



Prosper

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Our magazine for SMEs, featuring:

The employment balancing act facing employers

UHY client Alex Thompson on leading Troubador Publishing's next chapter

AI beyond the hype: where SMEs are really seeing value

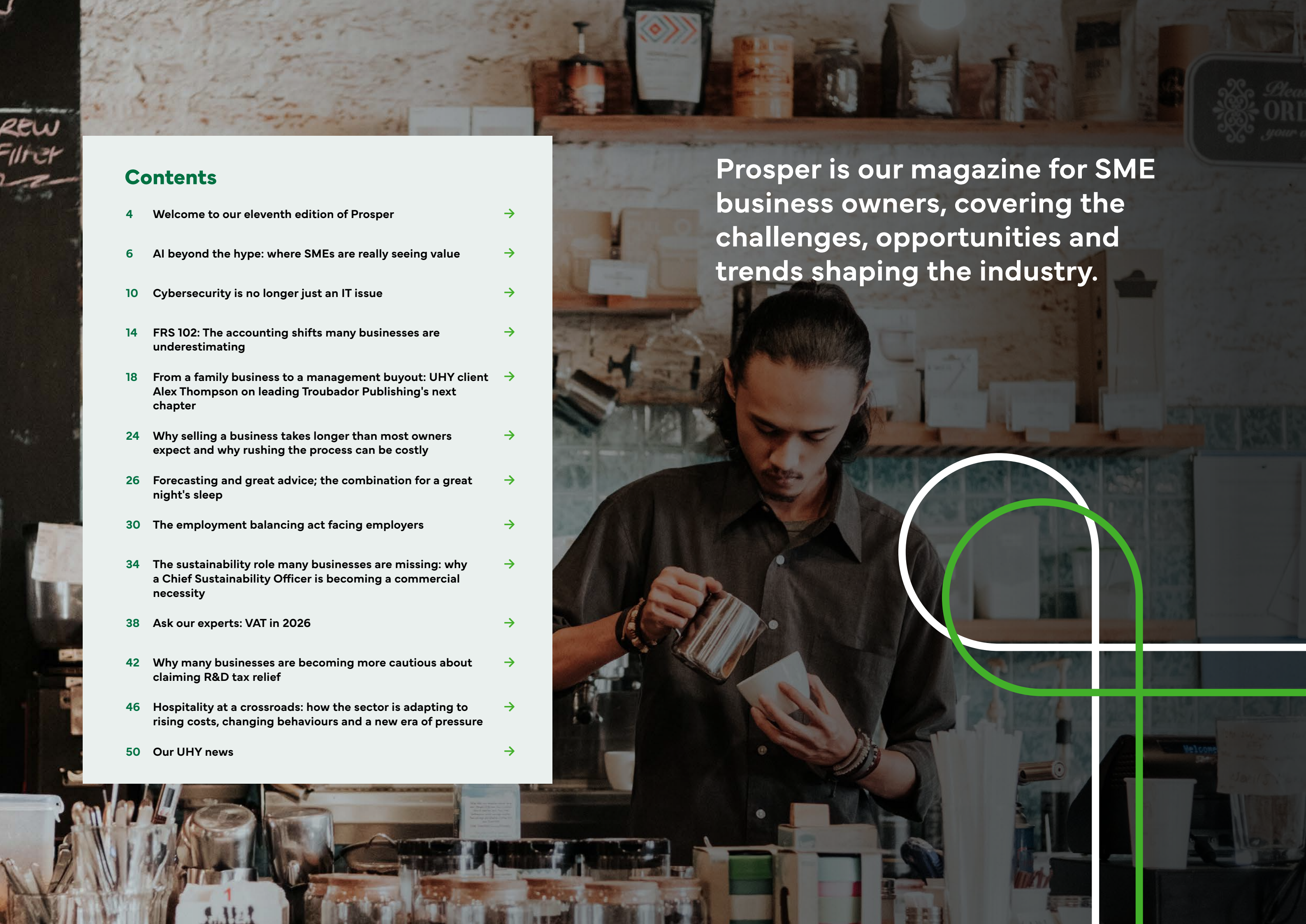
A smiling woman with dark, wavy hair, wearing a light blue button-down shirt and a white apron, holding a black tablet. She is standing in front of a blurred background that appears to be a shop or office. On the left side of the image, there are decorative green and white curved lines.

Helping you prosper

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Prosper is our magazine for SME business owners, covering the challenges, opportunities and trends shaping the industry.



Welcome to our eleventh edition of Prosper

Since our last issue at the end of 2025, the business landscape has continued to shift at pace. While some of the pressures that dominated 2024 and 2025 have begun to ease, new challenges have emerged in their place. For many businesses, the first half of 2026 has been characterised not by crisis, but by complexity.

Inflation may have moderated from the highs experienced in recent years, but rising employment costs, regulatory change and geopolitical uncertainty continue to place pressure on organisations across the UK. Businesses are also responding to changing customer expectations while keeping pace with rapid technological advances and an increasingly complex regulatory environment. For many leaders, the challenge is no longer simply responding to disruption. It is balancing immediate operational demands with longer-term strategic priorities.

At the same time, opportunities remain abundant for organisations willing to embrace change. AI is rapidly moving from experimentation to implementation. Sustainability is increasingly becoming a commercial risk consideration rather than a purely environmental one. Businesses continue to invest in technology, develop their people and look for smarter ways to work, recognising that resilience alone is no longer enough. Sustainable growth depends on making good decisions today while preparing for tomorrow. If 2025 was about adapting to change, the first half of 2026 has been about learning to operate confidently within it.

This edition of Prosper reflects many of the conversations we are having with clients. From workforce planning and digital transformation through to tax, compliance and succession planning, a common theme emerges throughout these pages: the importance of making informed decisions in an increasingly complex environment.

AI remains one of the most talked-about business topics of 2026 and no business conversation seems complete without mentioning it. Yet for many organisations, the conversation is beginning to shift from possibility to practicality. On page 6, Matthew Granger cuts through the hype surrounding AI and explores where SMEs are genuinely seeing value. From streamlining administration to improving productivity and decision-making, Matthew shows why the greatest returns often come from solving real business challenges rather than pursuing technology for technology's sake.

As businesses become more digitally connected, cybersecurity has moved firmly onto the boardroom agenda. On page 10, Chris Davies examines why cybersecurity is no longer simply an IT issue. As cyber threats become more sophisticated and AI-enabled fraud continues to evolve, the article explores why digital resilience is rapidly becoming a leadership and commercial priority. From protecting customer trust to maintaining operations, Chris explains why cyber resilience demands attention across the wider business rather than simply within the IT function.

Turning to financial reporting, Priti Mistry examines the accounting changes many businesses are still underestimating on page 14. Priti explains the key FRS 102 developments businesses should be considering now to ensure they remain prepared for future reporting periods and changing regulatory expectations.

Our latest 'We sat down with...' interview on page 18 features UHY client Alex Thompson, managing director of Troubador Publishing. Following a successful management buyout in 2024, Alex reflects on Troubador's journey from a family business founded around a kitchen table to one of the UK's leading publishing services organisations. Alex shares valuable insights into succession planning, preserving company culture and preparing a business for its next chapter.

Following on, on page 24, Nick Carr examines why selling a business often takes longer than owners expect. Drawing on real-world experience, the article explores why successful exits are typically built on years of preparation rather than months of activity. For business owners considering succession, retirement or future growth opportunities, it reinforces the importance of planning ahead.

On page 26, Harry Howley explores why many small business owners are losing sleep and, perhaps more importantly, what can be done to help them sleep a little easier. Running a business has never been straightforward, and many owners are balancing financial pressures with the responsibility of leading people through uncertain times. Harry explores how getting the right advice, combined with greater clarity, planning and support, can help owners regain confidence and focus on what matters most.

Sustainability continues to move up the agenda for businesses of all sizes. On page 34, Harriet Hodgson-Grove explores the sustainability role many SMEs are missing. Rather than viewing sustainability purely through an environmental lens, Harriet demonstrates how it can strengthen businesses, improve efficiency and support long-term growth. She explains why sustainability is increasingly becoming a business issue rather than simply a reporting exercise.

Elsewhere in this issue, our specialists explore employment pressures, tax and VAT, hospitality and the importance of strong forecasting and getting the right advice.

As always, we conclude the magazine with the latest news from across the UHY network on page 50. Over the past six months, we have continued to invest in our people, strengthen our service offering and support clients across a wide range of sectors and specialisms. The combination of our London, Nottingham and Brighton offices with Affinia has been a particularly significant milestone, strengthening our capabilities and reinforcing our commitment to helping clients prosper. Our annual national conference in July also brought colleagues together from across the network under the theme, The future is here: building what comes next, focusing on how we continue to build a modern advisory firm and the practical steps we are taking today to remain relevant, trusted and competitive in the years ahead.

At UHY, we understand that every business faces its own unique opportunities and challenges. Whether your priorities are growth, succession planning, adopting new technology or responding to regulatory change, access to trusted advice has never been more important.

We hope you enjoy this latest edition of Prosper and find the insights shared throughout both informative and valuable. If any of the topics discussed raise questions, or you would like to speak to one of our specialists, please do not hesitate to get in touch. Our teams across the UK will be delighted to help your business prosper throughout the remainder of 2026 and beyond.



