex needs, who may appreciate your advice or an introduction to a valuable contact. Going the extra mile in these circumstances builds trust and confidence - the first steps on the path to long-term partnerships.

Encourage referrals

You may have many customers or clients in many different sectors – might any of them benefit from the services of another? Start connecting businesses in your network and you become the hub of a mutually supportive business ecosystem. At UHY, our global network is a good example of this, with member firms referring business to each other to better serve international clients.

Handle challenges professionally

Every relationship can occasionally be challenging. If you make an error or your service falls short in some way, act quickly and decisively. Listen to the client's concerns, investigate relevant systems and processes to find the source of dissatisfaction, and put measures in place to correct the issue. Long-term clients will rarely jump ship after an isolated problem, but they will want to see that you are efficient and proactive in solving problems.

Creating a client-centric mindset

Those are the kinds of steps that build client advocacy with a customer. But how do you entrench the idea of client advocacy in your business' DNA?

It begins with internal communication. For example, the account manager or client lead should have an in-depth understanding of your client and their challenges and ambitions, and that information should also be available to everyone in the service delivery team. Anyone who attends meetings with customers at any level should have something useful to contribute, based on specific knowledge.

After that, client advocacy is a case of tracking the success of your engagement and looking for ways to improve those statistics. If it's not the sort of service that automatically produces statistical data, ask for client feedback. Or ask for it anyway! What does your client think you are doing well? What might you do better? Even the process of asking will be seen as a client-centric activity, but you should also act on the results.

In the end, it is all about customer satisfaction. That needs to be a priority for your business, ahead of almost everything else. In a world where client advocacy is the key to long-term success, continually improving customer satisfaction scores are the most valuable indicator of success. It is a mindset that's deeply embedded in UHY's culture. It is something we all must embed within our organisations.

Rhys Madoc
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Working with private equity

Private equity (PE) is invested across a wide range of businesses and sectors. As a result, it has a significant influence on growing businesses, however, it can often be misunderstood.

What is private equity?

The British Venture Capital Association describes private equity as "medium to long-term finance provided in return for an equity stake in potentially high growth private companies".

Another way of looking at it would be "an investor who invests in private companies backing the management teams of those companies to deliver a growth strategy where management and private equity interests are aligned through equity ownership".

Regardless of how you define them, PE houses are professional investors and buyers of businesses. Theory suggests that trade buyers should be able to pay more for businesses because of potential synergies from combining their business with the target business (not available to private equity). However, PE has to compete with trade buyers on pricing and PE's professional approach to transactions results in them winning in competitive processes against trade and investing in a significant number of transactions each year.

Private equity firms raise finance from pension funds, insurance companies, family offices and high-net-worth individuals into a fund for PE to invest principally in private companies to support growth across a range of transactions for a range of reasons. The key factor is that private equity 'back credible management teams'. They support management's strategy and growth plans; they do not impose strategies on management teams, and they do not parachute their management in to run the business.

Why use private equity?

There are a range of different reasons for seeking PE investment with growth and equity value enhancement at their core. PE might be considered to support:

- **Management buy-out** – helping management acquire or grow their equity stake in the business they run
- **Cash out/equity release for an existing owner**
- **Succession planning**
- **M&A** – to support and fund an acquisition or a buy and build strategy
- **Growth/development funding** - to accelerate organic growth, to access overseas expansion, new markets, new products, or new service lines
- **A combination of the above.**

How does private equity invest?

PE invests in businesses to deliver equity growth as that is the main driver of their returns, however, the structure of their investment might be comprised of different elements including:

- **Loan notes or preference shares** – to which a coupon or interest rate return will be applied
- **Equity/ordinary shares** – with the objective of enhancing the equity value through growth

In most transactions, a PE investment will be a combination of both loan notes/preference shares and ordinary shares, although sometimes an investment might be made purely in ordinary shares. It is important that management and PE interests are aligned where possible, so management should be investing in similar funding instruments in the same proportions as PE.

At the same time as PE money is being invested, it is also likely that debt funding will be raised as part of the overall funding package for the transaction. Debt should always be considered as it is a cheaper form of funding than equity. However, the availability of debt will vary from business to business and will depend upon a number of factors including serviceability, the risk profile of the business and the reason the funding is required. Some funding risks will be considered as 'equity risks' and therefore to be funded by an equity investor such as PE.

What does private equity look for?

