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The Engine

Summer 2023

Keeping you up to date with the
Manufacturing & Engineering sector

Now, for tomorrow

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Welcome to the latest issue of The Engine from MHA, with insights for Manufacturing & Engineering businesses.

The Manufacturing & Engineering sector continues to face significant challenges. There is no doubt that inflation, higher interest rates and soaring energy prices, along with skills shortages and supply chain issues are continuing to cause difficulties for businesses in the sector.

Firms that have managed to navigate the inflationary pressures have benefited from consolidation in the marketplace and whilst there are certainly challenges, there are also opportunities.

It is imperative that businesses running into problems discuss options at an early stage. The earlier advice is sought, the more options there are available. Professionals can help you recognise the warning signs and understand whether your situation is one that you can trade out of.

Right now, the sector needs strong leadership and stability. Without a comprehensive Industrial Strategy, or a dedicated department within government, there is a lack of focus on getting to grips with the complex and multi-faceted issues the sector is facing. We welcomed the report published in the spring by Make UK and echo their calls for a new UK Industrial Strategy, which we discuss on page 4.

In this edition of The Engine we also take a look at several issues which businesses in the manufacturing and engineering sectors should be aware of, including an update on Capital Allowances, details of UKIMS which replaces the UK Trader Scheme, the future of AI in manufacturing, changes to R&D and a whole host of other topics.

If you would like further information on any of the issues covered, please get in touch.

Best wishes

The MHA Manufacturing & Engineering team

Contents

Building a resilient future: Make UK's Industrial Strategy recommendations

The 2017 UK Industrial Strategy aimed to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure. In March 2021, the strategy was withdrawn, in favour of the governments 'Plan for Growth'.

However, as the global landscape evolves at an unprecedented pace, UK businesses have criticised the lack of a clear industrial strategy to address the numerous challenges and opportunities the sector faces; especially in light of the US Inflation Reduction Act (IRA) to draw green investment and a similar initiative being introduced by the EU.

This, coupled with fierce competition from France and Germany, who themselves have comprehensive industrial strategies has led Make UK, the leading industry body representing over 20,000 manufacturing businesses, to formulate a comprehensive set of recommendations for a UK industrial strategy.

These recommendations aim to foster innovation, enhance productivity, and cultivate a resilient industrial ecosystem capable of weathering future disruptions. It calls for the establishment of a Royal Commission to focussed on developing a long term, modern industrial strategy and a new Industrial Strategy Council to independently monitor progress. The key proposals and their potential impact include:

Prioritisation of Research and Development (R&D) to drive innovation and technological advancement. By allocating resources towards R&D, the UK can create an environment conducive to breakthrough discoveries, cutting-edge technologies, and disruptive solutions. This emphasis on innovation will help British manufacturers lead the way in emerging sectors such as clean energy, artificial intelligence, and advanced materials.

