

Written 29 August 2022

## Business News Scotland

Welcome to our round-up of the latest business news for our clients. Please contact us if you want to talk about how these updates affect your business. We are here to support you!

### How much is my business worth?

This is a question many of our clients want an answer to! The truth is, it depends on a range of factors and any valuation is only helpful as a guide for planning forward. The ultimate value of a business is the price a willing buyer is prepared to pay for it.



The prevailing economic climate and state of the business' sector can affect company valuation for better or worse, as can your reasons for selling. For instance, if you need a fast sale due to ill health, the value may be lower than if a sale was taking place under more favourable circumstances.

Valuing a business is a complex process and we are available to support you throughout.

So what are the most common methods of valuing a business?

#### Price to earnings ratio (P/E)

The price to earnings ratio uses multiples of profit, so this may be an appropriate valuation method if you own a well-established business with a good track record of profits. 'Price' refers to the company's current share price and 'earnings' refers to the

earnings per share (EPS). The P/E ratio indicates the business' expected growth in earnings per share in the future.

#### Discounted cash flow

Discounted cash flow relies on estimating future cash flows and a residual business value, and may be suited to businesses with few assets.

#### Entry cost

Entry cost valuation involves calculating how much it would cost to build your business to the stage that it's reached now, including startup and recruitment costs, marketing, and the value of assets. Any savings that could have been made should then be deducted to arrive at the valuation.

#### Asset valuation

The asset valuation method may be suitable if your business is well established and owns high levels of tangible assets. The Net Book Value (NBV) of assets is calculated and then adjusted to account for external factors such as depreciation and inflation.

#### Valuation based on industry

Some businesses are valued based on the industry in which they operate. The retail industry is one example, where the number of outlets is an important element for consideration. Industry 'rules of thumb' use factors specific to an industry and can provide a more accurate calculation in some cases.

#### Other considerations when valuing your business

Intangible assets are a key factor when valuing a business. Intellectual property, goodwill, business reputation, and even a premium business location can all add considerable value in the eyes of potential purchasers.

Spotlighting these intangible assets also allows you to improve their value where appropriate. For example, registering ownership of a trademark or patent, building up their reputation even further or improving the condition of their premises.

Please talk to us about valuing your business as this can lead to a range of important considerations and actions.

### **HMRC Customs Update – Take action now to continue importing goods**

If your business imports goods into the UK, then you need to move to the Customs Declaration Service (CDS) now. If you do not, you will not be able to import goods into the UK from 1 October 2022.

Even if you use a customs agent to help you with customs declarations, there are still actions you need to take. You will need to:

- Subscribe to the Customs Declaration Service.
- Choose a payment method.
- Check your standing authorities are correctly set up.
- Give your customs agent or broker customs clearance instructions.

It can take a few weeks to move the CDS, so you should subscribe as soon as possible.

HMRC's [trader checklist](#) will help you make sure you've taken the necessary steps.

You can set up a [standing authority](#) on the Customs Declaration Service on your customs financial account. You can also change, add or delete these in the same place.

By 30 September 2022, you need to [set up a new Direct Debit Instruction](#) for the Customs Declaration Service if you use a duty deferment account. If you do not do this, you will not be able to use your duty deferment account and will need to make immediate payments each time you make an import declaration.

See: [Customs Declaration Service - GOV.UK \(www.gov.uk\)](#)

### Latest HMRC advisory fuel rate for company cars

HMRC has announced their suggested reimbursement rates for employees using a company car for private travel. The suggested rates from 1 September 2022 are summarised in the table below. Where there has been a change, the rate for the previous quarter is shown in brackets. Remember that the fuel benefit does not apply if all private fuel is fully reimbursed by the employee/director.

Engine Size	Petrol	Diesel	LPG
1400cc or less	15p (14p)		9p
1600cc or less		14p (13p)	
1401cc to 2000cc	18p (17p)		11p
1601 to 2000cc		17p (16p)	
Over 2000cc	27p (25p)	22p (19p)	17p (16p)

If the employer's policy is that they do not pay for any fuel for the company car, these are the amounts that can be reimbursed to the employee (for qualifying business journeys) for the payments to be tax-free. You can continue to use the previous rates for up to 1 month from the date the new rates apply.

