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Business News Northern Ireland

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!

Unlocking your business value: Strategies for Growth

According to consultancy Cornwall Insight, domestic energy prices are predicted to drop in April with analysts predicting that there could be a further fall in the summer. This is good news all round, as energy prices have been a significant factor in the UK's high inflation rate. A drop in energy prices could lead to a drop in interest rates, and with it a more positive outlook in the economy.

In the wake of a more positive economic outlook, businesses are often presented with opportunities for expansion and growth. But also, because there is a more favourable lending environment, or more eager investor interest, then it can be a more favourable time to exit a business.

Whatever the case, being tuned into the current value of your business can be very useful in shaping the business for growth or for a future sale. Here, we explore the significance of business valuation and provide advice to help you propel your business value to new heights.

Why Business Valuation Matters:

Business valuation serves as a comprehensive assessment of your business's worth. It goes beyond financial metrics and encompasses various factors that contribute to the overall worth of your business.

Being aware of the value of your business and the factors that influence this can then inform and influence your decisions in crucial areas like attracting investors, negotiating partnerships, developing new products or services, or growing existing ones. Business valuation provides insights into your company's strengths and areas for improvement, allowing you to chart a course for sustainable growth.

Key Factors in Business Valuation:

While business valuations encompass a wide range of factors, there are 3 key factors you will want to consider.

1. Financial Health: Sound financial management is a cornerstone of business valuation. Therefore, invest the time in preparing and reviewing regular financial statements. Just a simple set of monthly management accounts will make a difference. By staying connected with the financials you will more quickly recognise which revenue streams are profitable, you will be more sensitive to the effect of various costs, and more aware of maintaining a

healthy balance between assets and liabilities. This knowledge and awareness will translate into more financially acute decisions.

2. Market Positioning: Your company's position in the market significantly impacts its value. Try to stay attuned to industry trends, analyse your competitors, and look for ways to differentiate your business. Being able to clearly identify your unique value proposition will help you create a strong market presence.
3. Brand and Intellectual Property: Cultivate and protect your brand and intellectual property. A well-established brand, coupled with proprietary assets, enhances perceived value. Regularly update and safeguard trademarks, patents, and other intellectual property.

Further strategies to Boost Business Value:

Of course, these are not the only areas to look at. Consider how these areas might help you too:

- Diversification: Could you expand your product or service offerings to reach new markets? Diversification not only increases revenue streams but also makes your business more adaptable and resilient.
- Operational Efficiency: Are there ways you could streamline operations for greater efficiency? Perhaps some things are done a certain way for traditional reasons that no longer apply. Or perhaps there is new technology available that could help enhance the way your business runs. A well-run operation not only boosts current profitability but enhances long-term value.
- Talent Development: Could you invest in your team's skills and knowledge? A skilled and motivated workforce will be more innovative and is likely to work more efficiently, both factors that will positively impact your company's valuation.
- Strategic Partnerships: Are there any other businesses you are aware of where a strategic partnership with them could align with your business goals? Collaborations can open new avenues for growth, expand your customer base, and enhance your market standing, all things that will positively influence the value of your business.
- Customer Relationships: Can you do more to nurture strong and lasting relationships with your customers? Positive customer experiences not only drive current sales but also contribute to brand loyalty and long-term business value.

A good understanding of business valuation, coupled with strategies for growing it can make your business more valuable and attractive to investors, but also a more focused and enjoyable place to work. Regularly reassess your business's worth and

implement strategies that will increase that worth. Doing so can make your business more valuable and attractive to investors, but also a more enjoyable and focused place to work.

As experienced business advisers, we have tools and resources that can help you with valuing your business. Please just let us know and we would be happy to help!

Pilot scheme to look at potential fraudulent Bounce Back Loan Scheme applications

The Department for Business (DBT), the Cabinet Office, and HM Revenue & Customs (HMRC) have initiated a pilot program to detect potential fraud committed by sole traders under the Bounce Back Loan Scheme. The objective is to identify those who either applied for a loan when inactive during the eligibility period, or who misrepresented their turnover.

