

Written by 4 August 2025

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!

Maximise the profits in your business

When it comes to growing a business, many people focus on increasing sales. But sales alone don't pay the bills - profit does. If you want your business to thrive, it's important to look beyond the top line and focus on what's actually left at the end of the day.

Why profit matters more than sales

High sales figures might look impressive, but if your costs are just as high (or higher), your business may be working hard for very little reward. Profit is the real measure of success - it's what gives you the freedom to reinvest, grow, or simply take home a decent return for your hard work.

Understand your gross profit

Gross profit is what's left after you subtract the direct costs of producing your goods or delivering your services. These are things like materials, stock, or labour that's linked directly to a sale.

For instance, if you sell a product for £100, and it costs you £60 to make or buy it in, your gross profit is £40.

Keeping an eye on gross profit helps you understand how efficient your core business activity really is. To improve it, you might:

- Review pricing - are your products or services priced correctly for the value you offer?
- Reduce costs - can you source materials more efficiently or cut waste?
- Focus on higher-margin products - do some lines bring in more profit than others?

Why cutting prices can backfire

It's tempting to drop prices to bring in more sales, especially when things are quiet. But a lower price means a lower profit per sale - and you may end up working twice as hard for half the reward. Unless your costs drop too, chasing sales this way can shrink your margins and leave you worse off.

Know your numbers

One of the simplest ways to improve profit is to understand exactly what money is coming in - and where it's going out. Many small businesses are surprised when they look closely at their figures. Regular financial reporting, even at a basic level, gives you the insight to spot leaks, adjust quickly, and make confident decisions.

A clearer path to profit

Profit isn't just about cutting costs - it's about understanding your business and making small changes that add up over time.

If you'd like support reviewing your margins, simplifying your reporting, or exploring ways to make your business more rewarding, we'd be happy to help. Just get in touch for a chat.

Google's New AI Search: Fewer Clicks, Fewer Links

Google is launching a new AI-powered search feature that could change how people find information online - and how they find your business. The update, known as "AI Mode," offers users a conversational-style summary instead of the familiar list of blue links. It will be optional for users, but this could mark a shift in the direction Google is heading.

What's changing?

Standard Google searches return a list of links, with many businesses relying on these to bring in web traffic, enquiries or sales. But with AI Mode, the search results will include an AI-written response with fewer direct links to other sites. This means less scrolling through pages of links for the user but also fewer chances for your business to be found unless you're included in the AI response itself.

The feature uses Google's Gemini AI and has already been launched in the US and India and may already be available in the UK by the time you read this. Users can opt into AI Mode via a new tab or toggle it directly from the search box.

Google have said that people are using Google search to ask more complicated questions than they did in the past and hope the new optional AI mode will address that need.

Why does it matter?

There is concern that businesses that benefit from traffic driven by Google, whether through organic search results or paid advertising, may see fewer clicks over time. For example, the Daily Mail has reported a 50% drop in traffic to its own website since Google introduced its AI Overview feature.

Google hasn't confirmed how advertising will work in this new setup, so it's not yet clear whether you'll be able to pay to be included in these AI summaries.

Google has already introduced AI-generated summaries in its search results. Recent research by the Pew Research Centre indicates that people are far less likely to click a link when there's an AI summary at the top of the page. This is particularly affecting news organisations who are reliant on click throughs for their business model.

Looking ahead

AI search is still evolving. It's still unknown how advertising might work within these summaries or how accurate the AI responses will be. But the trend is clear: people are asking more complex, conversational questions, and Google is responding with answers instead of lists.

This could mean the way people discover businesses online will change. So, if you're reliant on traffic coming to your website from Google, it may be worth talking to your SEO specialist about how this change could affect you. Now might also be a good time to explore email marketing, social media, or partnerships that drive people directly to your website.

See: <https://www.bbc.co.uk/news/articles/clvj4zky4zwo>

UK Economy on the Mend, Says IMF - But Bumps in the Road Remain

The International Monetary Fund (IMF) Executive Board has concluded its 2025 Article IV Consultation assessing that the UK economy is recovering, with modest growth expected this year and stronger momentum building into 2026. But global uncertainty, cautious consumers, and inflation pressures could still slow things down.

The IMF forecasts growth of 1.2% in 2025, rising to 1.4% in 2026. Business investment is picking up, and public spending from the last budget is helping support the recovery.

Inflation still a concern - but expected to ease

While inflation is expected to average 3.2% this year, the IMF estimates that it should fall back to 2.3 percent next year.

Government finances: on the right track, if plans hold

The IMF says the government's current spending and borrowing plans are about right - encouraging growth while keeping debt in check. But it stressed the importance of sticking to the deficit reduction plan over the next five years.

Interest rates: gradual cuts make sense

With inflation still above target and the outlook uncertain, the IMF supports the Bank of England's cautious approach to cutting interest rates.

Overall, the message is cautiously upbeat. Growth is returning, and the right policies are largely in place. But the IMF says it's vital to prioritise long-term reforms - especially around skills, planning, and economic stability - and avoid frequent policy changes.

See: <https://www.imf.org/en/News/Articles/2025/07/23/pr-25262-united-kingdom-imf-executive-board-concludes-2025-article-iv-consultation>

New Government Reforms Aim to Revive High Streets with Easier Rules for Cafes, Bars and Venues

New government reforms will make it quicker and cheaper for small businesses to turn empty shops into cafes, bars and music venues, as part of a wider push to bring life back to high streets and support small business growth.