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AI beyond the hype: where SMEs are really seeing value

Artificial intelligence (AI) may be dominating headlines, but for many business owners the real question is far simpler: will it actually save your business time, money or effort? While some organisations are racing to implement AI tools across every department, many SMEs are still trying to understand where the technology delivers genuine value and where it simply creates more noise. We explore what's working well and where you can use AI to get real returns.

Over the last two years, you have probably found AI dominating business conversations. Headlines have ranged from predictions of wholesale workplace transformation to warnings about job displacement and operational risk. New tools appear almost daily, each promising to save time, reduce costs or revolutionise the way businesses work.

For many SMEs, however, the reality has felt far less clear. Beneath the noise and the rapid pace of development, many business owners are still asking a relatively simple question: what does AI actually mean for my business?

That uncertainty is understandable. Much of the discussion around AI has focused on extremes, either presenting it as the solution to every operational challenge or as a threat that businesses cannot afford to ignore. In practice, most SMEs are approaching it far more cautiously and, in many cases, far more sensibly.

Beyond experimentation

The conversation is now beginning to shift. Twelve months ago, many businesses were still experimenting with AI tools out of curiosity. Today, the focus is becoming more practical. Rather than asking whether AI is impressive, businesses are increasingly asking whether it is genuinely useful. That distinction matters.

The organisations seeing the greatest value are rarely the ones trying to implement AI everywhere at once. More often, they are businesses taking a measured approach, identifying specific areas where automation or efficiency gains can make a meaningful difference.

Where businesses are seeing value

For many business owners, that often starts with time. If you are running a lean team, administrative tasks, meeting summaries, reporting, note-taking and internal communications can quickly consume hours that could be spent elsewhere.

AI is already helping reduce repetitive manual work in these areas. Tools are being used to support customer service teams by speeding up response times or helping teams manage high volumes of enquiries more efficiently. Other businesses are also seeing value in highly specific operational processes. For example, AI-assisted reconciliation tools are helping finance teams automate large volumes of routine transaction matching, reducing manual input and allowing teams to focus on investigating exceptions rather than processing data line by line. If you are handling thousands of transactions each month, even relatively small efficiency gains can translate into significant time savings over the course of a year.

Importantly, many of the most effective uses of AI are not particularly dramatic. They are operational improvements that save time, improve consistency and allow employees to focus more attention on higher-value work.

That is often where the biggest misconception exists. AI does not always create value through large-scale transformation. Sometimes its greatest strength lies in removing friction from everyday processes. If you are operating with lean teams and limited time, that can be significant.

The importance of oversight

At the same time, there is a growing recognition that AI implementation without oversight creates its own risks. If your business is using AI tools to generate content, analyse information or support decision-making, issues around accuracy, confidentiality and governance cannot be ignored.

AI-generated content can still be incorrect. Automated outputs still require human review. And while the technology is evolving quickly, responsibility and accountability continue to sit with people.

This is particularly important in areas involving financial reporting, legal obligations or strategic decision-making. AI can support analysis and efficiency, but it cannot replace professional judgement, context or experience.

The businesses seeing the greatest success with AI tend to understand this balance well. Rather than viewing AI as a replacement for employees, they are using it to support teams, improve workflows and create additional capacity within the business.

That shift is already changing how adoption looks in practice. In many organisations, the conversation is no longer centred on replacing roles. Instead, it is becoming focused on how people work differently alongside technology. Employees are spending less time on repetitive administration and more time interpreting information, building relationships and making decisions.

For leadership teams, this also creates new responsibilities. As AI becomes more embedded within day-to-day operations, businesses will increasingly need clear policies around usage, oversight and data security. Questions around which tools are approved, how information is handled and where human review is required are becoming operational considerations rather than future concerns.



Where should you start?

One of the biggest misconceptions about AI is that successful adoption requires large-scale investment or wholesale operational change. In reality, many are seeing the strongest results by starting small.

Rather than trying to implement multiple tools at once, it is often more effective to identify a single process that consumes significant time and explore whether AI can support it. This might be meeting notes, proposal drafting, internal reporting, customer communications or data analysis.

That first step may be as simple as making better use of tools you already have access to. Applications such as Microsoft Copilot are increasingly being used to summarise meetings, draft documents, analyse data and streamline routine administrative tasks. The greatest value often comes not from adopting more technology, but from helping employees use existing tools more effectively and consistently.

Businesses are also finding that successful adoption depends less on the technology itself and more on how consistently it is used. In many cases, selecting one well-suited tool and embedding it properly across the business delivers far greater value than experimenting with multiple platforms without a clear objective.

The goal should not be to use AI for the sake of it. The businesses seeing the strongest returns are typically those that start with a business problem and then identify where technology can help solve it.

AI as an operational expectation

This is one reason many SMEs are choosing to adopt AI gradually. Starting with smaller, lower-risk applications allows businesses to test where value genuinely exists before making wider operational changes. In many cases, that measured approach is proving far more effective than rushing into large-scale implementation without a clear objective. It also allows businesses to bring employees with them.

One of the biggest barriers to successful adoption is not technology itself, but uncertainty among teams about how AI will affect their roles. Businesses that communicate openly, provide guidance and focus on practical support are typically seeing stronger engagement and better outcomes.

There is also a broader commercial reality beginning to emerge. Over time, AI is likely to become less of a competitive advantage in itself and more of a standard operational expectation. Much like cloud accounting software, digital payment systems or remote collaboration platforms before it, businesses may eventually reach a point where certain forms of AI adoption simply become part of standard operations.

That does not mean every business needs to move at the same pace, nor does it mean every new tool will deliver value.

It does, however, mean that, as a business owner, you should begin thinking carefully about where AI could genuinely support efficiency, strengthen decision-making or improve customer experience within your own organisation. Because ultimately, the businesses seeing the strongest results are not necessarily the ones moving fastest. They are the ones approaching AI with clear objectives, realistic expectations and a strong understanding of where human judgement still matters most.

The future of AI in SMEs may be less about disruption and more about refinement. Not replacing people but helping them work more effectively. Not chasing hype but identifying practical improvements that create measurable value over time. And for many businesses, that is where the real opportunity lies.

We are here to help

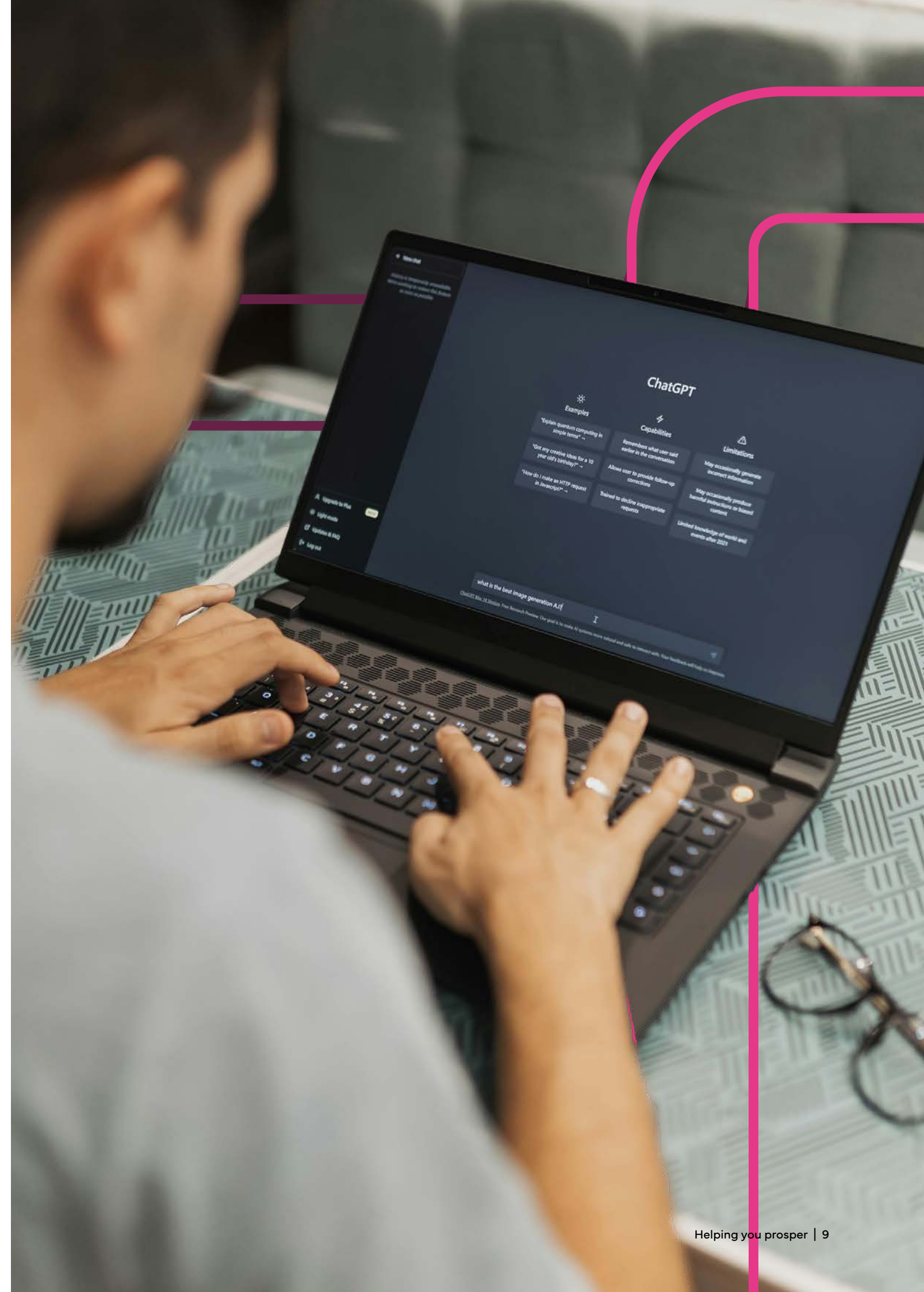
AI adoption can feel complex, particularly when you are balancing operational efficiency with governance, risk and the day-to-day commercial pressures impacting your business.