In the first phase, the Cabinet Office and DBT will share sole trader borrowing data with HMRC. HMRC will then cross-reference it with its records. Identified high-risk cases will be flagged for investigation by DBT. In the second phase, the identified risk cases will be shared with accredited BBLS lenders to aid investigations. Lenders who suspect fraud themselves can share this information with DBT.

The government has previously run a similar pilot targeting limited companies that borrowed money on the Loan Scheme. They feel that there is similar potential for fraudulent applications by sole traders and so have made them the target of this latest pilot.

Before the Bounce Back Loan Scheme was closed in March 2021, a total of £9.6bn had been lent to sole traders. Individual loan amounts were between £2,000 and £50,000 with the government serving as guarantor. A requirement of the loan being granted was that it be used to benefit the business and not be used personally.

A Public Accounts Committee report has previously criticized DBT for not doing enough to prevent fraud in COVID-19 support schemes. A more recent 2023 report by the same Committee has been no less condemning of the slow progress that DBT has made in its Loan Scheme counter-fraud activities. DBT have themselves accepted that grant payments made to businesses through local councils as part of their COVID-19 support schemes were not used as intended by the scheme.

HMRC has estimated that the total amount of error and fraud across all COVID-19 support schemes is £5bn.

See: <https://www.gov.uk/government/publications/bounce-back-loan-fraud-analytics-variant-pilot-between-beis-cabinet-office-hmrc-and-lenders-2023/data-usage-agreement-bounce-back-loan-fraud-analytics-pilot-between-beis-the-cabinet-office-hmrc-and-associated-lenders>

Income Tax and selling online

In recent weeks there has been a flurry of online activity discussing the new law that will require online marketplaces to report information about income made by their users to HMRC. The discussion has led to many people asking questions such as “Will I have to pay tax on the money I make from selling my old belongings on Vinted or eBay?”

The key point to remember is that the rules for declaring income and paying tax on it have not changed. HMRC had the power to request information from online marketplaces anyway; from 1 January 2024 the new rules will mandate digital platforms to give the information to HMRC automatically.

If you sell your old clothes or other household items online, it’s unlikely that this will constitute a taxable transaction, but if you undertake a commercial venture with a view to making a profit (e.g. buying stock to resell at a profit), this is likely to be considered trading and tax liabilities may arise.

Furthermore, if you are carrying on a trade, there is a £1,000 Trading Allowance which means sales income up to this level can be disregarded for income tax purposes.

If you think you may be liable to tax on trading income, please speak to us.

CIC Regulators Office run webinar for Community Interest Companies

Are you thinking about or in the process of applying to become a Community Interest Company? If so, Companies House are running a webinar that will help attendees fully understand how a Community Interest Company works. It will also provide some helpful tips for the application process.

The Business Support Helpline will also be sharing in the webinar to explain the help they can offer you and your business.

The webinar will run on Thursday 8th February 2024, starts at 11am and is scheduled to last an hour.

To sign up, see: <https://register.gotowebinar.com/register/1761272928126826587>

UK services exports to be helped by £500,000 government funding

The government has pledged £500,000 of funding to help facilitate agreements that will allow UK professionals to qualify more easily to provide services in foreign countries.

UK-qualified professionals, such as architects, lawyers or accountants, are often not qualified by their UK qualification to practise abroad. Therefore, anyone wishing to do so usually has to obtain further professional qualifications in foreign countries, which is slow and expensive.

UK regulators and professional bodies will be able to apply for grants of up to £75,000, for each year that the grant is available, to enable them to make deals with their counterparts in other countries that allow for mutual recognition of qualifications.

It is hoped that this funding will make it easier for businesses and professionals to export their services worldwide, reduce trade barriers and open access to new markets.

The Recognition Arrangements Grant will be available until 31 March 2025.

See: <https://www.gov.uk/government/news/government-pledges-500000-to-boost-british-services-exports>

Fake reviews, hidden fees and shop labelling to be tackled by new laws

The Department for Business and Trade are making changes that will ban dripped fees, make fake reviews illegal, and make sure that price labelling on supermarket shelves is clearer.

These measures are part of the Digital Markets, Competition and Consumer Bill that is currently progressing through Parliament.

Dripped pricing refers to when an initial price is shown to a consumer, but additional fees are “dripped” into the checkout later in the buying process. These hidden fees will be outlawed under the new measures so that online shoppers are instead given a clear idea upfront of what they will pay.