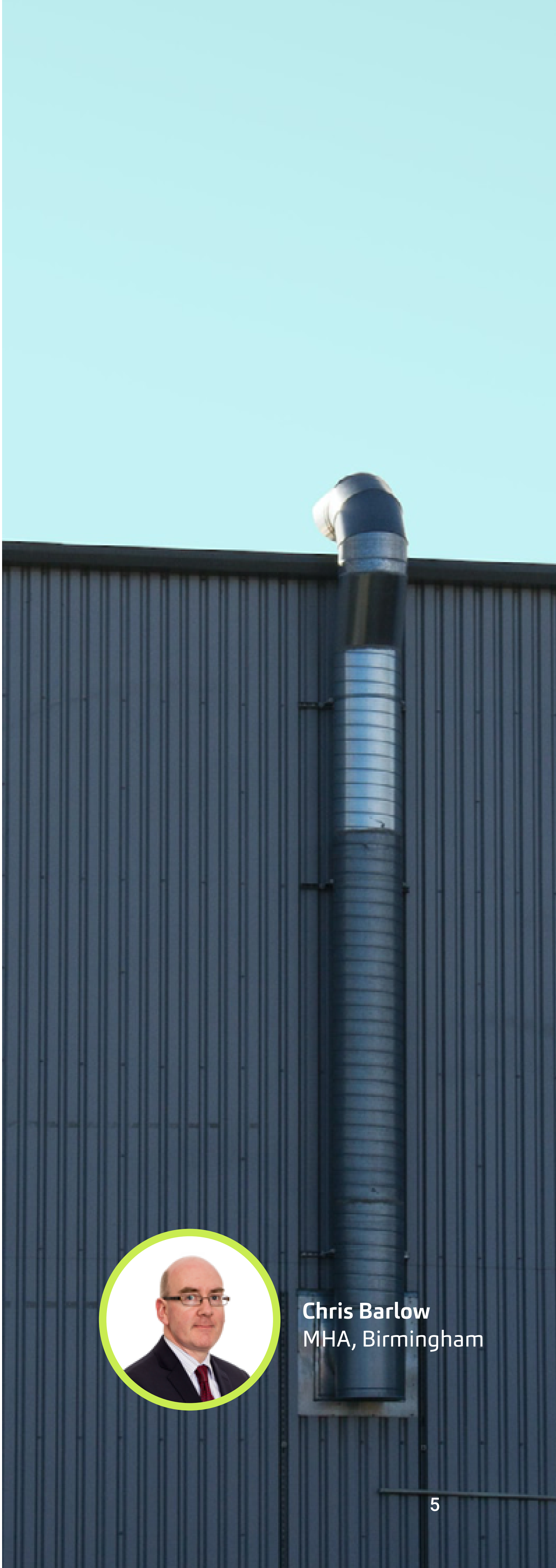
Enhancing skills and workforce development, emphasising the urgent need to bridge the skills gap and invest in training programs to equip workers with the competencies required for the industries of the future. It advocates collaboration between businesses, educational institutions, and government entities to establish apprenticeship schemes, vocational training initiatives, and lifelong learning opportunities to develop a well-rounded and adaptable workforce capable of meeting evolving market demands.

Incentives and supportive policies to foster sustainable and green manufacturing to help meet climate change targets and promote sustainability. Make UK recommends tax incentives and grants to encourage manufacturers to adopt green practices, reduce carbon emissions, and transition towards clean and renewable energy sources.

Embracing digitalisation and leveraging emerging technologies to optimise operations and enhance productivity. Utilising technologies like the Internet of Things (IoT), automation, and data analytics to streamline processes, undertake predictive maintenance, and improve supply chain management, through investment in robust digital infrastructure and expanding access to high-speed internet across the country.

Focus on international trade and collaboration, recognising its significance for the growth and prosperity of the UK manufacturing sector. Make UK recommends that the government establishes favourable trade policies, reduces trade barriers, and fosters strong bilateral partnerships. Encouraging collaboration between businesses, universities, and research institutions at a global level to drive knowledge sharing, facilitate technology transfer, and develop innovation clusters.

Make UK's industrial strategy recommendations offer a roadmap for building a resilient and prosperous future for the UK manufacturing sector. By prioritising R&D, strengthening skills and workforce development, fostering sustainability, embracing digitalisation, and facilitating international trade and collaboration, the UK can position itself as a global leader in innovation and manufacturing excellence. Implementing these recommendations will not only ensure the sector's success but also contribute to economic growth, job creation, and long-term sustainability and is something which MHA fully support. The challenge is to harness the momentum provided by this and to ensure that something now happens..



Chris Barlow
MHA, Birmingham

Capital Allowances

The capital allowances regime for companies is currently quite generous and offers significant tax savings for companies in industrial sectors investing in plant & machinery.

Capital Allowances are available instead of depreciation (which is in almost all cases not an allowable deduction for tax purposes). The standard rate of relief is 18% per year, or 6% for certain categories of 'special rate assets' including utilities and other integral features in buildings as well as solar panels and thermal insulation. The better tax reliefs however are the Year 1 allowances which companies can claim in the year when expenditure is incurred. The Annual Investment Allowance (AIA) offers 100% deduction for qualifying expenditure in the year it is incurred and it is now set at a generous limit of £1 million per year. This is plenty for most businesses but larger companies & groups can quickly exceed this, especially as the AIA has to be shared within a group and between connected companies.