At UHY, we want to help you understand where technology can support your growth, improve efficiencies within your business and strengthen internal decision-making, while ensuring the right controls and oversight remain in place.

If you would like to discuss how AI could support your business, please speak to your usual UHY contact or get in touch with our team.



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Cybersecurity is no longer just an IT issue

Why digital resilience is becoming a commercial priority

For many SMEs, cybersecurity is still viewed as a technical issue. Something managed by outsourced IT providers, antivirus software or password policies. A problem to think about only when systems fail or a suspicious email lands in somebody's inbox. But that view is rapidly becoming outdated.

According to the UK Government's 2025 Cyber Security Breaches Survey, around four in ten UK businesses reported experiencing a cyber security breach or attack during the previous 12 months. For medium-sized businesses, that figure rises significantly.

As businesses become more digitally connected, cybersecurity is no longer simply about protecting systems. It is about protecting operations, reputation, customer trust and business continuity.

Most organisations now rely heavily on digital infrastructure in ways that would have been difficult to imagine even a decade ago. Finance systems, payroll, customer communications, supplier relationships and operational workflows are increasingly cloud-based and interconnected. For many businesses, even a short period of disruption can have immediate commercial consequences, affecting revenue, customer service and day-to-day operations.

That is why the conversation around cybersecurity is beginning to change. Increasingly, businesses are recognising that digital resilience is not solely an IT concern. It is becoming a broader operational and leadership issue that affects every part of the organisation.

The misconception

One of the most common assumptions among SMEs is that they are unlikely to be targeted. Cybercrime is often perceived as a problem for large corporates, financial institutions or public bodies with extensive customer data and significant digital infrastructure. In reality, SMEs are frequently viewed as more vulnerable.

Smaller organisations often operate with leaner internal resources, fewer layers of oversight and less formal governance around digital risk. At the same time, they may still hold valuable financial information, customer data or access to larger supply chains.

Cybercriminals are increasingly opportunistic. In many cases, attacks are not highly targeted or sophisticated. They are designed to exploit common weaknesses such as poor password practices, outdated software or human error. As a result, even relatively small incidents can create significant disruption.

The commercial impact

The consequences of a cyber incident are rarely limited to technology alone. If your systems become unavailable, even for a short period, the impact can be immediate. Employees may be unable to access critical information, process transactions or communicate effectively with customers and suppliers. Invoices may be delayed. Financial data may become inaccessible. Businesses may be temporarily unable to deliver services or fulfil orders. If you are operating with tight margins or lean teams, that disruption can quickly become costly.

There is also the reputational impact to consider. Customer trust can take years to build and only moments to damage. Clients and suppliers increasingly expect businesses to demonstrate that their systems and data are being handled responsibly.

In some sectors, cybersecurity is also becoming a procurement issue. Larger organisations are placing greater scrutiny on the resilience of their suppliers, particularly where sensitive information or operational access is involved.

Many business owners are discovering that strong cyber controls are no longer simply a risk-management consideration. Increasingly, they can influence whether a business is able to win, retain or expand commercial relationships.

Insurance expectations are evolving too. Many insurers now require stronger cybersecurity controls before providing cover, while premiums and policy conditions are increasingly influenced by how businesses manage digital risk.

The rise of AI-enabled fraud

The rapid growth of AI is also reshaping the cyber landscape. Phishing emails and scams are becoming more convincing, more personalised and more difficult to identify. Messages that once contained obvious spelling mistakes or suspicious formatting can now appear highly professional and credible.

Fraudsters are also becoming more sophisticated in how they impersonate individuals or organisations. Fake invoices, cloned email addresses and highly targeted payment requests are becoming increasingly common.

In some cases, fraudsters are now using AI tools to create highly convincing emails, messages and payment requests that closely resemble those sent by genuine organisations or senior leaders. What might once have been dismissed as an obvious scam can now appear entirely credible, making vigilance and verification processes more important than ever.

The risk is not simply external hacking attempts. In many cases, the greatest vulnerability remains human behaviour. A rushed payment approval, an employee clicking on a convincing link or sensitive information being shared without proper verification can all create exposure. That is why awareness and internal processes are becoming just as important as technical protection.

Why resilience matters more than perfection

One of the challenges with cybersecurity is that businesses often approach it with an all-or-nothing mindset. There can be a perception that unless systems are completely secure, efforts are inadequate. The reality, however, is that no business can eliminate risk entirely.

The most resilient organisations are not necessarily those with the most complex systems or the largest technology budgets. More often, they are businesses with clear processes, strong awareness and effective response plans.

Simple measures can still make a significant difference. Multi-factor authentication, regular software updates, staff training and clear approval processes for financial transactions all reduce vulnerability substantially.

Equally important is understanding how the business would respond if disruption occurred. Who would need to be informed? How quickly could systems be restored? What would happen if critical operational data became temporarily unavailable? These are business continuity questions as much as cybersecurity ones.



A leadership responsibility

As digital risk becomes more commercially significant, responsibility is increasingly moving beyond IT teams alone. Leadership teams are being expected to understand how cyber risk could affect operations, finances and reputation. In many organisations, this means embedding cybersecurity into wider conversations around governance, resilience and strategic planning.

This does not mean you need deep technical knowledge, but it does mean you should understand where your vulnerabilities exist and whether appropriate safeguards are in place.

Perhaps most importantly, it requires recognising that cybersecurity is no longer a reactive issue. Waiting until after an incident occurs means responding under pressure with far greater operational and financial consequences.

Looking ahead

As operations continue to digitise, cybersecurity will increasingly become part of your day-to-day commercial decision-making rather than a standalone technical consideration.

The challenge is not keeping pace with every new threat or technology trend. It is building sensible, proportionate resilience that protects the business, supports continuity and strengthens trust among customers, suppliers and employees.

We are here to help

Managing cyber risk can feel complex, particularly when you're balancing operational priorities, growth ambitions and the everyday demands of running a business.

At UHY, we support businesses in understanding operational risk, strengthening resilience and developing practical approaches to governance and business continuity.

If you would like to discuss how your organisation can improve its digital resilience, please speak to your usual UHY contact or get in touch with our team.



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FRS 102: the accounting shifts many businesses are underestimating

What the changes to FRS 102 really mean for your business

With the revised FRS 102 now in effect, you may well be entering your first year under the new standard, and only now beginning to understand the scale of the change.

On paper, the changes to FRS 102 may appear to be technical in nature. Updates to areas such as lease accounting and revenue recognition rarely attract attention outside of finance teams, and for many businesses, they may seem like another compliance exercise to be addressed in due course.

In reality, however, these changes represent something far more significant. This is not simply an accounting update. It is a shift in how your business is seen, measured and understood.

More than a technical update

At the centre of the changes are two key areas.

Lease accounting

Under the revised standard, most leases will move onto the balance sheet, recognising both a right-of-use asset and a corresponding liability. For businesses with significant leasing arrangements, this will lead to a visible increase in both assets and debt.

Revenue recognition

A new five-step model, aligned more closely with international standards, introduces greater emphasis on judgement, particularly in areas such as performance obligations, contract terms and timing of revenue.

Individually, these changes may seem manageable. But together, they fundamentally alter how financial statements are constructed and interpreted.

Changing the story behind the numbers

One of the most important, and often overlooked, consequences of these changes is the impact on how financial performance is perceived.

Metrics that businesses and stakeholders rely on, such as EBITDA, operating profit and net debt, may all be affected. Lease adjustments, for example, can increase EBITDA while simultaneously increasing reported debt. Revenue changes may alter the timing

of income recognition, affecting reported growth or profitability from one period to the next.

For lenders, investors and boards, these shifts can change the narrative. A business that appears to perform consistently under the previous framework may look materially different under the revised standard, particularly in the year of transition. This does not reflect a change in the underlying business, but the way it is presented has. And perception, particularly in financial reporting, matters.

The reality of implementation

Now that the standard is in effect, the focus has shifted from understanding the theory to applying it in practice. And for some, this is often where the practical complexity becomes clearer.

Despite the scale of the changes, many businesses are still underestimating the level of preparation required. This is often because the changes are viewed as a year-end exercise, something to be addressed when the first set of accounts under the new standard is prepared. In practice, however, the groundwork needs to begin much earlier.

Lease data, for example, is not always held in a single, consistent format. Contracts may be spread across departments, with varying terms, renewal clauses and payment structures. Identifying, reviewing and extracting the relevant data can take significant time.

Similarly, revenue recognition under the new model requires a detailed understanding of contractual arrangements. You may need to revisit how contracts are structured, how performance obligations are defined and how revenue is allocated.

This is no longer a future project; it should be an active process already underway.



Now that the standard is in effect, the focus has shifted from understanding the theory to applying it in practice.

Where you may be caught out

In our experience, there are several areas where you are most likely to encounter challenges.

The first is data. Information is not always held in a consistent or accessible format, particularly in relation to leases, which can make implementation more time consuming and lead to inaccuracies if not addressed early.