PE is backing the management team of a business, hence a strong management team + growth strategy + a track record of delivering growth = a combination for PE success.

As a rule of thumb, PE will look to double their money over the life of the investment across circa 3-5 years. Management needs to be able to clearly and succinctly explain their growth strategy and why they need PE investment to help support them. PE wants to see a management team committed to the future of the business, a team focused on growing the business and the equity value.

What should you look for from private equity?

This depends upon what is important to you. There are a wide range of PE houses to choose from. You will need to consider some of the following:

- **Size of investment** - how much are you looking to raise (in total including debt and level of equity)? Somewhat counterintuitively, there are fewer PE houses looking to invest in smaller (sub £10m) transactions than larger deals
- **A PE house focused on your sector or a more general approach**
- **A minority or majority investment** – too many businesses become engrossed with 'control' when the range of documents that sit behind an investment apply more elements to day-to-day control than the equity percentage even in a minority equity transaction
- **Hands-on v hands-off investor** – all PE houses will take a seat on the business' board and the vast majority will agree on the appointment of a non-executive director/ chairman with management as well. These appointments should be embraced, they are there to test and challenge management but also to share their experiences and knowledge. Non-executives and Chairmen should bring value to the boardroom, if they don't, they are the wrong appointment.

How does private equity generate its returns?

Private equity looks to double their money from a return. They might talk about a money multiple (of their original investment) or an IRR (internal rate of return) to measure success.

Their return is a combination of the growth and percentage applicable to the different elements of capital in which they invest:

- **Loan notes/preference shares** – these will have an interest rate/coupon applicable to them. This is likely to be 'rolled up' on an ongoing basis and only paid out upon an exit/sale of the business
- **Equity/ordinary shares** – this is the largest element of the return and will be generated upon an exit/sale of the business. This could be to a trade buyer, or it could be to a different PE house coming in to support the management team. As a professional investor, and with the majority of value being generated on an exit, PE will help to align strategic decisions to the impact they might have on the exit value and timing
- **Value can also be generated through deleveraging or paying down some or all of any debt funding raised for the transaction that would increase the equity value.**

If you are considering private equity and would like an initial, confidential discussion around your options, please contact Nick Carr.

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Achieving Prosperity: Powersheds Limited

In the latest of our **'We sat down with...'** series, we were joined by Jack Sutcliffe, CEO and co-founder of Powersheds Limited, the UK's most awarded garden shed company. Throughout the conversation, we discussed how (and why) the manufacturer was established, the unbelievable growth experienced since it was founded in 2019 and how professional partnerships have played a vital role in the organisation's successes to date, which includes a turnover in excess of £15m with a workforce made up of 80 team members.

Can you share some details about your background story and what inspired you to co-found Powersheds with Simon.

Yes, absolutely. Simon and I worked together at a previous employer within the sector for over a decade. During that time, we both made it our mission to become experts in our fields; for Simon, that was working his way up to lead production, while I advanced to lead all non-production aspects of the company. Together, our skillsets, knowledge and experience made us certain that we were capable of building a company that could bring something different and game-changing to the sector.

We knew there was a clear gap in the market for forward-thinking products that delivered what each customer needed. The old saying, 'one size does not fit all', felt very apt for our industry where most sheds were typically made in mass production, as opposed to being tailored to the individual customer's needs. Our insight into the market sparked the idea for Powersheds and gave us the chance to innovate the sector. We were focused on being better and doing better from the very beginning, which meant we were not only going to meet sector standards but exceed them. As well as this, we were (and still very much are) firm believers in being environmentally responsible, implementing sustainable practices and procedures, and delivering exceptional products that positively impact the environment.

What's the ethos behind the company?

Our ethos is to provide customers with unique, spacious and adaptable outdoor products that exceed expectations, delivering exceptional craftmanship and a speedy service to be proud of. Customer satisfaction is at the forefront of everything we do whether it's an individual looking to purchase a shed or a holiday and leisure organisation looking for a larger project to buy a range of our log cabins or summerhouses, we strive to be a premier manufacturer providing products that are built with care, attention to detail and a commitment to sustainability and the environment.

What do you believe are the key factors that have contributed to your organisation's growth?

Several factors have contributed to our growth and successes to date. First and foremost, people are really important to us, so we are constantly thinking about our customers: how can we deliver stress-free shed products that take the headache out of what was once a rigid sector? That was a vital question to us from the outset and, even now, five years since our launch this hasn't changed, and everything we create and deliver is with the customer in mind. Similarly, we are a people-first organisation, so our team members and stakeholders are at the heart of everything we do. Investing in employee training, engagement and career development programmes has helped us develop a positive work culture, which greatly influences all our operations.