Even more generous than the AIA, was the fairly short lived 'Super-deduction' which lived up to its super moniker as it offered 130% relief for qualifying main rate expenditure, albeit with a few exceptions (for instance purchases have to be new and unused assets, a condition that doesn't apply to AIA), and unlike the AIA this relief was uncapped. It was available for expenditure between April 2021 and March 2023, though potentially reduced in the last period due to phasing out rules. It was more generous than AIA but didn't apply to special rate assets, which only got 50% first year allowances. Although this is no longer available for current expenditure, make the most of this relief by maximising claim for accounting periods which are still open.

Since April 2023, the Super Deduction has been replaced by the new 'Full Expensing' regime, which is essentially the same as the super deduction, just without the 'super' bit as it is a 100% relief rather than 130%. Like the super deduction, the relief is unlimited, so even where companies and groups exceed the Annual Investment Allowance limit, they can still carry on claiming 100% on qualifying main rate expenditure, with the 50% first year allowance continuing for expenditure on special rate assets.

With the multiple different capital allowances reliefs and transitional rules added to the mix, it can all get quite complex and so it is more important than ever to get a proper review of your capital expenditure to make sure you are maximising capital allowances.

For companies in industrial sectors, this offers significant opportunities to accelerate tax relief on machinery and equipment purchases, however it isn't just purchases of machinery and other equipment that businesses can claim capital allowances on. If you are doing a factory or office refurbishment or maybe an extension, then capital allowances should be available on some of this expenditure, and the relatively new Structures & Buildings Allowance will typically be available where expenditure doesn't qualify for other allowances, albeit at a much lower annual rate.

It is also important to consider capital allowances when you are purchasing new premises or selling existing property, as this generally require a negotiation between the buyer and the seller to agree the disposal value of the qualifying expenditure to ensure you maximise the capital allowances you are entitled to. You will need to ensure also that elections are entered into to fix the capital allowances value, and any other necessary paperwork is completed at the time of the transaction.

With the increase in the corporation tax rate to 25% for most companies from April 2023, capital allowances reliefs result in significantly higher tax savings, so it is more important than ever to ensure you get good advice to get the most tax efficient outcome for your business.

If you would like further information, or would like to discuss Capital Allowances in more detail, please get in touch.

Steve Haywood
MHA, Preston

UKIMS to replace UKTS under Windsor Framework

Since the Northern Ireland Protocol became part of international law on 1st January 2021, importing goods into Northern Ireland has been complex and time-consuming for UK businesses. For many, the requirement to complete full customs declarations to enter goods into Northern Ireland resulted in the withdrawal of sales, due to the time and cost proving to be commercially unviable.

In an attempt to address these issues and streamline the import of goods, especially those subject to additional certification requirements, in February 2023 the UK and the EU announced changes to the Northern Ireland protocol, in the form of the new 'Windsor Framework', which is due to come into force in October 2023; however, there are some important changes to the UK Trader Scheme: Transitioning to UKIMS Under Windsor Framework, that businesses need to be aware of.

HMRC are writing to all holders of the UK Trader Scheme (UKTA) authorisation to inform them that the existing UKTA will cease to exist from the 30 September 2023 and is being replaced by the UK Internal Market Scheme (UKIMS). It is crucial to take immediate action to ensure timely approval under the new scheme.

To ensure that a UKIMS approval is in place before 1st October 2023, HMRC have already publicised that businesses should apply by the 31st July.

While the information required for the original UKTA was relatively straightforward, the additional controls under the Windsor Framework have required HMRC to request additional information to ensure an applicant can comply with the new rules.

Notably, the revised requirements entail providing more detailed information on procedures and records to ensure there are satisfactory controls on the goods to minimise the risk of unauthorised movement into the European Union.

What is the Windsor Framework?

Red and green channels

The framework envisages two 'lanes' for goods arriving in Northern Ireland – a green lane for goods that will remain in Northern Ireland and therefore not require checks and additional paperwork; and a red lane for goods that may be sent on to the EU, which would still be subject to certain checks.