In addition, there can be added complexity when dealing with transition adjustments, particularly where transactions or balances relate to the beginning or end of lease agreements, such as rent free periods or incentives. These require careful analysis to ensure they are reflected appropriately on transition. It is also important to note that certain practical exemptions may be available to you, but these need to be identified and applied consistently as part of the wider implementation process.

The second is judgement. The revised revenue model requires more interpretation than many businesses are used to. This introduces a greater level of judgement that needs to be carefully considered and clearly documented.

The third is timing. One of the most common pitfalls is that the time required is often greater than initially expected. What initially appears to be a straightforward adjustment can quickly become a wider project involving multiple stakeholders across the business.

The implications beyond finance

While these changes originate within financial reporting, their impact extends beyond the finance function. Banking covenants, for example, may be affected by changes to reported debt or profit measures. You may need to engage with lenders to ensure your covenant definitions remain appropriate under the new standard.

Performance metrics and internal reporting may also need to be revisited. If key indicators are changing, it is important that your management team understands why, and can explain those changes clearly.

Even commercial decisions may be influenced. Lease versus buy decisions, contract structuring and pricing models could all be impacted by how transactions are reflected in the accounts. In this way, FRS 102 becomes not just an accounting consideration, but a broader business issue.

In many cases, these impacts need to be considered and discussed well before the year end, rather than after the numbers are finalised.



Preparing in practice

The most effective way to approach these changes is to take a structured and phased approach.

As you are moving through your first reporting period under the revised standard, preparation will become less about theory and more about execution.

This should typically begin with an impact assessment. Understanding how the changes will affect your business, both quantitatively and operationally, will provide a clear foundation for planning.

From there, businesses can focus on data collection and validation, ensuring that the information required to apply the new rules is complete and accurate.

Modelling can also play an important role. By assessing the potential impact on financial statements, businesses can anticipate how key metrics may change and prepare for discussions with stakeholders.

Importantly, this process should not be viewed purely as a compliance exercise. It is an opportunity to improve financial visibility, strengthen reporting processes and gain deeper insight into the business.

A shift in mindset

Ultimately, the changes to FRS 102 represent more than an update to accounting rules. They reflect a broader shift towards greater transparency, consistency and alignment with international standards. This means adapting not only systems and processes, but also adopting a different mindset.

Those that approach the changes proactively are likely to find themselves in a stronger position, with more robust reporting and greater confidence in how their business is presented. Businesses that take a more reactive approach may find the transition more challenging.

Looking ahead

The next 12 months will be critical as the first set of financial statements under the revised standard begins to take shape. While the technical details may sit within finance, the implications extend much further. How performance is measured, how it is perceived and how it is communicated may all be affected.

With the right preparation, however, this does not have to be a disruption. Instead, it can be a moment to step back, reassess and strengthen the way financial information supports decision-making.

Because ultimately, the most successful businesses will not be those that simply comply with the new rules, but those that use them to better understand and communicate their performance.

We are here to help

Adapting to changes in financial reporting can be complex, particularly where those changes affect how your business is presented, measured and understood.

At UHY, we work closely with businesses to support them through every stage of the transition to the revised FRS 102 standard, from initial impact assessments and data preparation through to implementation and ongoing reporting.

If you would like to understand how these changes may affect your business, or best prepare, please speak to your usual UHY contact or get in touch with a member of our Financial Reporting team.



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The next 12 months will be critical as the first set of financial statements under the revised standard begins to take shape.

From a family business to a management buyout:

UHY client Alex Thompson on leading Troubador Publishing's next chapter

In the latest of our ‘We sat down with...’ series, we spoke to Alex Thompson, managing director of Troubador Publishing. Since its launch thirty years ago, Troubador has grown from a small family business into one of the UK’s leading publishing services providers, helping thousands of authors bring their work to market and providing a wide range of specialist support services. Following a management buyout in 2024, Alex and fellow director Chloe are now leading the next chapter of the business’s journey.

Throughout our conversation, we discussed the evolution of the publishing industry, the importance of succession planning, lessons learned from the management buyout process and what the future holds for Troubador Publishing and The Book Guild.



Alex Thompson
Managing Director,
Troubador Publishing

Troubador has grown from a single computer on a kitchen table to one of the UK's leading publishing services businesses. Looking back, what do you think has been the key to that longevity?

I think a large part of it comes down to understanding what authors actually need and then continually adapting to meet those needs.

When my father, Jeremy, founded Troubador in 1996, the self-publishing landscape looked very different. He had worked in publishing and editorial for a number of years before being made redundant and deciding to invest his redundancy money in a Mac computer and start his own business. What began as a small family venture has grown considerably since then, but the underlying principle remains the same.

In those early days, self-publishing was still a relatively niche part of the publishing market. Many authors struggled to find routes to publication, particularly if they were writing for specialist audiences or producing work that traditional publishers felt was too commercially risky. Troubador was created to help fill that gap.

Since then, the industry has evolved significantly, but our focus has remained largely the same. We've always aimed to provide high-quality services, build strong relationships with authors and help them bring their books to market successfully.

I think our longevity comes from that consistency. While the industry has changed around us, we've remained focused on our authors, helping them achieve their publishing ambitions and ensuring they receive a professional, supportive service throughout the process.

Troubador has evolved significantly over the last three decades. What do you see as some of the most important milestones in that journey?

There have been a number of important milestones over the years. One of the biggest has been the evolution of self-publishing itself. When Troubador was founded, the market looked very different to the one we operate in today. As self-publishing became more established and respected, opportunities emerged for us to broaden the services we offered and support a growing number of authors.

Another significant milestone was the acquisition of The Book Guild in 2015. That was an important moment because it allowed us to expand our publishing offering while bringing together two organisations with a shared commitment to helping authors succeed.

Alongside that, we've continually invested in our systems, processes and services to ensure we keep pace with changing author expectations and technological developments.

Compared to other fast-paced, technologically groundbreaking businesses, we may seem relatively boring at first. We haven't grown through a constant stream of acquisitions or by reinventing ourselves every few years. Instead, most of our growth has come from steadily improving what we do, investing in the business and responding to what authors need. Looking back, the milestones are often linked by that common theme of gradual evolution rather than dramatic transformation.

Many businesses struggle to balance growth with maintaining quality. How has Troubador managed that challenge over the years?

Growth only becomes sustainable if you can maintain the standards that helped you grow in the first place. As the business expanded, it was important that we didn't lose sight of what our authors valued most. Maintaining service quality, investing in the right people and continuing to build long-term relationships have all been important factors.

We've never been focused on growth for growth's sake. The priority has always been to ensure that the business continues to deliver a high-quality service while adapting to changing market demands, trusting that sustainable growth will come naturally to us as a result.

Publishing books, certainly in the way which we publish them, is ultimately a people business. Authors place a great deal of trust in us when they choose to work with Troubador and preserving that trust has always been central to our thinking. Growth is important, but not at the expense of the reputation and relationships built over many years.

Publishing has changed enormously over the last 30 years. What have been some of the biggest challenges you've faced as a business and how have you adapted to them?

The pace of change within publishing has undoubtedly been one of the biggest challenges.

Technology has transformed almost every aspect of the industry, from the way books are produced and distributed to how they are marketed and discovered by readers. Authors have more choices than ever before about how they take their book to market, which creates opportunities in some areas while simultaneously creating challenges in others. A good example of this is that when Troubador Publishing was founded, Amazon sold books but did not publish them. Now, an author can publish a book on Amazon in minutes. While the end product and exposure to the market they get is far inferior to working with us, Amazon (and other platforms like them) are changing the face of publishing by offering simple, quick, and cheap alternatives to publishing that were not previously available.

The challenge has always been ensuring that we evolve with those changes while remaining focused on the reason that the business exists in the first place: helping authors publish professionally and reach readers.

We've had to continually review how we operate, invest in new technology and adapt our services to meet changing needs. More recently, projects such as our migration from Sage to Xero have been part of a wider commitment to ensuring the business remains efficient, agile and well-positioned for future growth.

UHY supported Troubador with its migration from Sage to Xero, helping the business modernise its accounting systems as part of this wider focus on efficiency and future growth.

The key has been viewing change as an opportunity rather than a threat. At the same time, we've tried not to chase every new trend. Not every development requires a complete change in direction. Our approach has generally been to understand what genuinely benefits authors and focus our energy there. Publishing continues to evolve and we have tried to ensure that Troubador evolves with it, without losing sight of what made the business successful in the first place.



The management buyout was several years in the making. Why was it important to begin succession conversations early rather than waiting until retirement became imminent?

One of the most important lessons from our experience is that succession planning benefits from time.

The first conversation actually took place over dinner the day before the first Covid lockdown. At the time, none of us knew quite how significant that conversation would become or what the next few years would bring, but it ultimately laid the foundation for the transition that followed.

These conversations are often easier when they take place before decisions become urgent. Having time to prepare helped create a smoother transition and gave everyone involved in the process confidence.

For my father, Jeremy, there was a genuine desire to ensure the business remained in safe hands and continued to thrive long after his eventual retirement. Starting those discussions early meant there was time to identify the right route forward and ensure the transition worked for everyone involved.

Looking back, that preparation was invaluable. It allowed us to approach the process strategically rather than reactively and ultimately helped create a much stronger outcome.

What surprised you most about the management buyout process?

I think what stood out most was the amount of planning and collaboration required to make it successful. A management buyout is often viewed as a financial transaction but, in reality, it involves much more than that. There are personal considerations, long-term business objectives and the interests of multiple stakeholders to balance. Our management buyout process involved family members, and while that allowed for a level of informality at times during discussions, it also added a layer of complexity due to the need to maintain existing personal relationships while ensuring that both parties, buyers and sellers, benefited appropriately from the sale.