It is estimated that these unavoidable fees cost consumers £2.2 billion each year, indicating their widespread use. It is likely that these new laws will require website adjustments and redesigns for many businesses. For instance, booking fees for cinemas and train tickets will be caught by the new legislation. It has though been mentioned that airline seat and luggage upgrades that are optional are not included.

New guidance will be created over the next few months to tackle fake reviews. Intended measures include making website hosts accountable for the reviews they host on their pages.

Price marking in shops is governed by the Price Marking Order, which is an EU law that has been retained in the UK. This legislation requires the final selling price and an appropriate final unit price, such as price per gram, to be clearly shown.

The Price Marking Order rules were last updated 20 years ago and now that the UK has the flexibility to adjust these rules, the Department of Business and Trade have the scope to make some updates. They have announced that they will be working with stakeholders and businesses to create new, simpler and clearer guidance that will be more consistent in the modern shopping place.

Small shops that are already exempt from the Price Marking Order will continue to be so under any new measures.

See: <https://www.gov.uk/government/news/new-laws-set-to-ban-mandatory-hidden-fees-from-online-shopping-saving-money-for-consumers>

Self Assessment deadline now imminent!

HMRC released figures last week indicating that some 3.8 million tax returns were yet to be filed before the 31 January deadline.

In total, they are expecting more than 12.1 million tax returns to be filed. With a week to go, they had received 8.3 million online returns, leaving a lot of activity for the final week.

Myrtle Lloyd, HMRC's Director General for Customer Services, encouraged anyone still to file that "now is the time to take action and get your return done." Penalties for late filing and interest on tax owed provide additional incentives for doing as he urged.

If you need any help with filing your return, please just get in touch with us. We will be happy to help!

Consultation opened on cyber governance code for businesses

A Code of Practice on cyber security governance has been published by the Department for Science, Innovation & Technology that is designed to help businesses better defend themselves from cyber threats.

The more digital business life has become, the more cyber security issues have become an essential part of risk management for every business. Figures indicate that 32% of firms have experienced a cyber breach or attack in the last year, and ransomware attacks and malicious actors posing significant threats continue to rise. Even the NHS 111 service was taken offline recently by a cyber-attack.

Because of its prevalence and ability to significantly impact business, the Code seeks to help directors and senior leaders in business take cyber issues as seriously as they would legal or financial issues.

The Code particularly emphasises the importance of having detailed plans in place to respond to and recover from any potential cyber incidents. Regular testing of the plans and a formal system for reporting incidents is also encouraged, as is appropriate training for employees who may not have the skills or awareness to spot potential cyber issues.

Many businesses are already taking advantage of the government's Cyber Essentials scheme. This is a scheme that allows a business to demonstrate that they have vital security controls in place, for example managing security updates, having suitable anti-virus software and proper password protection. A certificate is awarded to businesses that can demonstrate these controls. 38,113 certificates were awarded

in the last year, with 39% of the UK's largest businesses now holding such a certificate.

This highlights a growing move by business to recognise cyber threats and accept the need to do something about it.

Directors, non-executive directors, and senior leaders are all encouraged to share their views on the new Code. The consultation will be open until 19 March 2024.

Further information and a link to complete the survey is available here:

<https://www.gov.uk/government/news/business-leaders-urged-to-toughen-up-cyber-attack-protections>

New powers for Companies House in tackling economic crime

The Economic Crime and Corporate Transparency Act, which received royal assent on October 26, 2023, gives Companies House the power to play a more substantial role in tackling economic crime.

It is anticipated that the initial set of changes introduced by this transformative legislation will happen on or shortly after March 4. The changes are currently waiting for parliament to approve the secondary legislation.

Key amendments include new rules for registered office addresses, additional powers to be able to query information and request supporting evidence and make stronger checks on company names, as well as the ability to share data with other governmental departments and law enforcement agencies.

The Act also includes measures such as identity verification, but these will be introduced as a part of later changes.

See: <https://www.gov.uk/government/news/first-changes-to-uk-company-law-expected-on-4-march>

NCSC warn that AI will cause ransomware threats to rise

In a busy week for cyber-related news, the National Cyber Security Centre (NCSC), have released a warning that they anticipate global ransomware threats to rise with AI.