These changes have been warmly welcomed by many as an appropriate means of managing the flow of goods between Northern Ireland and mainland UK without excessive checks, however there are still a number of planning points businesses need to be aware of.

1. The UK Trader Scheme (UKTS) will be replaced by the new UK Internal Market Scheme (UKIMS). Only importers who have this authorisation will be able to use the Green Channel.

2. Goods entered via the Green Channel must only be for use in Northern Ireland and may need to meet additional labelling requirements, such as stating 'not for EU'.

3. Any goods that are 'at risk' of entering the EU will have to be moved through the Red Channel and be subject to the existing measures under the NI Protocol such as full certification and customs declaration via TSS.

4. Entry via the Green Channel allows for goods, subject to SPS certification, to enter under the cover of a General Certificate issued by the UK authorities.

5. Groupage Loads are a common form of shipment into NI and this will determine the effectiveness of the Channel system, as any load which contains goods that may be 'at risk' of entering the EU will result in the whole consignment being moved through the Red Channel.

Enhanced UK Trusted Trader Scheme

This is the key measure announced which facilitates the relaxation of rules and one which all businesses trading with Northern Ireland must be prepared for, as it involves new processes and enhanced diligence.

HMRC carried out an exercise in late-2022 to contact UK businesses who had declared goods, via TSS, stating 'not at risk' and therefore waiving the requirement to pay EU customs duties. As a result, UK businesses who 'import' into Northern Ireland and are within the existing UK Trader Scheme ("UKTS") should automatically have the required authorisation needed to use the Green Channel for goods that are 'not at risk' of entering the EU.

However, within the Framework, there are additional obligations on the UKTS holder to ensure that they:

- Demonstrate adequate record keeping in relation to the movement of the goods (which must be retained for at least 5 years).
- Records on goods movements (into NI) should allow for cross-checks between records relating to purchases, sales, stock control and movement of the goods.
- Maintain an understanding of their clients to ensure that the criteria within the UKTS can be met. This will be via contracts, declarations and evidence of sales and will require regular reviews.
- Require that a responsible person has a clear understanding of the administration of the UKTS and the obligations for sending goods to NI.
- The UK will, as part of the new data-sharing agreement, be required to audit UKTS holders and report to the EU that satisfactory controls are in place. UKTS holders must have the necessary records and knowledge in place otherwise they could be subject to both EU customs duties and penalties. The EU has made it clear that failure to implement UKTS can result in this vital part of the Framework being withdrawn so it is crucial that this is successful.

Andrew Thurston
MHA, Northampton

Key dates

The implementation of the Framework will be in phases as follows:

June 2023
Northern Ireland duty reimbursement scheme: From 30 June 2023, the scheme allows traders moving goods into Northern Ireland to reclaim EU duty where they can demonstrate that the goods were sold or used in Northern Ireland or somewhere else outside the EU. Claims can be backdated to 1st January 2021)

1st October 2023
The UK Internal Market Scheme (UKIMS) will replace the UK Trader Scheme (UKTS) and be required for declaring 'not at risk' on TSS. Enhanced SPS inspection facilities to be in place in NIPrepacked meat and fresh dairy from GB – NI to be individually labelled 'not for EU'

31st October 2023
Export health certificates and phytosanitary certificates are introduced for medium-risk animal products, and plant and plant products imported to GB from the EU. This also applies to Irish products moving directly from Ireland to GB, and full customs controls will also be introduced for these goods.

September 2024
Green Lane will take full effect.

1st October 2024
Labelling requirement extends to all dairy products, including UHT milk and butter

31st December 2024
Businesses to start using the UK's new product safety marking: UK Conformity Assessed (UKCA). (The CE marking will continue to be recognised for goods sold in NI).

2025
New arrangements for the supply of medicines into Northern Ireland will be introduced (Date TBC)

1st July 2025
All retail goods (other than goods sold loose and certain exempt products), to be individually labelled.

At MHA, we appreciate that these new requirements will result in applicants needing to review and document existing processes. Our team of experts are available to assist your company in ensuring that it has the necessary records and controls, helping you avoid any potential penalties and assessments.

If you require assistance with your UKIMS application, please contact our Customs Team who will support you throughout this new process.

