



# BUSINESS ARENA

NEWS AND VIEWS TO GIVE YOU THE EDGE IN BUSINESS

## TEAM TALK

As you will have seen from previous editions of McBrides Business Arena, we reached our 50th anniversary in 2023.

Attaining such milestones, I think, presents a good opportunity to take stock, and I have been contemplating that anniversary and my own tenure as only the second managing partner in the practice's history. I have been managing partner for 13 years and that is quite some time in itself.

As most of you know, I am a staunch 'Gooner' and very aware that our much-loved Monsieur Wenger outstayed his welcome for some so-called fans. I was not in that camp, but I did see that a stubbornness and dogged adherence to his tried and tested methods that after 21+ years contrasted with the view that he was the greatest innovator the Premier League had ever seen on his arrival from Japan.

So, it has always been obvious to me that the time would come for me to step down and for someone else to take over with another perspective and ideas on how the practice should progress.

In this 50th year, I believe that time is now, and I'm delighted to announce that from July Tanya Hamilton will be the firm's new managing partner. I wish her all the very best in the role, she will have my full support and will do a fantastic job. Tanya introduces herself below.

I should say I am not retiring – I don't think Mrs P is quite ready for me to get under her feet all day long. I will continue to look after my client portfolio and, if you are really unlucky, get to see you more often! I'll also undertake more business development, as well as being part of the partnership group supporting Tanya.

I have thoroughly enjoyed my time as managing partner. My period of tenure covered the firm becoming independent again in 2010 when the practice was turning over approximately £3m, through the acquisition of Shea & Co, setting up our payroll bureau office, to today's practice turning over approximately £4.5m, with a few twists and turns in between. Oh, and did I mention a global pandemic with lockdowns?!

Of course, my fellow partners have been integral to our achievements as has the incredible support of our teams. My thanks go to all of them, and particularly our long-suffering Practice Manager Lorraine Boichat, who has kept me sane over more than 20 years. And my thanks extend to you, our clients and contacts, without whom there wouldn't have been a business to manage!

I am really excited for the future of the practice. We have so many opportunities ahead of us, and I have no doubt that Tanya will be sure to keep us at the forefront of providing the service you have come to expect and deserve from McBrides.

Ciao, and see you soon!

NICK PATERNO | PARTNER | [NICK.PATERNO@MCBRIDESLLP.COM](mailto:NICK.PATERNO@MCBRIDESLLP.COM)



## INTRODUCING OUR NEW MANAGING PARTNER

As Nick has explained I will be taking on the role as Managing Partner this month, and I am excited by the opportunity to further develop the practice.

Joining McBrides in 1995 as a graduate trainee in audit, qualifying in 1998 and moving through the ranks to partner in 2014, I started my career at McBrides as it offered a professional environment, whilst being a friendly place with a good culture and strong values. At the time I felt it would bring rewarding and fulfilling career opportunities but hadn't foreseen being managing partner 28 years later!

As my children are now developing their own career paths studying at university, I am very excited at the prospect of a new personal challenge.

I have worked closely with Nick and overseen all people aspects of the practice for nearly 10 years, recruiting and developing our graduates and

staff, extending our training scheme to school leavers and working with the local community through various fund-raising activities.

Having also worked closely with the professional service sector throughout my career advising similar business through their journey I feel well placed to lead McBrides as we head into the next 50 years.

I would like to join with the partners and all the McBrides team in thanking Nick for his guidance and support over the last 13 years. We have all faced a challenging few years and working together we have emerged an even stronger and more resilient team.

I'm looking forward to building on those strengths, supporting our clients and helping them to grow strong businesses – and getting to know clients and contacts whom I haven't already met.

It's going to be great to work with you!



# CORPORATION TAX CHANGES AND ASSOCIATED COMPANIES



As we all know, tax regulations often undergo changes that can significantly impact companies and their operations.