Because we had started discussions early, we were able to work through any issues methodically and focus on achieving an outcome that worked for both the existing owners and the future leadership team.

What perhaps surprised me most was how important communication became throughout the process. There were many conversations taking place over a prolonged period and it was essential that everyone understood what we were trying to achieve and why.

In some ways, it was less about a sale and more about a handover. We weren't looking to alter the business model, change the people or take the business in a completely different direction. It was about ensuring continuity and building confidence in the business's next chapter.

The financial and legal aspects are obviously important, but successful succession planning is equally about people, relationships and creating confidence in the business's future direction.

UHY worked alongside Alex and the wider Troubador team throughout the MBO, advising on the structure of the deal, payment arrangements and the associated tax considerations.

Culture is often tested during periods of change. How did you support your team through major developments such as the management buyout and wider business transformation?

Culture was something we were very conscious of throughout the process. Any significant change can create uncertainty, and we recognised that maintaining open communication would be important. We wanted people to understand that while ownership was changing, the values, ambitions and direction of the business remained consistent.

Troubador has always had a close-knit culture, and we wanted to preserve that. Supporting people through change meant being transparent where possible, listening to concerns and ensuring the team felt involved in the journey.

We're fortunate to have a genuinely strong team, with several people having been with the business for well over a decade. One thing we've always tried to do is involve people in decisions wherever possible rather than simply telling them what is happening. People are much more likely to embrace change when they understand the reasons behind it and feel part of the process.

The same principle applied during other periods of transformation, including changes to systems and processes. Whenever a business evolves, people need clarity and confidence. Creating that environment was an important priority for us.



How did becoming an owner change your perspective on the business?

Ownership naturally brings a different perspective.

You become even more focused on the organisation's long-term future, not just its day-to-day performance. Decisions are viewed through a broader lens and there is an increased responsibility to ensure the business remains successful for employees, customers and future generations.

At the same time, the transition felt quite natural because I had already spent many years working within the business, which was crucial for learning what makes it successful.

There wasn't a moment when everything suddenly felt different overnight. The responsibility evolves gradually. What changes most is how you think about the future and ensure that the decisions you make today continue to benefit the business years down the line. It changes your perspective on risk, investment and long-term planning. You become increasingly focused on ensuring that decisions made today continue to benefit the business years into the future.

It reinforces the importance of thinking strategically while continuing to protect the culture and values that have contributed to success so far.

What advice would you give to business owners who know succession planning is important but haven't yet started the conversation?

My advice would be simple: start earlier than you think you need to. Succession planning is often something business owners know they should address, but it can be difficult to find the right moment. They may delay thinking about how they are going to exit due to it being five years away, underestimating how long it might take or even be scared to admit that they may be retiring soon. In reality, there is rarely a perfect time, but it will always be earlier than you think.

Beginning the conversation early creates options. It allows you to think strategically about the future of the business and gives potential successors time to prepare. Most importantly, it reduces the pressure that can arise when decisions have to be made quickly.

I think many business owners underestimate how long these conversations can take and how valuable that time can be. Succession planning is not just about ownership. It's about leadership, people, culture and the future direction of the organisation.

Starting early gives you the best opportunity to shape that future in a way that works for everyone involved.

When you think about the next chapter for Troubador, what does success look like five years from now?

Success means continuing to build on the strong foundations that already exist. We want Troubador to remain a trusted partner for authors, to continue delivering high-quality publishing services and to maintain the reputation that has been built over three decades.

If we can continue growing the business while staying true to the values that have made it successful so far, I think that would represent a very positive next chapter for Troubador.

We're operating in a sector that continues to evolve and that creates exciting opportunities. We want to continue investing in our services, our people and the technology that supports the business, while ensuring authors remain at the heart of everything we do.

We're not looking to reinvent the business. We have a model that works, a strong team and a clear understanding of what our authors value. Success for us is about continuing to build on that, supporting more authors, embracing the opportunities that come with change and ensuring Troubador remains as relevant and trusted in another thirty years as it is today.

A longstanding relationship

UHY continues to support Troubador across a range of areas, including accounting systems, payroll and tax. Speaking previously about the relationship, Alex said:



I can ask any question and receive a good, informative answer. That's gold dust when you're busy with other pressing day-to-day matters.

Troubador Publishing

Serious Self-Publishing



Market-Leading Customer Service

We support and guide authors through the publishing process.

★ Trustpilot
Excellent 4.8 out of 5
★★★★★

Google
5 out of 5
★★★★★



High-Quality Production

are produced to the highest

Why selling a business takes longer than owners expect and why rushing the process can be costly

If you own a business, the idea of selling it often begins as a distant thought rather than an immediate plan. Something to consider one day, perhaps after years of hard work, long hours and steady growth. But when that moment finally arrives, many owners discover the reality is far more complex than they expected.

Selling a business is rarely a straightforward transaction. It is not simply a case of finding a buyer, agreeing a price and handing over the keys. More often, it is a lengthy process involving preparation, negotiation, scrutiny and difficult decision-making.

For many owners, it is also an emotional journey. That emotional side is often underestimated because, over time, many entrepreneurs build businesses around themselves. Their routines, relationships, decision-making and personal identity become closely tied to the business they have created. When discussions around a potential sale begin, it can quickly become clear that the process is not purely financial. Questions around timing, value and future plans often sit alongside more personal considerations. Is it the right time to step away? Has the business reached its full potential? What happens after the sale?

The myth of the quick sale

One of the most common misconceptions is that businesses can be sold quickly once an owner decides they are ready. In practice, the most successful exits are often years in the making. Buyers are rarely just assessing profitability. They are looking at the wider strength and sustainability of the business itself, including financial reporting, operational processes, customer relationships, management structure and future growth potential.

You shouldn't assume that buyers know all the value drivers supporting your business even if they 'know' the business. Assume you have to help a buyer on their journey to explain how the growth and value of the business could be delivered. Help the buyer to understand why you are winning in your market and what differentiates your business. Increasingly, buyers are also placing greater emphasis on ESG. Be prepared to explain your approach, outline any relevant policies and provide practical examples where appropriate.

What is your transaction objective?

Be clear from the outset about what you are looking to achieve from the transaction. You need to control the narrative. Are you planning a full or partial exit? Are you expecting a trade sale, private equity investment or another route? Do you have the right management team in place for the period following a transaction? Take time to prepare your vision for the future and the objectives you would like to achieve.

Business sales can move quickly once negotiations begin and that pressure can be difficult to manage, particularly for owners experiencing the process for the first time. Selling a business is not always about achieving a headline figure. The structure of the deal, payment terms, warranties and future obligations can all significantly affect the eventual outcome.

A strong business does not always sell itself

In many cases, businesses that perform strongly whether financially or operationally may still face challenges during a sale process because key knowledge or responsibilities remain heavily concentrated around the owner. A business that depends too heavily on one individual can appear harder to transition, particularly if there is limited management depth beneath the owner or insufficient documentation around processes and decision-making.



Preparation starts earlier than most owners think

Preparation is key to any transaction. For some businesses, that preparation may involve improving financial visibility and reporting. For others, it may mean strengthening management teams, reducing operational dependency on the owner or reviewing customer concentration risk. In some cases, owners may realise they are not yet ready to sell at all.

That is not necessarily a negative outcome. In fact, one of the most valuable aspects of early exit planning is the opportunity for self-reflection and review. The process itself can strengthen the business over the medium to longer term, regardless of whether a sale ultimately takes place. Stronger processes, clearer reporting and more resilient operations can benefit day-to-day performance long before discussions with buyers begin.

Equally, if the business has assets within it that do not contribute to the profit stream of the business being sold, consider extracting them so you retain the value rather than effectively leaving them as gifts for a buyer. If they do not contribute to the business or profit stream the buyer is interested in, they will not want to pay additional value for them but retaining them can be value accretive for the seller.

There will always be unknowns within a business. By identifying the known challenges and preparing solutions before entering the process, you retain greater control over the transaction. You control the narrative. You present the opportunity and the rationale; the process becomes proactive on your terms instead of being reactive to what the buyer would like. You enter a transaction on an informed basis and with the ability to optimise your transaction outcome.

Timing also plays a significant role. Market conditions, sector demand and business performance can all influence buyer appetite and valuation. While you cannot control wider economic conditions, you can control how prepared your business is when opportunities arise.

Buyers are becoming more selective. In uncertain economic environments, purchasers are often carrying out more detailed due diligence and taking a closer look at operational resilience, recurring revenue, customer retention and long-term sustainability.

Businesses with strong fundamentals and clear growth potential are still attracting interest, but buyers are looking far more carefully at risk.

Selling your business is not the end of the story

For owners considering an eventual exit, long-term preparation has become more important than ever. Another common misconception is that selling a business represents the end of a journey. For many owners, it marks the beginning of a very different chapter. Some move into retirement. Others go on to launch new ventures, take on advisory roles or pursue opportunities they never previously had time for.

But reaching that point successfully often depends on planning earlier than expected. The strongest business sales are rarely rushed. They are carefully prepared, thoughtfully structured and approached with a clear understanding of both the opportunities and the risks involved. And for many business owners, that preparation begins long before the business ever reaches the market.

We are here to help

Selling a business is one of the most significant decisions many owners will ever make. Whether your plans are years away or already taking shape, early preparation can make a substantial difference to both value and outcome.