Upcoming Changes to the UK SME & RDEC R&D Schemes

From 1st August 2023, all claimants must complete and submit an additional information form to HMRC including project descriptions. The requirements have been summarised below, along with other major changes to the administration of the two schemes. Please note that all additional information forms must be submitted via the HMRC portal prior to the filing of the CT600 (however, the CT600 can be submitted without R&D numbers and amended retrospectively once the necessary additional information is available).

Project Information Required

Technical Descriptions

- What is the main field of science or technology?
- What was the baseline level of science or technology that the company planned to advance?
- What advance in that scientific or technological knowledge did the company aim to achieve?
- The scientific or technological uncertainties that the company faced.
- How did your project seek to overcome these uncertainties?

R&D Expenditure:

Full Breakdown of Qualifying Expenditure by project, cost, and category.

Qualifying Indirect Activities:

The amount of qualifying expenditure for each project in relation to Qualifying Indirect Activities, that does not directly lead to resolving the uncertainty.

Examples Include

- Supporting activities such as security, admin, secretarial and finance that relate to R&D.
- Training required to directly support the R&D project.
- Creating information services for R&D support such as preparing a report of R&D findings.

Additional Company Information Required

Company Details:

- Unique Taxpayer Reference (UTR)
- Employer PAYE Reference Number
- VAT Registration Number (if applicable)
- Business Type (Current SIC code or equivalent)

Contact Details:

- The main senior internal R&D contact in the company who is responsible for the R&D claim, for example a company director.
- Any agent involved in the R&D claim.

Key Dates

Accounting periods start and end date for which the tax relief claimed relates to.

Key Takeaways - what this means for you?

- New claimants will need to notify of claims well in advance of submission, it is crucial to ensure this is done to avoid missing out. Please let us know as soon as possible so we can ensure this is done and correctly filed.
- Financial only submissions can no longer be made, as a result care must be taken to ensure the projects are well defined and to be able to demonstrate how they qualify for R&D tax reliefs. The claim must be signed off by an officer of the company. Additionally, details of the agent must be listed.
- HMRC are particularly focussing on identifying fraudulent claims and as such care needs to be taken to ensure sufficient and appropriate evidence is submitted.
- HMRC are also reviewing the company SIC code in the context of the R&D claim. As such, particular care must be taken to ensure R&D activities are well defined and linked to the trade or that additional information is provided where the R&D activities are not immediately reflected in the SIC code.
- More protracted claim process – additional financial information and breakdowns will require additional input from claimants, highlighting the importance of a structured claim process.

Changes from 1 April 2023

	Pre- April 2023	From April 2023
Loss-making SME	Enhanced deduction: 130% R&D credit: 14.5% Benefit: (up to) 33.35%	Enhanced deduction: 86% R&D credit: 10% Benefit: (up to) 18.6%
Loss-making SME (R&D) Intensive) *	Enhanced deduction: 130% R&D credit: 14.5% Benefit: (up to) 33.35%	Enhanced deduction: 86% R&D credit: 14.5% Benefit: (up to) 26.97%
Profit-making SME	Enhanced deduction: 130% Corporation tax rate: 19% Benefit: (up to) 24.7%	Enhanced deduction: 86% Corporation tax rate: 25% Benefit: (up to) 21.5%
RDEC Company	RDEC credit rate: 13% Corporation tax rate: 19% Benefit (after tax): 10.53%	RDEC credit rate: 20% Corporation tax rate: 25% Benefit (after tax): 15%

* Loss-making R&D intensive companies are those whose qualifying R&D expenditure constitutes at least 40% of total expenditure in the period. Total expenditure for this purpose will be calculated from the total expenses figure in the profit and loss (P&L) account, adjusted by adding any amount of expenditure used under s1308 Corporation Tax Act (CTA) 2009 and by subtracting any amount not deductible for CT purposes.

Additional Qualifying Categories Cloud computing and data

From 1st April 2023, the UK government's guidelines on R&D tax relief have included cloud software and data costs to qualify as research and development activities if they meet certain criteria.