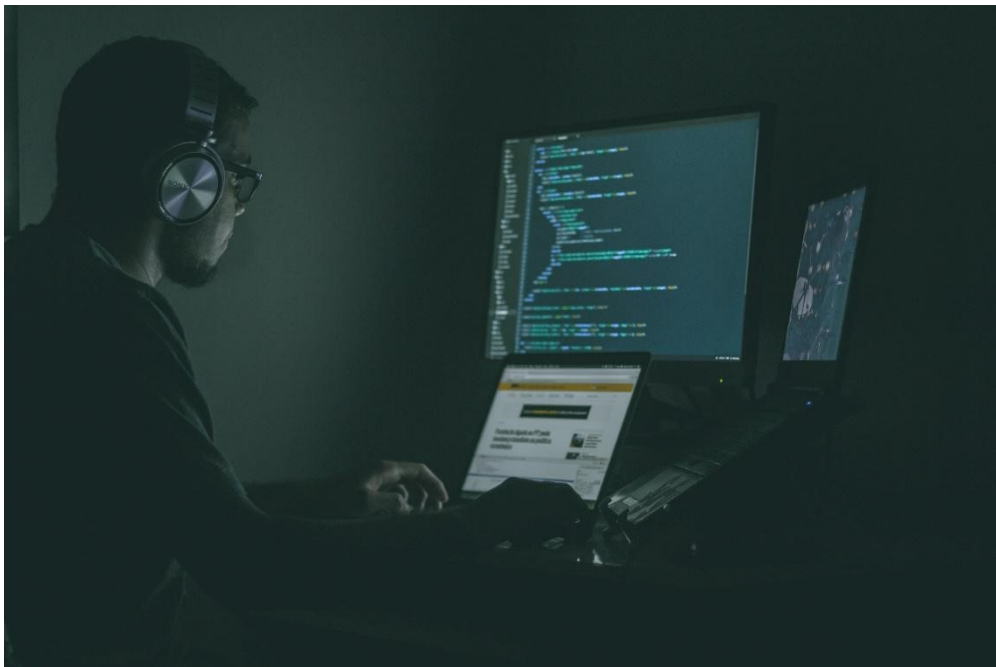
Note that for hybrid cars you must use the petrol or diesel rate and for fully electric cars the rate is 5p per mile.

### Employees using their own car

Where employees use their own car for business journeys, the tax-free reimbursement rate continues to be 45p per mile plus 5p per passenger. Despite lobbying, this rate has not increased for nearly 10 years! Note that the employer can reclaim input VAT on such payments based on the figures in the above table. For example, if an employee drives their own 1500cc car for business journeys and is reimbursed 45p per mile, then 18p per mile is deemed to represent the cost of petrol. The employer may claim 3p per mile (1/6) as input VAT, provided the employee submits a fuel receipt to support the claim.

### **Prepare for an extended period of heightened cyber threat**

The National Cyber Security Centre (NCSC) has urged UK organisations to prepare for an extended period of heightened threat in relation to the Russia-Ukraine war.



There may be periods when the cyber threat is heightened for an extended period, for example, as a result of geopolitical tensions. During these periods, organisations will experience:

- An initial acute phase (when they are required to strengthen their defences and address vulnerabilities), followed by:

- A protracted phase (when a strengthened cyber posture should be maintained to manage the residual risk from the increase in threat).

Over time, the cyber threat may come down again, but it is unlikely to return to the previous baseline. Organisations might maintain aspects of their strengthened posture for the long term, in response to a changed threat landscape. The NCSC will continue to issue guidance to help organisations assess the level of the cyber threat.

Their new guidance sets out eight steps to help you to maintain a strong posture when under pressure. The guidance has a particular focus on how staff welfare can be a direct contributor to maintaining an organisation's resilience.

See: [Maintaining a sustainable strengthened cyber security posture - NCSC.GOV.UK](#)

## **Applying Extended Reality (XR) technology to your business**

There is a new two-day extended reality (XR) conference on 28 and 29 September 2022 in Sheffield.

'Immerse Technology Conference: Understanding & Application in Industry' is an XR workshop and demonstration event that will focus on augmented reality (AR) and virtual reality (VR) technologies for enterprise.

Organised by Made Smarter Innovation, Immerse UK and AREA (Augmented Reality for Enterprise Alliance), in collaboration with the High Value Manufacturing Catapult, the conference will give you a chance to:

- Meet like-minded professionals.
- Learn more about the challenges, benefits and possibilities of enterprise XR.
- Discover use cases.
- Speak to organisations implementing and developing the technology.

Workshop sessions over the two days will allow participants to have the opportunity to discuss the benefits of AR and VR, and how to deploy and overcome the barriers to adoption.

An interactive format will allow you to engage with industry experts in the following areas:

- Starting the AR conversation in your organisation
- Identifying requirements for enterprise XR
- Managing commonly encountered safety risks
- Understanding the security risks associated with XR
- Managing change, stakeholder and staff challenges
- UX design and development for VR and AR apps

Along with keynote speakers from organisations that have implemented XR, interactive workshop sessions, networking and demos, you can also mix and mingle with like-minded colleagues, develop new connections and get the low-down on what other organisations are doing in this exciting space.

The cost is £50+VAT per person for both days, including lunch and all activities.