One such recent development is the alteration of corporation tax rates, which came into effect on 1 April 2023. There is now a Main Rate of 25%, a Small Profits Rate of 19% and a Marginal Rate of 26.5%.

The rate at which a company will be taxed depends on its 'augmented profits', which needs a closer look. Additionally, the notion of 'associated companies' adds another layer of complexity, which will require careful consideration and strategic planning.

## Augmented Profits

So what are augmented profits? Augmented profits are defined as the company's total taxable profits of the period plus any exempt dividends from non-group companies. Group companies for these purposes are where the company receives a dividend from a 51% subsidiary or the company receiving the dividend is a 51% subsidiary itself.

The rate of tax is based on a comparison of the company's augmented profits against the corporation tax thresholds of £50,000 (the lower limit) and £250,000 (the upper limit). However, these limits will be reduced if there are any 'associated' companies.

## Associated companies

Where two or more companies are 'associated' with each other, the corporation tax thresholds mentioned above will be divided by the number of companies concerned e.g. if a company has one associate, the thresholds will become £25,000 and £125,000 respectively.

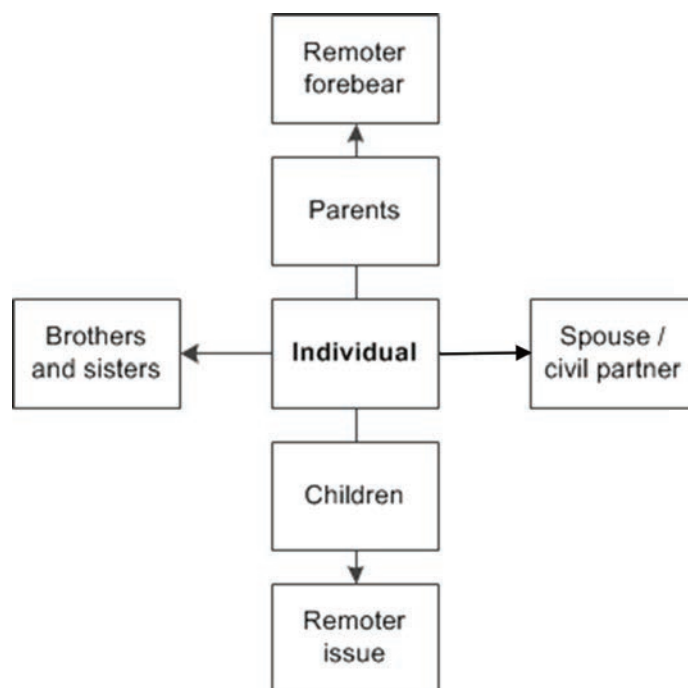
Companies are associated with each other if one company controls the other, or both companies are controlled by the same person or persons. However, the following types of companies can be ignored:

- Dormant companies
- Holding companies where their only source of income are dividends from its subsidiaries, which are subsequently distributed to shareholders.

In determining whether a person has control and therefore whether two companies are associated, it may be necessary to attribute the holdings of a person's 'associates' to them. This is only necessary where there is 'substantial commercial interdependence' between the two companies.

Associates are defined as:

- an individual's relatives, as illustrated in the diagram below.
- business partners (but not co-directors).
- trustees of trusts set up by the individual or any of their immediate family.



It is also important to bear in mind that companies which are regarded as 'large' are required to pay their corporation tax liabilities in instalments and this is also affected by the associated companies rules. Ordinarily a company is 'regarded as 'large' if its taxable profits exceed £1.5m, but this limit is reduced if there any associated companies. For example, if a company has two associates, it will be regarded as large if its taxable profits exceed  $(£1.5m / 3) £500,000$ .

As you will appreciate, these rules add a layer of complexity to a company's tax affairs, so we may need to ask you if there are any other companies that you or your associates are involved with. This will ensure you pay the right amount of tax.

As ever, please do let us know if you have any big changes planned either in your business or personal life so that we can help you consider all the relevant tax issues.