Additionally, we take every intricate detail of our product manufacturing seriously and rigorously test each to ensure that all our customers' needs are met. This was something we prioritised from the outset. Both Simon and I, having worked in the sector for a long time before founding Powersheds, were well aware of the issues troubling the industry. Together, we made it our mission to compile a list of issues and incorporate solutions within the design and build of our products that eradicated every single one of these problems. For example, as people had previously complained about the styrene plastic windows used in the sector, we developed a solution to put tougher glass in our sheds.

I think the biggest change we made for the sector, and what has been instrumental to our success, was that we changed what was typically a six-week delivery wait to one day with the launch of our adaptable products. For example, if we consider the most popular shed on the market when we began trading, its size of 8ftx6ft made it difficult to deliver with it being a large product. To tackle this, we designed an innovative modular shed, splitting the 8ft side into two 4ft sections and the 6ft width into 4ft and 2ft sections, making it not only easier to manufacture but, more importantly, much easier to deliver. We made it possible for a customer to order an outdoor shed and have it delivered with virtually no wait time.

What are the biggest challenges Powersheds has faced since its launch in 2019?

It is always going to be a daunting process launching a business, and you do have to anticipate that hurdles will arise as you're learning things from scratch; things you'd never really considered before opening up your own company. From mastering financial systems, marketing and sales strategies, HR procedures, supply chain management, and so much more, every day was a learning curve at the beginning of our journey. On top of this, my wife and I had just welcomed our first babies, a set of twins, which made me question whether this was the right time. Both Simon and I had made the decision to step away from stable and successful jobs to launch Powersheds, so there was a definite period of doubt and worry. Yet despite that, we did believe in what we were doing and knew the company had the potential to transform the sector.

Perhaps the biggest challenge we have faced as an organisation so far was the global Covid-19 pandemic less than 12 months after we launched. It was a scary time for everybody, but in our sector specifically, COVID-19 led to a lack of resources and materials available, which meant every business faced supply chain disruptions that impacted manufacturing and production. At the time, everybody was stuck at home and wanted to do their gardens, starting with their sheds or outdoor spaces. Whereas most shed companies took every order possible to try and benefit themselves, thankfully, we decided to do something different. We stopped taking orders and focused solely on our trade customers – garden centres across the country, for example. We sold our products through them, which supported their businesses. It didn't make us much short-term profit in the way everybody else was trying to take advantage of the situation, but it did help us build long-lasting partnerships that have been instrumental to our successes in the years since.

How important have your networks and partnerships been in the growth of your business? Are there any specific collaborations that have played a significant role?

The networks and partnerships we have built over the years have been vital to the growth of Powersheds. Some in particular, like the long-standing relationship we have established with UHY BPR Heaton, have been involved since before the company was launched, and have played a vital role in supporting us to get where we are today.

When we first met Stephen Hinchcliffe from UHY, our plans to start the company were very much in the formative planning phase. We knew our idea to develop modular garden sheds was unique at the time, yet we were still unsure of exactly where to start. After extensive discussions with Mark and his team, we felt ready to take the leap and turn our plans into a business. In the first month of trading, we sold 14 sheds on eBay, manufacturing, painting and dispatching the finished products ourselves. Within a year, we were doing 300 sheds per week with 36 staff. By year three, we were selling 600 sheds per week with a workforce of 80 team members.

From the start of Powersheds, Stephen and his team have played an important role in helping us lay solid foundations for the company. In the early days, Gordon Gruppetta from UHY provided ongoing bookkeeping training sessions to ensure I had the skills to fully understand and manage our financials. Since then, the team has helped to transform our financial systems, transitioning from rudimentary spreadsheets to comprehensive software suites, complete with stock control and order processing systems.

The most significant role UHY has played in our growth was providing ongoing assistance in discussions with venture capital firms to assess the appetite for the business. This led to some fantastic offers from investors and, eventually, we struck a deal with BSW Group, who joined us on this unbelievable journey and propelled the company to successes we'd only dreamed of in the early days.

As you have just discussed, Powersheds has a long-standing collaborative partnership with our Leeds firm, UHY BPR Heaton, and you also appointed another UHY office as your external auditor. How have you found the experience working across our two different offices?