See: [Summary - Immerse Technology Conference: Understanding & Application in Industry \(cvent.com\)](https://www.cvent.com)

### **Manufacturing support for using artificial intelligence (AI)**

Innovate UK Knowledge Transfer Network (KTN) are offering manufacturing businesses an opportunity to register for individual one-to-one meetings to explore the uses of artificial intelligence (AI) within their operations and learn how to access Knowledge Transfer Partnership (KTP) funding to address their challenges.

The AI team at Innovate UK KTN, in collaboration with the KTP programme and the Manufacturing Made Smarter Innovation Network, will virtually support manufacturing businesses from all sectors to explore the uses of artificial intelligence within their operations. During these sessions, they will help identify projects that can be funded through the KTP programme – an open competition which offers support rates between 50 to 75 per cent of the eligible project costs.

Attendees will also get the chance to learn further details about the programme, with dedicated KTP advisers available to facilitate the discussions and help shape potential projects which will benefit their business R&D initiatives. The event will be delivered online on Thursday 8 September 2022.

See: [KTP Programme Support: Innovating the Manufacturing sector using AI - Innovate UK KTN \(ktn-uk.org\)](https://www.ktn-uk.org)

### **Possible new relief for energy-intensive industries**

High electricity using businesses, like steel and paper mills, could see further relief under new proposals to help subsidise their electricity costs.

The UK government is consulting on the option to increase the level of exemption from 85% of costs up to 100% for certain environmental and policy costs. The consultation closes on 16 September 2022.

This reflects higher UK industrial electricity prices than those of other countries, including in Europe. This could hamper investment, competition and commercial viability for hundreds of businesses in industries including steel, paper, glass, ceramics, and cement, and risk them relocating from the UK.

See: [Government to consider further relief for energy intensive industries - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

## **Join Innovate UK KTN's Design Hive community**

Innovate UK Knowledge Transfer Network (KTN) has launched a new platform to connect innovators with designers. The Design Hive provides a portal into the breadth and depth of the UK's design capability. It will enable organisations to connect with designers and help designers to collaborate across disciplines.

The platform aims to connect innovators across sectors and technology areas with design and innovation effectiveness experts, resources, funding, opportunities and thinking.

It also aims to support people who are new to design, as well as those who see thoughtful and considered design as a means to address the many complexities and uncertainties we face as a planet.

See: [Design Innovation Network \(ktn-uk.org\)](https://ktn-uk.org)

## **The Materials Research Exchange upcoming event**

Organised by Innovate UK and Innovate UK Knowledge Transfer Network (KTN), the event will offer new insights about what materials research and innovations are currently happening.

The event will offer targeted seminars on a range of cutting-edge areas, such as materials for net zero, including materials for:

- The production, transportation and storage of hydrogen.
- The use of hydrogen in low carbon production of materials.
- The scale-up of graphene and metamaterials for industrial applications.

Organisers will also hold sessions on technology transfer from UK's research base, focusing on high performance, net zero materials, the Smart Sustainable Plastic Packaging Challenge and Foundation Industries. Further opportunities will be available, including:

- An academic conference led by the Henry Royce Institute.
- Masterclasses on intellectual property and R&D Tax Credit.
- Exhibitor technology pitches and investor panels.

The event is designed to enable closer collaboration between industry and the materials research and innovation community.

Materials Research Exchange (MRE) 2022 will be taking place 3rd – 5th October 2022 and will be delivered face-to-face, with a potential virtual add-on for selected seminars.

See: [Home - Materials Research Exchange 2022 \(cvent.com\)](https://cvent.com)

## **Innovation loans future economy competition: round five**

Innovate UK is offering up to £25 million in loans to micro, small and medium-sized enterprises (SMEs). Loans are for highly innovative late-stage research and development (R&D) projects with the best potential for the future. There should be a clear route to commercialisation and economic impact.

Your project must lead to new products, processes or services that are significantly ahead of others currently available, or propose an innovative use of existing products, processes or services. It can also involve a new or innovative business model.

You must be able to show that you:

- Need public funding.
- Can cover interest payments.
- Will be able to repay the loan on time.

The closing date to apply is 14 September 2022.

See: [Competition overview - Innovation Loans Future Economy Competition – Round 5 - Innovation Funding Service \(apply-for-innovation-funding.service.gov.uk\)](https://apply-for-innovation-funding.service.gov.uk)

## **National Occupational Standards (NOS) for hydrogen production, storage, and transportation**

Cogent Skills will facilitate the first national occupational standards for hydrogen to help shape the skills required for green jobs. They will facilitate the development of the UK's first National Occupational Standards (NOS) for hydrogen production, storage, and transportation.