At UHY, we work closely with business owners to help them understand the factors that influence value, prepare for transactions and approach the sale process with greater clarity and confidence.

If you are considering a future exit or would like to discuss how to strengthen your business ahead of a potential sale, please speak to your usual UHY contact or get in touch with our team.



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Forecasting and great advice; the combination for a great night's sleep

For many small business owners, the working day does not end when the office lights go out. It follows them home. Long after emails have been answered and the day's tasks completed, the questions begin to surface: are costs rising faster than revenue? Will cash flow hold steady next quarter? What happens if a key client delays payment? Or the market slows unexpectedly?

Does this sound familiar? It is these persistent and often unresolved questions that keep many entrepreneurs awake at night.

Financial uncertainty, difficult decisions and responsibility for employees and livelihoods rarely stay behind at the office. Good advice cannot remove those pressures entirely, but it can provide something incredibly valuable: clarity. When business owners understand their financial position, their options and the risks ahead, decisions become easier and the weight of uncertainty begins to lift.

Understanding the person behind the business

Understanding the person behind the numbers, including your goals, concerns, responsibilities and appetite for risk, allows advisers to provide support that goes beyond simple compliance. The numbers matter, but they only ever tell part of the story.

Good advice should help you understand what your financial information means for you and your business: the choices you face, the risks you are carrying and the future you are trying to build. When your adviser understands your motivations as well as your business, it becomes much easier to move from reactive problem-solving to proactive planning.



For many small business owners, the working day does not end when the office lights go out. It follows them home.

Why cash flow uncertainty causes the most stress

Among the many challenges business owners face, cash flow uncertainty is one of the most common sources of anxiety. Why? Because cash flow is often considered as the heartbeat of a business. Even profitable businesses can encounter difficulties if cash inflows and outflows are poorly timed.

Unfortunately, many SMEs operate without a clear picture of what their cash position might look like three, six or twelve months ahead. Without that foresight and visibility, every unexpected cost or delayed payment can feel like a potential crisis. It can also leave businesses underprepared for significant planned liabilities, such as VAT or corporation tax, placing additional pressure on cash flow at an already challenging time.

So, what can you do? One of the most effective steps is cash flow forecasting. By building a tailored forecast, businesses can gain a much clearer understanding of:

- when income is expected to arrive
- which costs are likely to arise and when
- where potential pressure points may occur
- how different decisions could affect the financial position of the business.

Rather than being reactive and responding to problems once they occur, forecasting allows business owners to plan ahead with greater confidence. A robust forecast can also be extremely valuable when discussing financing options with lenders or investors. Clear financial projections demonstrate that the business is being managed with foresight and discipline.

Most importantly, a strong cash flow forecast provides something many entrepreneurs desperately need: peace of mind.

Turning financial data into practical insight

Another reason financial uncertainty causes stress is that the volume of financial information available to you can feel overwhelming. Accounts, management reports and forecasts contain valuable insight, but the real value comes from understanding the drivers behind the numbers and how those drivers support your wider ambitions for the business.

This is where a great adviser can add significant value. By looking beyond the headline figures and identifying the underlying causes, your advisers can help translate your financial data into practical and actionable insight. This might include:

identifying what is driving changes in margins and where improvement is realistically achievable

understanding why costs are increasing and what can be done to control them

recognising the factors influencing revenue or profitability, rather than simply reporting the movement

assessing how future investment decisions could affect cash flow, profitability and long-term resilience.

The goal is not simply to present financial information but to ensure that it supports better decision-making. When you understand your financial position clearly, uncertainty begins to diminish. And, most importantly, when uncertainty diminishes, confidence begins to return.

Making that transition from survival mode to sustainable growth

In challenging economic conditions, you may find yourself operating in what might be described as 'survival mode'. As a result, your focus becomes short-term: managing immediate pressures, responding to unexpected costs and keeping the business moving forward one month at a time.

While this approach is sometimes unavoidable, it is not sustainable in the long term. You deserve the opportunity to think beyond survival and focus instead on growth, innovation and strategic development.

Achieving that shift often begins by stepping back from the day-to-day pressures and asking some fundamental questions. Why did you start the business in the first place? What did success look like then? Has that ambition changed over time, or has the business simply become consumed by responding to whatever challenge came next?

The greatest opportunity is not necessarily to reinvent the business. Instead, it is about reconnecting with the reasons you started it in the first place and asking whether it still reflects today's market, your customers and your own aspirations.

Try these next steps:

- revisit the original purpose of your business and consider whether those ambitions still align with today's trading environment
- review whether existing products or services continue to meet your customers' needs, rather than assuming entirely new revenue streams are required
- identify opportunities to strengthen, refine or reposition what already works before pursuing significant expansion
- invest in technology to improve efficiency
- explore funding options to support future growth.

With the right financial insight and planning in place, you can regain the confidence needed to pursue these opportunities.

Instead of simply asking how the business will get through the next quarter, start asking the bigger questions once again. Is the business still delivering the life you hoped it would? Does it still reflect what you set out to build? And where do you want both the business and yourself to be in five years' time?

Restoring confidence (and a good night's sleep)

With robust planning and thoughtful advice, you can regain confidence in your decisions and your future. And when the numbers make sense, the risks feel understood and the path ahead becomes clearer, something else often returns too. Not just confidence, but calm. And sometimes, for the first time in a long while, a full night's sleep.

Ultimately, good advice is about far more than improving financial performance or producing accurate accounts. It is about helping you build a business that supports the life you want to lead, creates opportunities for your family, provides security for your employees and gives you confidence about the future.

When your advisers understand not only the numbers, but you and the ambitions behind them, conversations become more meaningful, decisions become clearer and prosperity becomes about much more than financial success alone.

We are here to help

Navigating financial uncertainty can be challenging, but you do not have to do it alone. With the right advice and planning, it is possible to bring clarity to your financial position and make more confident decisions.

Every business owner's journey is different. That's why we begin by understanding your business, your ambitions and what success looks like for you. From there, we can provide practical support across areas such as cash flow forecasting, financial planning

and strategic decision-making, helping you make informed decisions with confidence, both now and for the future.

To find out how we can support your business, please speak to your usual UHY contact or get in touch with our team.



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When advisers understand not only the numbers, but also the people behind them, conversations become more meaningful, decisions become clearer and prosperity becomes about much more than financial success alone.

The employment balancing act facing employers

For many business owners, managing people has always been one of the most rewarding parts of running a business. Strong teams often sit at the heart of successful organisations, shaping culture, customer experience and long-term growth.

But for many employers, people management is also becoming significantly more complex. We take a look at some of the recent challenges and how business leaders are tackling them.

Over the last few years, businesses have faced rising employment costs, changed workforce expectations and increased regulatory responsibilities, often all at the same time. From wage increases and National Insurance changes through to evolving conversations around wellbeing, flexibility and sickness absence, many business owners are finding that workforce management now requires far more operational attention than it once did.

The recent changes to Statutory Sick Pay (SSP), which came into effect in April 2026, are one example of that wider shift. The changes mean employees are now entitled to SSP from the first day of sickness absence, rather than from the fourth day under the previous rules. Eligibility has also been expanded, meaning a greater number of lower-paid workers may now qualify. While the changes are designed to strengthen support for employees, they also have implications for managing absence, workforce planning, payroll administration and operational costs.

While the changes themselves may appear relatively straightforward on paper, they reflect a broader reality: managing people is becoming more operationally and commercially demanding.

Rising costs are changing decision-making

As a business owner, you've probably felt the impact of rising employment costs over the last few years. Wage increases, pension contributions, National Insurance pressures and wider inflationary costs have all contributed to tighter margins and more difficult staffing decisions.

This has created a difficult balancing act. You want to remain competitive, attract strong people and support employees effectively, while also managing rising operational costs and protecting profitability.

That challenge is particularly pronounced for SMEs, where leaner structures often mean workforce costs represent a substantial proportion of overall expenditure. Even relatively small increases can have a noticeable operational impact.

As a result, businesses are becoming more focused on workforce planning, productivity and long-term staffing sustainability.

Expectations around work are evolving

At the same time, employee expectations have also changed. Flexibility, wellbeing and workplace culture are now playing a far greater role in recruitment and retention conversations than they did several years ago. Employees increasingly expect employers to demonstrate support, communication and understanding around work-life balance and personal wellbeing.

Responding to those expectations can sometimes feel challenging. Larger organisations may have dedicated HR teams or broader internal resources, while smaller businesses are often balancing people management alongside day-to-day operational demands.

That does not mean SMEs are at a disadvantage. In many cases, smaller businesses are able to offer stronger culture, closer collaboration and more direct leadership visibility. But it does mean workforce management now requires more deliberate focus and structure than in the past.

The operational impact of absence

The changes to SSP have also brought renewed attention to how businesses manage absence more broadly. For larger organisations, short-term absence may be easier to absorb operationally. For SMEs operating with smaller teams, however, even a temporary absence can create immediate pressure.

Workloads may need redistributing quickly, operational capacity may reduce and other employees can find themselves carrying additional responsibility.

This is one of the reasons absence management has become a much more important operational conversation. You will increasingly need to be reviewing policies, communication processes and internal support structures to ensure they are managing absence fairly while also protecting operational continuity.

The conversation is no longer simply about compliance. It is about resilience and sustainability.

Communication and clarity matter

As employment responsibilities become more complex, clear communication is becoming increasingly important. Policies around sickness, flexible working, wellbeing and performance management are all areas where ambiguity can quickly create tension or misunderstanding.