Appointing UHY as our external auditors was a really easy decision to make. We already knew how reliable and knowledgeable UHY was as a firm from our partnership with UHY BPR Heaton, so we had high hopes for our collaboration with another office – and it hasn't disappointed us. As auditors, it has been a seamless process, and the team has been on hand every step of the way with the right information and guidance to ensure a smooth audit.

Beyond auditing, the team has been instrumental in advising and supporting our international growth. In the post-Brexit landscape, where many UK-based firms face challenges in new markets, they have guided us to remain legally compliant to trade in Ireland, allowing us to offer our products to a wider audience. This relationship is already expanding, as we are now looking at other international markets to enter. We are confident this is the natural next phase of Powersheds, and we know UHY's support will be invaluable throughout this next chapter.

What is next for Powersheds?

At Powersheds, we are constantly thinking about what's next and how we can expand our products to continue to meet the ever-evolving needs of our customers. We are moving forward, diversifying what we do but keeping sustainability at the heart of our operations and products. When we launched, we set new industry standards and made a positive impact, we're focused on building on that.

To discover more about Powersheds and their products available, please visit:
www.powersheds.com

Sector spotlight: key considerations and tips for charity trustees

Many of our clients serve as charity trustees, applying their business expertise to meaningful causes while gaining valuable experience in governance and strategy. Serving as a trustee is not only personally fulfilling but also represents an excellent opportunity to broaden professional networks and strengthen board-level skills, particularly in areas like financial oversight and strategic decision-making.

With recent reports from the National Council for Voluntary Organisations (NCVO) indicating that four in five charities have at least one vacant board position, trustees are navigating a complex landscape filled with both challenges and opportunities for growth and impact. Below, we outline some of the key issues in the charity sector and provide practical tips to help trustees and charity leaders address them effectively.

Building sustainability and embracing ESG principles

Sustainability and ESG (Environmental, Social and Governance) are now central to long-term viability in the charity sector. Charities can play a unique role in advancing Net Zero goals by assessing their carbon footprint, setting measurable targets and adopting sustainable practices. Not only do these efforts benefit communities and the environment, but they also appeal to new donors, employees and funders.

Tip: Develop a clear ESG roadmap. Start by evaluating your charity's current environmental and social impact. Engage donors, volunteers and employees to build support and identify priorities. A robust ESG strategy can help manage risks while opening new opportunities. As part of our commitment to helping clients prosper, our London office has partnered with ESG specialists Omnevue to offer comprehensive carbon reporting and ESG review services. Please contact London office partner Harriet Hodgson-Grove at **h.hodgson-grove@uhy-uk.com** for more information.

Adopt AI responsibly

While Artificial Intelligence (AI) may seem daunting, it offers significant potential for charities. From automating routine tasks to enhancing donor interactions, AI can drive efficiency and effectiveness, leading to clearer insights into areas such as funding, spending and improved budget controls. However, it's essential to approach AI carefully to avoid pitfalls like algorithmic bias or data misuse.

Tip: Start with small AI projects, such as chatbots for common donor queries or tools for managing grant applications. Monitor these tools closely to ensure alignment with your mission and ethical standards.

Enhancing financial resilience and oversight

Trustees play a critical role in sustaining the financial health of a charity and effective financial governance and resilience are essential for long-term success. Regularly reviewing budgets and cash flow as 'living documents' supports strategic decision-making. Cloud-based tools, such as Xero, can offer real-time insights and streamline areas such as budgeting, grants and donation management.

Tip: Encourage all trustees to engage with financial data. Regularly update budgets and financial projections to stay responsive to changes. When reviewing finances, consider questions such as: Are income streams and fixed costs clear? Do services align with mission objectives? How is liquidity managed in balance with reserves?

Keep abreast of financial reporting changes

There are several financial reporting changes on the horizon, including a number of amendments to FRS102 (exposure draft FRED 82) and the new Charities SORP. Significant changes include a new revenue recognition model and updated lease accounting rules requiring most leases to appear on balance sheets. These updates aim to improve financial clarity and accountability but may add complexity, especially for smaller charities. The SORP Committee's focus is to make the guidance more accessible and proportionate, benefitting trustees, particularly those without formal accounting backgrounds. The proposed changes will become effective for accounting periods commencing on or after 1 January 2026.