They have published an assessment of the near-term impact of AI on the cyber threat. In it, they conclude that AI is already being used in malicious cyber activity and this will only increase.

The report suggests that AI lowers the barrier of entry by effectively giving unskilled and novice cyber criminals and hackers access to skills that would otherwise take considerable time to develop.

NCSC therefore anticipate an increase in the volume and impact of cyber-attacks over the next 2 years and are urging businesses to implement protective measures.

A copy of the report can be found here: <https://www.ncsc.gov.uk/report/impact-of-ai-on-cyber-threat>

New initiative on asbestos by HSE

The Health and Safety Executive (HSE) have launched a new initiative, Asbestos: Your Duty. This initiative targets workplaces, schools and hospitals with the aim of safeguarding individuals from asbestos exposure.

Asbestos is a hazardous substance that saw widespread use in post-war construction, prior to being completely banned in 1999. Sarah Albon, HSE's chief executive said that "asbestos exposure in Great Britain is still the single greatest cause of work-related deaths due to exposures decades ago."

Workplaces such as offices and factories, schools, hospitals, and places of worship all come with a legal duty to manage asbestos. Therefore, business owners and landlords who are responsible for premises constructed before the turn of the century, particularly those erected between 1950 and 1980 when asbestos usage peaked, are being urged to carry out necessary checks and be certain they know their legal responsibilities.

Properly containing asbestos ensures the safety of people visiting and working in affected buildings. However, asbestos causes danger when it is disturbed or damaged.

HSE's website contains updated information, templates and explainer videos to help anyone who needs a refresher or is unsure of their legal duties.

See: https://www.hse.gov.uk/asbestos/duty/index.htm?utm_source=press-release&utm_medium=social&utm_campaign=duty-to-manage&utm_term=asbestos&utm_content=launch-press-release

Funding available for creative sector businesses

Funding of up to £50,000 together with a package of tailored non-financial support is available to apply for by high-potential micro and small businesses that are either from or support the creative industries.

Innovate UK, which is part of UK Research and Innovation, is making this funding available as part of its Creative Catalyst area of investment and support.

Funded projects will need to focus on one or more specified creative industry subsectors. Innovate UK is particularly encouraging proposals that will benefit subsectors that are underrepresented in innovation, including architecture, crafts, photography, publishing, and radio. But proposals for other creative subsectors are also welcomed.

The aim of the funding is to help lower the risk of taking on innovative projects in the creative industries.

An online briefing is being run on 25th January 2024 at 11am that will explain the timelines, who can apply and how to apply. See: <https://iuk.ktn-uk.org/events/creative-catalyst-2024-competition-briefing/>

Grant Writing Workshops providing tips and advice for writing a successful grant application will also be run on 6th February 2024 and 28th February 2024. See: <https://iuk.ktn-uk.org/events/creative-catalyst-peer-network-grant-writing-workshops/>

Cyber Essentials programme funding for Northern Ireland businesses

The National Cyber Security Centre (NCSC) is providing a funded Cyber Essentials programme to help small businesses in certain sectors across Northern Ireland implement essential security controls.

While all businesses face cyber threats, some that hold sensitive information or that are seen as an easy target can face increased risks. The focus of the funded programme is to help these additional risk businesses protect themselves.

The Cyber Essentials programme covers how to control firewalls, secure settings, access controls, malware protection, and software updates. These controls can help a business protect itself from the most common types of cyber threat.

The funding will provide 20 hours of free remote support from an NCSC-assured cyber security advisor. The advisor will focus on implementing the controls and ensuring they are effective.

Three types of Northern Ireland organisation are eligible for the funded Cyber Essentials Programme.

1. A micro or small business (1-49 employees) that is offering legal aid.
2. A micro or small charity (1-49 employees) processing personal data.
3. A micro or small organisation (1-49 employees) that provides work supporting AI, quantum technologies, engineering biology, or semiconductors.

However, businesses that have previously participated in a funded Cyber Essentials programme or that already hold or have recently held Cyber Essentials Plus certification are not eligible.

For more information on the programme, see:

<https://www.nicybersecuritycentre.gov.uk/cyber-essentials-funded-programme-2023-2024>