Businesses that communicate expectations clearly and apply processes consistently are often better positioned to maintain trust and reduce unnecessary friction.

This can sometimes require a shift in mindset. Informal approaches that may have worked for you previously can become harder to sustain as your business grows or operational pressures increase.

That is why it's important to place greater emphasis on stronger processes, clearer documentation and more structured people management practices.

Retention is becoming just as important as recruitment

While recruitment challenges remain across many sectors, retention is becoming an equally important focus.

High staff turnover creates operational disruption, recruitment costs and pressure on existing teams. Retaining experienced employees often provides greater stability and consistency, particularly during periods of economic uncertainty.

It's important to remember that replacing good people is often far more expensive than retaining them. Recruitment costs, onboarding time, lost productivity and the impact on customer relationships can all add up quickly. As a result, you should be increasingly focusing on engagement, communication and creating working environments where people want to stay and develop their careers.

Devote time to understanding what's encouraging your employees to stay. Leadership visibility, communication, progression opportunities and workplace culture are all becoming more important factors in long-term retention.

This does not necessarily require large-scale HR infrastructure. In many cases, consistency, clarity and good communication can make a significant difference. Against that backdrop, you should be asking a simple question: what should we be focusing on now?



What should you be thinking about now?

The priority is not necessarily responding to every regulatory change in isolation. It is understanding how those changes interact with wider workforce challenges.

Reviewing absence policies, understanding payroll implications, monitoring workforce costs and maintaining open communication with your employees can all help you to navigate an increasingly complex employment landscape.

Equally important is taking a longer-term view. Workforce planning, retention and operational resilience are becoming increasingly interconnected, and considering these areas together will mean you are better positioned to adapt to future change.

Looking ahead

The employment landscape is unlikely to become simpler in the near future. Regulatory expectations continue to evolve; workforce pressures remain and operational demands are increasing.

But many businesses are already adapting. They are strengthening processes, reviewing workforce structures and taking a more proactive approach to people management and operational planning.

Increasingly, managing people is no longer simply an administrative responsibility. It is becoming a central part of operational resilience, business sustainability and long-term growth. The businesses that approach that balance most effectively are likely to be the ones best positioned for the future.

We are here to help

Managing employment responsibilities can feel increasingly complex, particularly when you're balancing rising costs, evolving employee expectations and the day-to-day demands of running a business.

At UHY, we work with business owners to navigate employment-related challenges, understand the implications of legislative change and develop practical approaches to workforce planning and people management.

If you would like to discuss how these changes could affect your business, please speak to your usual UHY contact or get in touch with our team.



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The sustainability role many businesses are missing

Why a Chief Sustainability Officer is becoming a commercial necessity

For many business owners, sustainability still sits firmly in the ‘important, but maybe later’ category. **Something to consider once more immediate pressures, whether that is cash flow, staffing or growth, are under control.**

But those pressures are already being shaped by sustainability, whether it's recognised or not. Energy costs are rising. Supply chains are becoming less predictable. Customers are asking new questions. Lenders and insurers are taking a closer look at risk. None of this is theoretical. It is already feeding into day-to-day commercial decisions.

Sustainability, however, still has an image problem in the boardroom. It is seen as a compliance burden or a PR luxury reserved for organisations with dedicated ESG teams. But that perception is not just outdated; it is increasingly expensive.

A well-appointed Chief Sustainability Officer (CSO), or a senior leader with that mandate, is one of the most cross-functional, commercially valuable roles you can introduce.

Is your business missing that dot-connector?

Is your business operating with functional silos? Procurement buys on price. Finance manages cash flow. Operations keeps the business running. HR focuses on people. Each function does its job well, but rarely with a complete view across the business.

A CSO changes that. Their role is inherently cross-functional. They look at where your inputs come from, how your assets are used, what your cost base is exposed to and how your revenue model may be affected by external pressures. That perspective is rare and, increasingly, it is critical.

Rather than sitting within one department, the role connects them, translating risk and opportunity into something you can act on.

The risks a CSO sees before your accounts do

Climate-related and sustainability-linked risks are no longer distant or hypothetical. They are already influencing supply chains, insurance costs, lending decisions and customer procurement processes, often before they appear in financial statements. A CSO helps identify and quantify these risks early.

Physical risk

Business premises, logistics networks or suppliers located in areas exposed to flooding, heat stress or water scarcity are becoming more vulnerable. Insurers are already responding through pricing and coverage changes. A CSO ensures these risks are understood before they become a cost shock.

Transition risk

Regulation is evolving quickly. From the UK's Sustainability Reporting Standards to supply chain requirements driven by larger corporates, businesses are increasingly being asked to provide data and demonstrate compliance. Responding early is significantly less disruptive than reacting under pressure.

Supply chain fragility

Reliance on single suppliers, particularly in climate-sensitive or geopolitically complex regions, creates concentration risk. A CSO identifies these dependencies and builds resilience into procurement decisions.

Stranded assets

Assets that are fully depreciated in accounting terms, such as inefficient buildings or high-emission equipment, may still carry increasing operational costs. Identifying and planning for these early becomes a commercial decision, not just a sustainability one.

The savings that go straight to the bottom line

This is often where perceptions begin to shift. Sustainability initiatives, when approached strategically, are not abstract. They deliver measurable cost savings.

Energy

A structured review of energy usage often identifies reduction opportunities of 10–30%, through efficiency measures, behavioural changes and procurement strategies. That often translates directly into improved margins.

Waste

Waste is often the clearest indicator of inefficiency. By addressing it at source, rather than treating it purely as a disposal issue, you can reduce both waste management costs and upstream material usage.

Water

Water usage is frequently overlooked in cost management. In sectors such as manufacturing, food production and facilities management, targeted efficiency improvements can deliver meaningful savings.

Procurement

More resilient, longer-term supplier relationships and alternative sourcing strategies can reduce price volatility and logistical costs, strengthening cost control over time.

These are not marginal gains. They are operational improvements that feed directly into profitability.

The revenue opportunities most businesses are missing

While cost reduction is often the starting point, the revenue opportunity is just as significant, and in many cases, more strategic.

Customer requirements are changing

Larger organisations are under increasing pressure to report on supply chain emissions and sustainability performance. That means they need reliable data from their suppliers.

Businesses that can provide this clearly and confidently are far better positioned to win and retain contracts. Those that cannot are increasingly at risk of being excluded from procurement processes altogether.

Green finance is expanding

Sustainability-linked funding is becoming more accessible to businesses, often with preferential terms. Accessing it requires credible data, governance and reporting – all of which sit within the remit of a CSO.

New markets and products

Demand for lower-impact products, circular business models and more transparent supply chains is growing. A CSO helps identify where existing capabilities can be adapted to meet that demand, and where investment will generate the strongest return.

Talent attraction and retention

This is often underestimated. Businesses with a clear and credible approach to sustainability are more attractive to employees, particularly younger professionals. Reducing staff turnover has a direct financial benefit, as well as strengthening long-term capability.



The question is no longer whether sustainability will affect the business, but how prepared they are for when it does.

“We’re too small for a CSO”

The idea of a dedicated sustainability role can feel disproportionate, particularly in a challenging economic climate. And in some cases, a full-time position may not be necessary from day one.

But perhaps the more important questions are these: Who currently owns this within your business? Who is tracking energy and waste costs systematically? Who is monitoring incoming regulation? Who is responding to sustainability questionnaires from customers? Who is assessing supply chain risk?

A shift in perspective

At its core, this is not about sustainability as a concept. It is about how businesses understand and respond to change. The external environment is shifting through regulation, cost pressures, customer expectations and resource constraints. Businesses that treat sustainability as a reporting requirement will respond reactively. Those that treat it as a strategic function are far more likely to anticipate change earlier, manage risk more effectively and identify opportunities ahead of competitors.

For your business, the question is no longer whether sustainability will affect your day to day operations, but how prepared you are for when it does. This does not require complex frameworks or large internal teams. It requires ownership, coordination and a clear understanding of where value can be created.

In many cases, that starts with a single role, or a clearly defined responsibility, that connects the dots across the business. Because the organisations that are gaining the most from sustainability are not treating it as an obligation. They are using it as a lens through which to improve performance, reduce risk and strengthen their position in the market.

And increasingly, that is becoming a competitive advantage.

We are here to help

Adapting to sustainability-related changes can feel complex, particularly where they cut across multiple areas of your business. At UHY, we support organisations in developing commercially focused sustainability strategies, helping to identify risks, unlock efficiencies and position businesses to meet evolving stakeholder expectations.

If you would like to discuss how sustainability could support your business performance, please speak to your usual UHY contact or get in touch with our team.



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“The value of a CSO is not in creating a new cost centre. It is in bringing together activity that is already happening across the business, aligning it, and turning it into something that delivers measurable value.”



The organisations that are gaining the most from sustainability are not treating it as an obligation.

Ask our experts: VAT in 2026

In our latest interview, we sat down with UHY's Sean Glancy and Lisa Burnside, to discuss some of the most common VAT questions facing clients today.

VAT affects almost every business, yet it is often one of the last areas to receive attention until a problem arises. Whether it is growing compliance obligations, pressure on finance teams, changing business models or increased HMRC scrutiny, many SME owners are finding that VAT is becoming harder to ignore.

At the same time, most VAT issues are not caused by businesses deliberately getting things wrong. More often, they develop gradually. A company introduces a new service, expands into a new market, acquires another business or simply outgrows processes that were put in place years earlier.