Tip: Familiarise yourself with these changes early, consider attending consultations and discuss them with your charity's adviser to ensure smooth adaptation. If your charity is a UHY client, our team will meet with you well in advance to address any required disclosures.

Craft an impactful trustees' annual report

The trustees' annual report is more than compliance; it's an opportunity to authentically showcase the charity's objectives, achievements and future goals. This report should tell an authentic story that ties together the financial statements and narrative elements, providing context on how resources are used to fulfil the charity's mission. The report should acknowledge not only successes but also challenges and areas for improvement to build trust with supporters. Clear metrics, real-world examples and stories of change show how a charity's work makes a tangible difference.

Tip: In the financial review, describe income sources, liabilities and how reserves support future plans. Balance transparency about successes and challenges. Use real-life examples to showcase impact and outline plans to address any concerns.

Engage a new generation of supporters

Gen Z, known for its digital fluency and values-driven approach, will become an increasingly important force in philanthropy. Charities need strategies that appeal to this group's desire for transparency, activism and purpose-driven engagement.

Tip: Focus on purpose and transparency by clearly communicating how donations are used, spotlighting specific projects and sharing regular updates to build trust. Use social media platforms like Instagram and TikTok to share short, authentic stories and behind-the-scenes content that feels relatable and real. Offer ways to engage beyond donations, such as digital campaigns or social media challenges, to resonate with Gen Z values.

Final thoughts

While charities today face complex challenges, they also have unique opportunities for growth and impact. Trustees who prioritise ESG, embrace digital tools and strengthen financial resilience will be well-positioned to make a lasting difference. If you would like to discuss your role as a charity trustee or need advice on financial governance, our charity experts are here to help.

Alternatively, if you would like to read more in-depth insights from our charity experts, you can download our **2024/25 Charity & NFP Outlook** on our website.

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Understanding the Pillar Two tax framework for international businesses

In October 2021, over 135 countries, including the UK, agreed to implement a global minimum corporate tax rate of 15% as part of Pillar 2 – the Organisation for Economic Cooperation and Development (OECD)'s framework applicable to multinational enterprises (MNEs) with revenues exceeding £750 million. If your company operates as part of an MNE, the following changes will be applicable to you.

This new initiative ensures that MNEs pay at least 15% effective tax rate on their profits in each jurisdiction where they operate. MNEs operating within the UK must ensure compliance with the new requirements.

Implementing Pillar 2

The adoption of these Pillar 2 model rules, known as the Global Anti-Base Erosion (GloBE) rules, form part of the UK's commitment to the global initiative against Base Erosion and Profit Shifting (BEPS). It is a significant step towards ensuring tax fairness and preventing profit shifting to low-tax jurisdictions.

The UK government has announced two new taxes under Pillar 2, which align closely with OECD model rules, ensuring recognition as a qualifying regime by other territories. The two new taxes, applicable to accounting periods that began after 31 December 2023, are:

Multinational Top-Up Tax (MTT)

- MTT requires all groups with both UK and non-UK entities with consolidated revenue of £750 million to register with HMRC.
- A charge may arise on UK parent members within such a group, where a UK parent member has an interest in an entity in a non-UK jurisdiction, and the group's profits arising in that jurisdiction are taxed below the minimum rate of 15%.

Domestic Top-Up Tax (DTT)

- DTT requires all groups with UK entities with consolidated revenue of £750 million to register with HMRC.
- A charge may arise on UK members within a domestic or MNE group where UK profits are taxed below the minimum rate of 15%, topping it up to this minimum rate.

The effective tax rate (ETR) for each jurisdiction is calculated by dividing the covered taxes paid by the MNE by the net income in that jurisdiction. This includes current taxes on income, deferred taxes and other taxes on profits.

Administration, reporting and compliance

Registration - Relevant groups must register with HMRC within six months of coming into scope of the Pillar 2 rules. For example, if your group has a 31 December year-end, registration must take place by 30 June 2025. Upon registration, you will be issued with a Pillar 2 reference number, which will be required for all subsequent correspondence with HMRC.

Returns submission - An annual self-assessment return is required to report details of the group's MTT and DTT liabilities. Either an annual domestic information return or overseas return notification must be submitted to HMRC within 15 months after the end of the accounting period (extended to 18 months for the group's first return).

Things to consider

It is essential to determine whether your group meets the revenue criteria. If Pillar 2 applies, the nominated UK company will be required to register with HMRC by 30 June 2025 for the accounting period ending 31 December 2024.