Pure mathematics

From the 1 April 2023, the government have expanded their definition of R&D to include Pure Mathematics, which has contributed to the development of cryptography, and algorithms used in machine learning and artificial intelligence in recent years.

The exclusion of international subcontracting has been delayed until the 1st of April 2024

The government have delayed the exclusion of international subcontracting from R&D qualifying activities to the 1st of April 2024, which is intended to incentivise and reward companies for carrying out R&D work within the UK.

Potential merging of the SME and RDEC schemes

TA potential merger of the SME scheme and the Research and Development Expenditure Credit (RDEC) scheme from April 2024 is under consultation. The aim of this merger is to simplify the system and make it easier for businesses to claim R&D tax relief, however, could see a further restriction of the benefit for SME companies.

The future of AI in manufacturing

Artificial Intelligence (AI) has emerged as a transformative technology across various industries, and manufacturing is no exception. In recent years, AI has been making significant strides in revolutionising manufacturing processes, optimising efficiency, and driving innovation.

By leveraging the power of data analysis, machine learning, and robotics, AI is reshaping traditional manufacturing methods and propelling the industry into a new era of intelligent automation.

What are the opportunities?

Enhanced Efficiency and Productivity

One of the primary advantages of AI in manufacturing is its ability to enhance operational efficiency and productivity. Intelligent automation systems powered by AI algorithms can optimise production processes, streamline supply chain management, and minimize downtime. Predictive maintenance also enables proactive identification of equipment issues and potential failures, reducing unplanned downtime.

AI algorithms can analyse huge amounts of data in real-time, identifying patterns and anomalies that would otherwise go unnoticed. By leveraging machine learning techniques, AI systems can continuously learn from data inputs, adapt to changing conditions, and make data-driven decisions to optimise manufacturing processes.

Robotics and Autonomous Systems

AI and robotics are merging to create a new generation of autonomous systems that are reshaping the manufacturing landscape. Robots equipped with AI capabilities can operate collaboratively with human workers and perform complex tasks with precision, speed, and consistency, reducing manual labour requirements and increasing production efficiency.

The integration of AI and robotics also facilitates the development of flexible manufacturing systems that can adapt to changing production demands. Intelligent robots can be reprogrammed to perform new tasks quickly, allowing manufacturers the flexibility to reconfigure production lines to meet new product demands, reduce time to market, and potentially gain a competitive advantage.

Data-Driven Decision Making and Predictive Analytics

The proliferation of sensors and connected devices in manufacturing environments generates huge amounts of data. AI can harness the potential of this data by providing real-time insights and predictive analytics. AI algorithms can analyse structured and unstructured data, to gain insights into various aspects of manufacturing operations, including supply chain management, inventory optimisation, and demand forecasting.

Human-Machine Collaboration and Augmented Workforce

AI systems can handle mundane and repetitive tasks, freeing up human resources for higher-level problem-solving, innovation, and decision-making activities. Humanmachine collaboration is becoming increasingly prevalent in manufacturing settings, with staff interfacing with AI systems through voice commands, or wearable devices. This collaboration allows employees to access real-time information, receive AI-generated recommendations.

What are the risks?

Data Security and Privacy

AI relies heavily on data collection, analysis, and storage. This creates concerns regarding the security and privacy of sensitive data. Breaches or unauthorised access to this data can result in intellectual property theft, compromised trade secrets, or regulatory non-compliance.

Workforce Displacement

AI-driven automation has the potential to replace certain manual or repetitive tasks, which could lead to job displacement for some workers, decreased job satisfaction, and a need for upskilling or retraining of the workforce.,

Technical Challenges

Implementing AI systems in manufacturing can be complex, requiring significant technical expertise to ensure reliability, accuracy and safety. Challenges may arise in areas such as data integration, system interoperability, algorithmic bias, and robustness of AI models.

Cost of Implementation

Adopting AI technologies often involves significant upfront costs, including infrastructure upgrades, training, and ongoing maintenance.

Ethical Considerations

There are a number of ethical concerns related to transparency, fairness, accountability, and the potential for AI to reinforce existing bias or discrimination.

Dependency and Single Point of Failure

Heavy reliance on AI systems for critical manufacturing processes can create a single point of failure, where any malfunctions could lead to production delays, downtime, and financial losses.

