

DID YOU KNOW?

With the Conservative victory in the 2015 General Election, both the 20 per cent Corporation Tax and the business rates the coalition government instated will remain in effect. Read below to learn about the other effects that the election will have on businesses.



JULY 2015

What the Conservative's Victory Means for Businesses

As everyone now knows, the Conservative Party unexpectedly won a majority in the 2015 General Election. Based on Prime Minister David Cameron's Conservative manifesto and pre-election pledges, the Conservative's victory could mean the following for UK businesses:

- Companies that employ at least 250 staff members will be required to publish annual reports detailing their gender pay gaps.
- The government is expected to increase the National Minimum Wage to more than £8 per hour by 2020, based on the recommendations of the Low Pay Commission.
- Companies will be able to hire agency workers as temporary substitutes for workers that have gone on strike.

- Employees of large companies or the public sector will be entitled to an annual three days of paid volunteering leave.

These proposed employment provisions place an emphasis on companies being transparent and ethical in how they manage their businesses and treat their employees. These pledges mark a conscious shift to provide an increased quality of life to the UK labour force while working to retain the production quality for companies.



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Changes to the Companies Act

On 26th March, the Small Business, Enterprise and Employment Act (SBEEA) received Royal Assent, and the first of its provisions was implemented on 26th May 2015. The act should be viewed as an amendment to the Companies Act 2006, and, as such, directors of all businesses—regardless of size—need to understand the SBEEA's impact.

Under the amendments, beginning on 1st January 2016, all UK-based companies will need to maintain a register of people with significant control (PSC). An individual is considered a PSC if he or she meets these criteria:

- Directly or indirectly holds more than 25 per cent of the company's shares
- Directly or indirectly holds more than 25 per cent of voting rights for the company

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Best Practices for Expanding Into New Markets and Countries

Growth is indicative of success for any industry—whether it is expressed through profits, number of staff or exposure. But it may be through expansion that growth is most aptly expressed in business. A company, regardless of industry or size, has the potential for expansion into international markets, local markets or even new industries. Whatever direction your company's expansion takes, follow these four pieces of advice to ensure your business stays successful as you expand.

1. **Do your research.** Learn what rules, regulations and procedures are required for your company's expansion. Pay particular interest to how your current business plan will be affected by the expansion. Research can provide insight into who your company's potential competition may be and where would be an ideal site to set up the new location. If you are expanding internationally, take particular note of the local customs and traditions, cultural differences and the state of the market.
2. **Provide the proper education and training.** After your company opens its new location, you will need skilled and knowledgeable employees to make it as successful as your original. Place one of your trusted senior staff members in charge of the new location. As new employees are hired, they can receive the training and education on how your company operates and does business as well as learn what is expected of them. If you are expanding internationally, it may be beneficial to have a trusted senior staff member partner with a native manager to help train the new employees.
3. **Recognise that you will not always be an expert.** Regardless of how much preparation and research you complete for the new location or market, your company will likely encounter some type of learning curve. To minimise the impact of the potential risks, consult a local industry peer on what obstacles he or she encountered when entering that area. With this advice, your company can better develop a risk management and business plan for the new location.
4. **Follow relevant regulations.** Successful expansion requires that you complete the foundational components of your company's business plan before additional progress is made. Principally, this means ensuring that the banking and accounting measures meet standards and that your company is registered.

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- Directly or indirectly holds the right to appoint or remove a majority of the board of directors
- Holds significant influence or control over the company (Note: The exact definition of this condition has yet to be determined.)
- Holds influence or control that can be exercised over a trust or partnership that relates in any way to one or more of the above conditions

Based on these qualifications, a company's PSC register would include creditors, funders, commercial counterparties and investors. To adequately locate each individual that could be considered a PSC, a company must review its various professional agreements, business-associated documents and any current company registers. The government will provide guidance in October of this year to help companies develop their PSC register for the 1st January 2016 deadline.

By publishing their PSC register, which will include individuals' names, date of birth, nationality, address and more, companies will deter leaders who seek to facilitate illegal activity under the guise of legitimate company business.