Please note, registration is required even if no tax is payable.

If you are unsure whether Pillar 2 applies to your group or would like assistance with compliance, please contact Namrata Choitram or your usual UHY adviser for guidance.

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Our UHY news

2024 was a busy year for UHY. As a collective, we've felt great pride at what's been achieved and the milestones we've reached, and there's been a real sense of excitement and buzz across the network (nationally and internationally) as we've looked ahead to the future and developed and launched our new brand identity – an embodiment of where we have been in our history and where we hope to go with our ambitious growth plans. As with every year, our experts remained committed to clients, sharing knowledge and giving professional guidance and services to ensure prosperity for all.

We're thrilled to share some key updates from 2024 with you.

A new home for UHY Chester and an exciting new appointment

Earlier in the year, UHY Chester moved to new premises in the heart of the city centre as part of its long-term growth strategy. The firm, with its impressive 150 year heritage, has been a longstanding supporter of local businesses and has established itself as the accountant of choice in the area. The new office, based in Merchants House on Crook Street, signals a new era for the firm as it looks to grow its business and dynamic team.

Additionally, our Chester office had other reasons to celebrate; notably, the appointment of Richard Smith as a new Director. A well-deserved appointment.

Two new partners at UHY's London and Nottingham firm

UHY London was thrilled to announce that Charlotte Tappin, former HR Director in London and Nottingham, has been promoted to Partner. Over her 14 years with UHY, Charlotte has been instrumental in shaping our HR strategies, recruiting top talent and driving a culture of growth and inclusivity. Her dedication to excellence and her impact on our team's success makes this promotion so well-deserved.

There was more exciting news from UHY Nottingham in August with the announcement that Nick Carr was joining the firm as a Partner in its corporate finance practice. Nick joins from one of the UK's Big Four firms and brings with him over 25 years of experience advising entrepreneurs, owner-managers, family-owned businesses and private equity houses on a range of M&A and other corporate finance transactions. He has a wide range of experience advising on both acquisitions and disposals together with equity and debt fund raises.

Partner promotion in Birmingham

Our Birmingham office also had cause to celebrate with Matthew Stephens' promotion to Partner. Since joining the firm in 2016, Matthew has shown his expertise across a range of sectors. From leading commercial audits and advising large corporate clients to providing management consultancy, his contributions have been invaluable. He has also played a pivotal role in delivering academy services. Congratulations to Matthew on this well-deserved achievement.

Four director appointments in London and Nottingham

This year, our London and Nottingham firm celebrated the promotion of four exceptional individuals to directors.

Skevi Iacovou was promoted within the turnaround & recovery team at our London office, where she has over ten years' experience, specialising in advising on corporate insolvencies from owner-managed businesses to SMEs. Her appointment to director has seen her now taking on her own appointments.

Another London promotion was Irfan Topia who works in the corporate finance department and advises businesses on transactional requirements such as valuations and private equity deals. His prior experience at a Big 4 firm set him in good stead to deliver a hands-on and pragmatic service.

Salima Visram, who joined UHY in 2012 as a business advisory graduate trainee, has been promoted to director in the business advisory services department. For the last twelve years, she has worked in the service charge team, auditing and preparing accounts on residential service charges.

In our Nottingham office, Julie Parry has been promoted to director in the audit team. She has worked at UHY since 2005 across several sectors including charity, leisure, construction and IT.

UHY rebrand

At the end of October, we were delighted to unveil our new UHY brand identity as part of the global refresh across our UHY International network. Our UK and US firms were founding members of the network almost 40 years ago, and were part of the driving force behind the current rebrand.

The new brand identity – including a bold new green colour scheme and logo – is a major departure from both our previous branding and the traditional branding that is commonly associated with the accountancy profession. The vibrant greens of the colour palette reflect our strength, prosperity and appetite for growth – not just of UHY, but our clients too. It also reflects our growing focus on ESG and sustainable practices.

Our new visual identity includes a bold shield icon, symbolising our agility in meeting client needs and the protection we offer our clients. As we pursue our ambitious growth goals, our new brand will play an important part in helping us achieve those successes.

Charity sector success for UHY

Towards the end of the year, we received exciting news about our work within the charity sector. In Civil Society's 2024 Charity Finance Audit Survey, 100% of clients participating awarded UHY full marks for our overall service levels, placing UHY in first position in the magazine's 'Charity Auditor Awards 2024' shortlist. This recognition highlights the incredible work of our charity and not-for-profit team and their dedication to helping the sector prosper. We would like to thank all our clients that took part in the survey for their positive feedback.