Lack of human judgment

While AI systems excel at data analysis and automation, they still lack the ability to incorporate human judgment and intuition. Certain complex decision-making processes will still require human intervention, particularly in situations that involve unforeseen circumstances or non-routine events.

To mitigate these risks, it is important to develop robust AI strategies that include comprehensive data security measures, ethical guidelines, employee training programs, and contingency plans to address potential disruptions.

Support Available

There are a range of Government Initiatives, grants, funding opportunities and skills training programs to support businesses adopting AI and digital technologies. These include the Industrial Strategy Challenge Fund and the AI Sector Deal. There are also a number of academic institutions and research centres actively contributing to AI development and guidance for businesses.

AI from an audit perspective

AI can assist auditors, business owners and finance directors to gain valuable insights from their financial data in real-time and help prepare for audit; namely in areas of data analysis, identifying inconsistencies, errors, or anomalies to help ensure data is accurate and reliable. AI algorithms can also assess financial data for potential risks, compliance issues, and detect patterns indicative of fraudulent activities; and by using historical financial data, AI can provide predictive insights, such as forecasting future revenue, expenses, and cash flow.

We are increasingly incorporating techniques such as data analytics, artificial intelligence and machine learning into our audits through our global partnerships with software vendors, which revolutionises the efficiency, quality and value to clients of audit work.

By carefully managing the risks and leveraging the opportunities, manufacturing businesses can successfully transition to AI-driven processes, enhancing their competitiveness and contributing to the growth of the sector. The risk of not doing so, could lead to significant operational inefficiencies, increased production costs, or competitive disadvantages and could adversely affect the company's financial stability and performance.

Our business advisors have experience across multiple industries and sectors of how firms are implementing and benefiting from AI and the various challenges and opportunities available. If you would like to discuss our insights in more detail, please get in touch with your local office.

Ginni Cooper
MHA, Preston

Employee ownership trusts: tax benefits may be limited

With a government consultation on the "use & effectiveness" of the Employee Ownership Trust tax regime expected later this year, the tax benefits of selling your business to an EOT, free of CGT may well be limited by legislation in the near future.

In April, the Government announced several measures (23 to be precise) to simplify and modernise the tax system, and to tackle the tax gap. Employee Ownership Trusts (EOTs) will be under particular scrutiny, with a consultation expected later this year on the "use and effectiveness" of the EOT tax regime to "ensure that the reliefs are targeted closely at incentivising EOTs as an employee ownership business model, whilst preventing the reliefs from being used for unintended tax planning".

We see this as a clear message that the EOT legislation, as it currently stands, is seen by HMRC as facilitating an unintended tax reduction. We expect they are particularly focussed on the belief that business owners see EOTs as a way to avoid Capital Gains Tax (CGT), rather than as a way to encourage employee ownership.

Therefore, the tax benefits of selling you business to an EOT, free of CGT may well be limited by legislation in the near future.

If you are contemplating a sale to an EOT, or would like to find out more about the benefits of EOTs for business owners and employees, the advice is to act sooner rather than later to ensure you benefit from the tax reliefs as they currently stand.

To find out more about Employee Ownership Trusts and the potential impact of the upcoming government consultation, you can listen to our podcast here:

EOT's Podcast

Or you can get in touch with our employment tax team here:

mha.co.uk/services/advisory/human-capital

Chris Blundell
MHA, London

Green Finance - opportunities for the industrial sectors

With ESG (Environmental, Social and Governance) dominating the corporate and regulatory agenda in the UK, a clearly defined ESG strategy can help secure a business's current and future financing needs, as well as bringing wider value to the business itself.

However, improving ESG credentials in sectors not intrinsically 'environmentally friendly' such as construction, manufacturing, and engineering, with a heavy reliance on high carbon intensive materials and processes, poses significant challenges to meet the government target of reducing green-house gas emissions by 100% by 2050.

Some businesses in these sectors have embraced the challenge, taking advantage of Green Asset Finance to invest in inventive and creative solutions; which have not only reduced the impact of the recent energy crisis, but have also helped those firms navigate turbulent market conditions.