# COLLECTIVELY REDUCING OUR CARBON FOOTPRINT

Inspired by COP26, since summer 2021 we have been investigating how to take steps to reduce our carbon dioxide (CO<sub>2</sub>) emissions and help the UK to meet its Net Zero ambitions.



Partner Mark Grady has been spearheading the initiative for us and working with environmental consultancy Green Element to determine our carbon footprint and guide us towards long-term sustainable carbon reduction.

We discovered that we were generating 129.85 tCO<sub>2</sub>e (tonnes of carbon dioxide equivalent gases) per annum with commuting and IT equipment purchases contributing most to this.

Working with Green Element, we are aiming to reduce our emissions both in the short and medium term. Kickstarting our journey, we have already changed our energy supplier, moved to using refurbished IT equipment, removed individual bins to further improve recycling around the office, and introduced improved data collection to better measure the reduction in our carbon impact.

Mark explains: “We are committed to making sustainable long-term reductions in our carbon footprint. As well as making changes to the way we operate and the supplies we consume, any reduction in our footprint is also reliant on the businesses we engage to support us and as such the route to Net Zero is a longer-term goal.

“Given this is our 50th anniversary year, we’re keen to reduce our impact on the environment for the next 50 years and beyond. By making credible targeted reductions and, importantly, measuring these on an annual basis, we can do our bit to make a positive change.

“It’s been an eye-opening exercise so far, and I’m very happy to discuss our journey with clients who may be interested in exploring their business’s carbon footprint. Together, we can all make a big difference and help our country achieve Net Zero by 2050.”

Green Element spoke at our Finance & Business breakfast networking event in June on the business imperatives for SME net zero targets. You can access the presentation at [www.mcbridesllp.com/intelligence](http://www.mcbridesllp.com/intelligence).

## FAB AT FIFTY!



Kicking off our 50th anniversary year, our spring staff presentation was held in the fabulous surroundings of Hall Place in Bexley. Service updates, net zero carbon aims and vision and values were among the topics for discussion.

It was great to get together bringing everyone up to speed on exciting developments in the months ahead!

## ON THE UP!

Congratulations to Rashed Ali who was promoted to audit and assurance manager on 1 April.

Rashed joined McBRIDES when we acquired Shea & Co in October 2019. He is dual qualified as a fellow of the Association of Chartered Certified Accountants and a member of the Institute of Chartered Accountants in England & Wales (ICAEW).

An audit specialist with eight years' experience, Rashed is experienced in the audit of maritime companies, property management companies, resources, manufacturing and retail businesses.

Managing partner Tanya Hamilton said: "I'm delighted to announce Rashed's much-deserved promotion and look forward to his contribution within our wider management team."



## CONGRATULATIONS TO THE COCKPIT!



Congratulations to our client George Taverns Ltd whose pub The Cockpit in Chislehurst was named Bromley Pub of the Year 2023 by the Campaign for Real Ale (CAMRA).

Fighting off competition from 13 other pubs in the Bromley borough, The Cockpit now goes forward to the London Pub of the Year award, which will be announced later this month.

A fantastic achievement for a pub which has only been running for two years and opened during the pandemic.

## DO YOU KNOW OUR FUTURE GRADUATE TRAINEES?

We're looking for the best local talent to join us and, having found our A level school leaver apprentices, we're on the search for new joiners to our graduate trainee scheme.

Graduates will be expecting (or have achieved) a 2:1 degree with A levels grade B or above and will commence studies towards their qualification with the Institute of Chartered Accountants in England and Wales or the Association of Tax Technicians.

All trainees benefit from a great training experience working with peers at all stages of qualification, and – unlike much larger firms – will be working with clients, partners, and managers from day one.



To find out more about these vacancies, please visit [www.mcbridesllp.com/careers-vacancies](http://www.mcbridesllp.com/careers-vacancies).