Tracey Moore, Head of our National Charity and NFP Group, shared: "I want to thank all our clients for their positive feedback. The charity sector is fantastic and one we are immensely proud to work with. It's a privilege to lead UHY's national charity and NFP team and know how passionate our people are about supporting the sector and delivering standout service. This recognition in the Charity Finance Audit Survey underscores their hard work and dedication".

A journey of prosperity: Celebrating 100 years of UHY Hacker Young

As our London and Nottingham firm reaches its centennial year, now is the time for celebration as we reflect on our amazing journey over the last 100 years and as we consider what lies ahead for the next 100 and beyond.

The journey of our London office began in 1925, with a simple and yet impactful mission: to help people facing financial challenges get back on their feet with the right support and guidance.

This formed the foundations of our purpose – helping you prosper – a purpose that has always been at the heart of everything we do. As we look back over the past century, it's clear that this commitment to people and communities has been integral to our success and longevity.

> From a single office on Chancery Lane to a global network spanning nearly 100 countries, our journey over the past 100 years is a testament to the power of staying true to our purpose."

1925: The founding years

Our story begins with two school friends, Johnny Rubens and Mark Hacker, who founded Hacker Rubens & Co. on Chancery Lane in London in 1925. This venture between friends quickly gained a reputation for excellence, with a core focus on helping people and businesses navigate financial difficulties. This dedication of our founders is best showcased through their actions during the Blitz in the Second World War when bomb damage threatened client documents. Despite the risks, Mark Hacker took immediate action and relocated vital records to Leicester, ensuring the safety and continuity of our clients' businesses during this time of crisis.

This level of service and drive to put others at the heart of everything laid a solid foundation for the firm's growth. In the years that followed, strategic mergers followed, bringing together areas of expertise, particularly in property and turnaround and recovery – areas that remain central to our services today. As we grew, we never lost sight of our mission to put people first and provide support and solutions in their time of need.

1960s: Milestones in growth

The 1960s marked a pivotal period in our evolution. In 1961, Stuart Young joined the partnership, bringing a new wave of energy and ideas that would help drive the firm forward. By 1973, the firm rebranded to Hacker Young, reflecting our broadened vision and expanding client base.

The opening of our Nottingham office in 1966 was another key milestone. This office became the cornerstone of our regional presence in the East Midlands, and today, it serves over 1,500 clients. This early expansion set the stage for what would eventually become the UHY UK network, laying the groundwork for national growth.

The move to St Alphage House and our international expansion

In 1968, we moved to St Alphage House in Moorgate, where we remained for 40 years. This move symbolised our ambition to continue evolving in a changing world.

In 1986, we took another monumental step forward, co-founding the international network of Urbach Hacker Young International (UHY) alongside Urbach Kahn & Werlin, a US-based firm from New York. The creation of UHY was driven by our clients' growing global needs, and by 1989, the network had expanded to 16 countries, including Singapore, the Netherlands and Germany. Today, UHY is one of the top 20 global networks, with over 330 offices in nearly 100 countries, from California to Mongolia. This international reach has allowed us to offer a seamless, internationally connected service to our clients, no matter where in the world they do business.

A new millennium and a unified UHY UK network

As our international network expanded, so too did our presence in the UK. The early 2000s were a period of substantial growth, leading to a significant development in 2004: the adoption of a new corporate identity. By uniting all member firms under the UHY prefix, we strengthened our collaboration across the UK and internationally. This move ensured we were able to offer clients a consistent, integrated service across all offices, delivering expertise from across the country.

Since the 1980s, our UK network has grown from just three offices to a comprehensive nationwide network today, with over 900 professionals working together to help clients, teams and communities prosper. Our expertise spans a variety of sectors, including academy schools, charity and not-for-profit organisations, natural resources and property. UHY has become trusted advisers to businesses of all sizes, from publicly listed companies to owner-managed businesses and high-profile charities.

A legacy to be proud of and aspirations for a bright future

As we celebrate 100 years, we are proud of the firm we have become. While our foundations – putting people first, being ambitious and staying true to our values and behaviours – have remained constant, we are committed to living our purpose more fully than ever before. Our commitment to ESG, EDI and the wellbeing of our teams has not only enriched our culture but set us on a path for sustainable growth.