The UK government plans for a thriving hydrogen sector by 2030, supporting thousands of high-quality green jobs. The announcement of new technical standards to be developed in collaboration with employers in the industry, is a step towards establishing a highly skilled and competent workforce and underpins the UK's ambition to become a global leader in green technologies.

See: [UK government launches plan for a world-leading hydrogen economy - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

## **Women in Innovation Awards 2022/23**

Innovate UK, as part of UK Research and Innovation, is offering up to 50 Women in Innovation Awards to women entrepreneurs across the UK. The winners will receive a £50,000 grant and a bespoke package of mentoring, coaching and business support.



This competition aims to find women with exciting, innovative ideas and ambitious plans that will inspire others. The awards are for women founders, co-founders or senior decision-makers working in businesses that have been operating for at least one year.

Applicants must be confident, with the support of an award, that they can make a significant contribution to a pressing societal, environmental or economic challenge through their innovative project.

Your award must:

- Have a total grant funding request of £50,000.
- Start on 1 April 2023.
- End on 31 March 2024.
- Last for 12 months.

See: [Women in Innovation Awards 2022/23 - Innovate UK KTN \(ktn-uk.org\)](https://www.ktn-uk.org/women-in-innovation-awards-2022-23)

### **The South of Scotland Decarbonisation Challenge**

The South of Scotland Decarbonisation Challenge is a 16-week challenge programme aimed at 16 to 24-year-olds currently employed by businesses in the south of Scotland (Dumfries and Galloway and the Scottish Borders). The programme helps the personal and professional development of young people through mentoring and skill building that enables them to perform highly today in a changing world of work.

To enter the challenge, you must register your business and nominate team members to participate. South of Scotland Enterprise (SOSE) is working in partnership with Fuel Change to deliver the challenge across the south of Scotland.

Teams will work through a series of 3 sprints. Each sprint will last around 5 to 6 months and require 1 to 2 hours per week from each participant.

The Fuel Change core team will run a series of structured sessions to guide and support the teams throughout Sprint 1 and 2 to develop skills and provide a base level of sustainability education. Towards the end of Sprint 2, each team will be assigned a dedicated mentor to help them refine their solution. Sprint 3 will finish with a presentation to industry professionals, with the possibility that your solution could be adopted in the future.

Companies must register by 5pm on Friday 2 September. The registration form allows you to enter between 1 and 8 team members. However, you can nominate more than 8 members by request.

See: [SOSE Challenge | Fuel Change](https://www.fuelchange.co.uk/sose-challenge)

## **Low Emission Zone Retrofit Fund for Aberdeen City, Dundee City, Edinburgh and Glasgow**

The Low Emission Zone (LEZ) Retrofit Fund helps micro businesses and sole traders improve their vehicles and avoid future LEZ penalties. Eligible businesses operating non-compliant vehicles with available retrofit solutions in a planned LEZ can receive up to 80% funding to retrofit their vehicle, subject to availability and terms and conditions.

Low Emission Zones have been introduced in Glasgow, Edinburgh, Aberdeen and Dundee in 2022. LEZs are designed to improve local air quality by discouraging older, more polluting vehicles from entering the zone.

By retrofitting vehicles with CVRAS-approved solutions, emissions from vehicles will be reduced, improving local air quality. By becoming LEZ compliant, vehicle owners can also avoid penalties.

See: [Low Emission Zone Retrofit Fund \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot/low-emission-zone-retrofit-fund)

## **Business Innovation and Growth Grant**

The Business Innovation and Growth Grant is for Scottish small and medium-sized enterprises (SMEs) with more than 10 employees that wish to pursue business growth.

Support is available for activities in the following areas:

- New product and service development
- Productivity improvements
- Development of leadership skills and fair work practices
- Entering new and expanding international markets

Examples of eligible activities for new product and service development projects include:

- Development of new products, services or business models to reduce environmental impact.
- Building skills in innovative processes, automation and emerging information and communication technologies.
- Commercialising intellectual property (IP), including investor readiness, valuation, protection strategy development, collaboration and research and development agreements, IP training and upskilling.

See: [Business Innovation and Growth Grant \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot/business-innovation-and-growth-grant)

## **Creative Scotland - Open Fund for Individuals**

The Open Fund for Individuals is one of Creative Scotland's key funding programmes, supporting the wide range of activities initiated by artists, writers, producers and other creative practitioners in Scotland. The overall annual budget for this fund is £5 million.

The Open Fund will support a period of research, development and/or delivery of creative activity for up to 24 months. You will need to list the start and end dates for your activity and describe the outcomes, benefits and impacts that you wish to achieve.

This fund is designed to support creative activity such as a specific project, production, or a period of research and development. It can support an individual's time where this is related to specific creative outcomes.

See: [Open Fund for Individuals | Creative Scotland](#)