Sustainable Asset Finance

The main barrier to the adoption of new technologies is usually high up-front costs. Green Asset Finance can increase the options available to businesses by supporting investments in sustainability, which can include these key benefits:

- Reduced overheads through investment in green technology
- Creates reductions in carbon footprint producing green credentials
- Enables investments in the latest equipment and technology and vehicles for sustainability focused purposes without paying full up-front costs.
- Reduces risks regarding exposure to assets declining in value or becoming obsolete.
- Balance sheet stability – balance sheets need only show future lease liabilities and not full asset liability
- Capital Allowance benefits – often capital allowance benefits are available as well, therefore reducing taxable income.

Our Head of Green Finance, Hiten Sonpal has recorded a short webinar, focussed on the regulatory environment, the role Green Finance will play in achieving government targets, the technologies and opportunities available today, and the options you might like to consider, which you can watch on-demand here:

Green Finance Opportunities for Industrial Sectors

For further information, you can get in touch with our banking and finance team here:

mha.co.uk/services/advisory/human-capital

Hiten Sonpal
MHA, London

Webinar invitation

Finance Directors Update Course

3 Hours CPD

Thursday 21st September 2023, 8am - 12noon

Our FD Update courses take place every 6 months and are designed to keep your technical knowledge up to date & help you comply with the ever-changing regulatory environment in the worlds of Financial Reporting and Tax; whilst highlighting points which can be used in practice.

With expert speakers from across MHA, this event will focus on the latest developments in Tax, VAT and UK company law & accounting standards, including:

- The fully expensing regime for capital expenditure
- The corporate interest restriction regime in light of higher interest rates
- IFRS 15 and the introduction of IFRS 16
- Update on Audit reform in the UK
- Accounting and regulation of crypto assets – A long overdue evolution!
- ESG Audit considerations
- VAT and indirect tax developments that will affect businesses with international operations or aspirations, and potential developments on the horizon, post the next election

It is particularly aimed at businesses and FDs using IFRS and slightly larger entities using UK GAAP either under FRS101 or FRS102, but will be relevant to all FDs and CFOs.

Register Here
or visit mha.co.uk/events

MHA Manufacturing & Engineering

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Our Manufacturing & Engineering experts understand the challenges and opportunities within the sector, which remains a vital part of the UK economy.

At MHA we are passionate about manufacturing and engineering businesses, and as a key sector of our firm, our specialists truly understand the full nature of the challenges and opportunities you face.

Our experience has been built over a significant number of years, where we have supported clients in all market conditions, helping them grow, diversify into new subsectors and expand internationally.

Our experts regularly advice advise on R&D tax planning, expansion, trading overseas, import and export duties, transfer pricing, compliance with local regulations as well as audit and taxation.

In a world where day-to-day issues like supply chain management, cost pressures, labour shortages, and regulation collide with big challenges like net zero, automation and skills development, our team are ready to help. We use our deep sector experience and technical expertise to guide manufacturing and engineering clients through these challenges while helping them maximise opportunities and create a sustainable future.

We provide a wide range of tailored services: assurance, tax, compliance, advisory, training and more, delivered with practical understanding.

Worldwide specialist sector support through our independent membership of Baker Tilly International.

MHA is an network of progressive and respected accountancy and business advisory firms with members across the UK.

Our member firms provide both national expertise and local insight to their clients. As an independent member of Baker Tilly International, a top 10 global advisory network, MHA offers clients unparalleled access to a broad range of in-country international specialists where overseas projects are on the horizon.

Our Sector Approach

MHA allows clients to benefit from in depth sector knowledge in addition to specialist accountancy services and expert business advice. Construction & Real Estate is a key sector for MHA, and our industry experts understand the challenges and opportunities within the sector. With MHA's sector experience, and local, national and international knowledge, our team is well placed to provide leading advice.

1152
Staff

106
Partners

19
Offices nationwide

£124
Million turnover

Disclaimer

mha | hub

MHA Hub offers clients and contacts a diverse programme of professional events, training, and publications that has been created to offer the latest in best practice, good governance, and regulatory updates and insights.

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