We commenced our 100th-anniversary celebrations in late October, with a party at the iconic Madame Tussauds in London. The event united clients, contacts and delegates from 60 countries attending the 2024 annual conference of UHY International. The evening was certainly one to remember; to look back on where we have been and to consider the promising paths ahead for the future.

From a single office on Chancery Lane to a global network spanning nearly 100 countries, our journey over the past 100 years is a testament to the power of staying true to our purpose. We're proud of the impact we've made, the clients we've supported and the communities we've helped. As we look to the next century, we remain committed to helping people prosper – just as we have since 1925.

UHY support Dementia UK 2024-2026

UHY is proud to support Dementia UK as our national charity for 2024-26. Unlike previous years, we have made the collective decision to extend our charity partnerships from one to two years; allowing us to commit more time and generate more momentum into our many initiatives, whilst also allowing more scheduling freedom to organise our national charity fundraisers.

Dementia UK and its mission

Dementia is one of the biggest health challenges of our time, with one individual in the UK developing it every three minutes. Dementia UK is a specialist dementia nursing charity that is there for the whole family during this tough time offering much needed support that makes a real difference.

Established in 1995 by the wife and daughter of Joseph Levy CBE BEM, Ninot Levy and Jane Jason, both practising mental health nurses, Dementia UK was created in response to the urgent need for specialised dementia care in the country. Joseph had been diagnosed with vascular dementia, and his love for sailing and nickname, 'Admiral Joe', inspired the creation of the Admiral Nurses. To this day, the nurses specialise in providing expert support for families and unapparelled care for people living with dementia, offering emotional support and tailored care plans, becoming the cornerstone of the charity's work.

Early on, the charity focused on building partnerships with the NHS and local health authorities to expand the reach of their important work throughout the country. Over time, the charity gained recognition for its innovative approach to dementia care and by the 2000s, Dementia UK had significantly increased the number of Admiral Nurses, with 376 as of 2022, and developed various helpline services and online resources.

Today, Dementia UK continues to grow, working across the UK to support more and more families by recruiting new Admiral Nurses and ensuring that no one faces dementia alone.

Our fundraising efforts so far

At UHY, our fundraising efforts are well underway, with a strong start thanks to amazingly generous donations from our team members during UHY's 2024 National Conference in Birmingham. After an inspiring speech from a charity representative outlining the fantastic work done by the charity, which also shed light on a few families' experiences living with dementia, over £7,000 was raised that evening alone!

Here are a few other notable efforts so far from our team.

- Gareth Burrow, a senior manager from our York office, completed the Yorkshire Wolds Ultra in July. The ultra-marathon is a circular route spanning 54km in distance with climbs totalling 4,100 feet. This was Gareth's first time completing an ultramarathon, making it an even more impressive feat. He raised close to £500, a truly amazing effort.

Gareth completing the Yorkshire Wolds Ultra marathon

- A dedicated team from our Kent offices completed the UHY Bike Challenge in early September. The team cycled an impressive 37.5 miles from Sittingbourne to Broadstairs, raising a total of over £1,000.
- Towards the end of September, seven dedicated runners from our Nottingham office took part in the Robin Hood Half Marathon. Our team did an excellent job, some of them even beating their previous year's time by an impressive ten minutes! They raised over £800, another fantastic amount contributing to our total.
- In November, Andrew Snowdon, tax partner in our London office, completed a remarkable journey up Mount Everest to raise funds in support of Dementia UK. After a week of gruelling trekking, and a particularly difficult final stretch because the path to Base Camp was blocked by landslides, Andrew accomplished this amazing goal and raised an impressive £3,580 in the process.

These are just a few of the ways our UHY team members have been working to raise money for our national charity. With well over a year of keeping Dementia UK at the heart of our charitable endeavours, and our National Challenge fundraiser still to come, the sky is the limit for the positive impact we can have on families and those facing dementia around the country.

Our Kent team getting ready for their Bike Challenge

Members of our Nottingham team take on the Robin Hood Half Marathon

Andrew waving the UHY flag at Everest Base Camp

UHY in numbers

A purpose-led uk accounting group

96
partners

20
offices across the UK

720
professionals

Ranked: *

18th

by number of AIM listed audit clients

*Latest Corporate Advisers Rankings Guide

UHY

Founder member of UHY, our international network

more than 330 offices

in almost 100 countries

Some of our recent publications

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Helping you prosper