Outdated planning and licensing rules will be overhauled under a new National Licensing Policy Framework, announced as part of the government's upcoming Small Business Plan. The changes are designed to reduce red tape, cut costs, and speed up decisions for entrepreneurs looking to launch hospitality businesses in town centres.

Key measures include:

- Making it easier to convert disused shops into hospitality venues.
- Creation of 'hospitality zones', where permissions for alfresco dining, street parties and extended opening hours will be fast-tracked.
- Protection for existing pubs, clubs and venues, through the introduction of the Agent of Change principle, which makes new developers responsible for soundproofing if building nearby.
- Standardised national rules to replace the current patchwork of local licensing regulations that often deter small operators from starting up.

The aim is to help small firms grow, bring empty premises back into use, and give communities more places to meet, socialise and enjoy local events.

Business and Trade Secretary Jonathan Reynolds said the changes are about replacing "shuttered up shops with vibrant places to socialise." He concluded by saying that "when small businesses thrive, communities come alive."

The reforms build on the High Street Rental Auction Scheme, which allows councils to auction off leases for commercial properties that have been vacant for more than a year.

See: <https://www.gov.uk/government/news/red-tape-slashed-to-revamp-high-streets-with-new-cafes-and-bars>

CMA Moves to Rein in Apple and Google's Grip on UK Mobile Market

The UK's competition regulator is looking to curb Apple and Google's dominance of the mobile app market, with proposed new powers that could make life easier for developers and boost innovation.

The Competition and Markets Authority (CMA) has proposed designating both tech giants with Strategic Market Status (SMS) in each of their mobile platforms. This would let the CMA impose rules to open up competition, and they have published separate roadmaps of potential actions to do that. A final decision on both SMS designations is expected by 22 October 2025.

Why this is happening

Apple and Google control almost every mobile device in the UK. Developers and businesses have raised concerns about:

- Inconsistent and unpredictable app review processes which create uncertainty and can lead to delayed or failed launches.
- High commission on in-app purchases (up to 30%).
- Restrictions on offering cheaper payment options outside app stores.
- Restricted access to features and functionality including, for example, between smartphones and smart watches.
- Favouring of Apple and Google's own services.

The CMA says fixing these issues could unlock opportunities for UK businesses.

What could change

If SMS status is confirmed, the CMA could:

- Make reviews of apps and their rankings in app stores more transparent
- Let developers guide users out of app stores to alternative payment options
- Ensure better access to device features
- Explore what factors are likely to be important in developing AI services, such as voice assistants, to ensure a level playing field

The UK's app economy supports 400,000 jobs and contributes 1.5% of GDP.

See: <https://www.gov.uk/government/news/cma-proposes-action-to-drive-more-competition-on-mobile-platforms>

Man Jailed for Hiding Assets and Breaching Bankruptcy Rules

A businessman has been jailed for more than four years after hiding assets, illegally acting as a company director, and obtaining over £100,000 in credit while still subject to bankruptcy restrictions.

Helim Miah, 46, of Lansdowne Road, was made bankrupt in 2006 owing £12.3 million. He was disqualified from acting as a company director for 13 years. Because of failing to cooperate with the Insolvency Service, he could not be discharged from his bankruptcy in 2007 or be released from his debts. He therefore continued to be restricted from forming new companies and obtaining credit.

Despite this, Miah:

- Used £130,000 from a company account to help buy a house in Cardiff.
- Set up and ran companies while banned from doing so.
- Took out loans, credit cards and overdrafts totalling well over £100,000, including finance for a car.

He pleaded guilty to multiple offences and was sentenced at Merthyr Tydfil Crown Court on 24 July to four years and eight months in prison, along with a new 10-year director disqualification.

The Insolvency Service said the case showed the serious consequences of ignoring bankruptcy law.

See: <https://www.gov.uk/government/news/businessman-jailed-after-failing-to-disclose-130000-in-assets-and-obtaining-thousands-in-credit-during-bankruptcy-order>

Free Employment Rights Bill Webinar

With the Employment Rights Bill nearing the final stages before it becomes law, businesses need to be ready for what may be involved.

Acas are providing a recorded webinar free of charge, that covers:

- Important dates for parts of the Bill becoming law.
- What the proposed law changes are and how they will affect employers

To register and watch the webinar, see: <https://www.acas.org.uk/webinars>

UK-India Trade Deal Offers New Opportunities for Scottish Businesses

The UK and India have now formally signed their previously announced new Free Trade Agreement (FTA). This marks the end of negotiations and means that the agreement will be ratified and come into force over the coming months.

India: An Important Market for Scotland

India is already a key trading partner for Scotland. Over the last year a total of £610 million in goods was exported to India by 457 Scottish businesses.

What the FTA Could Mean for Your Business

Lower tariffs, fewer barriers to trade and easier customs could allow more businesses to consider India as a possible export market.

Cheaper tariffs on Indian goods could also make it easier and cheaper to import goods from India and could open the way to making some cost savings.

The Scotch whisky industry has particularly welcomed the new FTA, with India being considered the world's largest whisky market by volume. Mark Kent, Chief Executive of the SWA said: "The signing of the FTA is an historic moment and is an important milestone to reducing tariffs on Scotch Whisky in a growing market."

See: <https://www.gov.uk/government/news/historic-india-trade-deal-huge-boost-for-scotlands-economy>