To help cut through some of the complexity, we sat down with Sean Glancy, Partner, and Lisa Burnside, Director, from UHY's VAT team to discuss the questions they are hearing most often from business owners in 2026.

What challenges are SMEs most commonly facing in 2026?

Sean: One of the biggest challenges is simply finding the time to think about VAT proactively. Most business owners are focused on running and growing their businesses. They're managing rising costs, staffing challenges, customer expectations and wider economic pressures. VAT often becomes something that is dealt with when a return is due rather than something that's reviewed strategically.

The difficulty is that businesses are changing all the time. New products, new services, acquisitions, overseas customers, different supply chains and changing technology can all affect VAT obligations. If the VAT treatment doesn't evolve alongside the business, that's where problems can start to emerge.

Lisa: We're also seeing finance teams being asked to do more with the same resources. In many SMEs, the finance function has become incredibly efficient, but there is often limited capacity to step back and review whether existing VAT processes are still appropriate.

One of the most common things we hear is, "We've always done it this way". Sometimes that's absolutely fine. Sometimes it isn't. The challenge is knowing the difference.

Why are VAT governance and internal controls becoming more important?

Sean: If VAT only gets attention when a return is due, there's usually a problem waiting to happen. Historically, many businesses viewed VAT as a compliance exercise. You prepared the return, submitted it and moved on. That approach is becoming increasingly risky.

HMRC now has access to significantly more information than it did even five years ago. Data matching, digital reporting and more sophisticated compliance activity mean businesses need greater confidence in the information they're submitting.

Good VAT governance doesn't have to be complicated. It's about having clear responsibilities, documented processes and periodic reviews. The businesses that tend to avoid surprises are usually the ones that have built VAT into their wider financial governance rather than treating it as a separate exercise.

Lisa: Strong controls also help reduce dependency on individuals. We regularly come across situations where one person has managed VAT for years and holds a huge amount of knowledge in their head. That works until they leave, retire or move roles. Suddenly, nobody is entirely sure why certain decisions were made or whether existing treatments are still correct.

Good governance creates resilience. It means the business isn't reliant on one individual to keep things running smoothly.

What are some of the most common VAT mistakes businesses still make?

Lisa: One of the biggest misconceptions is that VAT mistakes arise from complicated transactions. Often, they're not. Many issues arise because a business activity has changed or evolved but the VAT treatment hasn't been revisited. We see this when businesses diversify their services, start trading internationally or move into new markets.

Property continues to be an area where mistakes are made because the rules can be nuanced and the commercial implications can be significant.

International trade is another common area. Businesses are increasingly selling across borders but sometimes assume the VAT treatment is straightforward when the reality is much more complex.

Sean: What surprises many business owners is that the original decision may not even have been wrong. The problem is that nobody has reviewed it for several years. A process that worked perfectly when turnover was £2 million may not be appropriate when turnover reaches £20 million.

That's why periodic reviews are so valuable. They allow you to step back and ask whether your VAT processes still reflect how your business operates today.

A common scenario we see is where a business has grown significantly, added new products or services and expanded into new markets, but the VAT processes have remained largely unchanged. Nobody has done anything wrong, but the business has evolved faster than the controls around it.

How should businesses respond if they discover a historic VAT error?

Sean: The first thing is not to panic. Finding an error isn't unusual. Most growing businesses will uncover mistakes at some point. What matters is how you respond once you've identified it.

The worst approach is to ignore it and hope it goes away. In many cases, HMRC provides routes for correcting errors voluntarily and businesses are generally in a much stronger position when they take proactive action.

Lisa: Although discovering an error is important, it is key to establish why the error arose. Was it a process issue? A training issue? A system issue? Did the business operations change without anyone considering the VAT implications? Resolving the immediate problem is important but preventing it from happening again is where the long-term value lies.

Are businesses becoming more exposed to HMRC enquiries and compliance activity?

Sean: Businesses shouldn't be frightened of HMRC, but they should be prepared. The reality is that HMRC has access to more data than ever before and is becoming increasingly sophisticated in how it uses that information.

That doesn't mean every business should expect an enquiry. What it does mean is that maintaining good records and being able to explain your VAT position has become increasingly important.

Where businesses often struggle is not because they've done something wrong, but because they find it difficult to demonstrate how decisions were reached several years earlier.

We're also finding that many businesses are looking for greater certainty than they were previously. As HMRC's approach becomes increasingly data-led, business owners want confidence that their VAT position is robust and that they can justify decisions if questions are asked in the future.

Lisa: Robust documentation matters. If HMRC asks a question, having a clear audit trail and supporting evidence can make a significant difference. It helps demonstrate that decisions were considered properly and that the VAT accounting treatment applied was not simply based on incomplete assumptions.

How is technology changing the way businesses manage VAT?

Lisa: Technology has transformed VAT compliance over the last decade. Making Tax Digital was a major milestone, but we're now seeing businesses use technology in much more sophisticated ways. Automation can reduce manual processing, improve consistency and help identify anomalies before they become larger VAT issues.

Technology also gives finance teams greater visibility. Rather than simply preparing returns, businesses can use data to identify trends and potential VAT risks much earlier.

Sean: There's also growing interest in artificial intelligence. AI has enormous potential, but I think businesses should be careful about assuming technology removes the need for judgement. Technology is incredibly powerful, but it works best when combined with experienced people and strong processes. The businesses seeing the greatest benefit are not replacing expertise. They're using technology to support it.

What are businesses most commonly looking for from VAT advisers right now?

Sean: Certainty. Five years ago, many VAT conversations were about answering a technical question. Increasingly, businesses are looking for reassurance and confidence.

They want to know they're making the right decisions. They want to understand risk. They want to avoid unpleasant surprises further down the line.

That's particularly true when businesses are growing, entering new markets or making significant commercial decisions.

Lisa: We're also seeing more businesses seeking advice before problems arise. Historically, advisers were often brought in after an issue had already been identified, which is often too late. Today, many businesses are taking a much more proactive approach. That's encouraging because preventative advice is almost always easier and less costly than fixing a problem later.

What should business owners be focusing on now to reduce future VAT risk?

Lisa: The biggest piece of advice is not to just treat VAT as a quarterly obligation. The businesses that tend to experience fewer issues are the ones reviewing VAT regularly, challenging assumptions and making sure processes evolve alongside the business.

If you're reviewing VAT regularly, rather than only when a return is due, you're far more likely to identify issues before they become costly or unfixable problems.

You don't need a major transformation project. Small improvements can make a meaningful difference.

Sean: Ultimately, the goal isn't perfection. It's confidence. Confidence that your VAT processes are working effectively. Confidence that risks are being identified early. Confidence that the business can respond quickly if circumstances change.

We are here to help

VAT can be one of the most complex areas of tax for SMEs, particularly as businesses grow, diversify and adapt to changing market conditions.

At UHY, our VAT specialists work with businesses across a wide range of sectors, helping them manage compliance, strengthen governance and gain confidence in their VAT processes.

If you would like to discuss any of the topics covered in this article, please speak to your usual UHY contact or get in touch with our team.



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Why many businesses are becoming more cautious about claiming R&D tax relief

Historically, R&D tax relief was viewed as one of the UK's most valuable incentives for innovative businesses. Companies investing in new products, processes, software or technical development were encouraged to claim relief as part of a wider government strategy to support growth and innovation across the economy.

That incentive still exists. But over the last few years, the environment surrounding R&D tax relief has changed significantly.

The introduction of the merged R&D scheme for accounting periods beginning on or after 1 April 2024 was intended to simplify the system, bringing together the previous SME and RDEC regimes into a single framework. At the same time, however, HMRC scrutiny has increased considerably, enquiry activity has risen and many businesses are becoming more cautious about whether to claim at all.

As a result, the conversation around R&D tax relief is beginning to shift. As a business owner, the question may no longer be simply 'can we claim?', but 'how confident are we in making that claim?'

For some businesses, another question increasingly sits alongside it: 'is the potential benefit worth the time, scrutiny and resource involved in preparing and defending a claim?' As HMRC enquiries have become more common and increasingly detailed, many business owners are weighing-up not only the value of the relief available, but also the time that may be required to support a claim if questions are raised later.

Innovation has not slowed down

One of the more interesting aspects of the current landscape is that investment in innovation remains strong. HMRC's latest statistics show that the total number of R&D tax relief claims fell by 26% to 46,950 in the 2023-24 tax year, while the total amount of relief claimed reduced only slightly to £7.6 billion. At the same time, qualifying R&D expenditure remained relatively strong at £46.1 billion, suggesting businesses continue to invest in innovation despite the more cautious claims environment.

Nevertheless, businesses are still investing in development, problem-solving and innovation, but fewer companies appear willing to enter the claims process.

That shift is important because it suggests the reduction in claims is not necessarily linked to reduced innovation. Instead, many SMEs appear to be taking a more cautious approach due to growing complexity, compliance concerns and uncertainty around eligibility.

If your business does not have dedicated internal tax resource, the process may now feel more complex and higher risk than it did several years ago.

The merged scheme has changed the landscape

The move to a merged scheme was designed to simplify the system and create greater consistency between the old SME and RDEC regimes. Under the revised rules, businesses can generally access a taxable above-the-line credit worth between 15% and 16.2% net benefit, depending on their corporation tax position.

However, despite the intention to simplify matters, the transition period has created additional complexity for many businesses and advisers.

Companies may still find themselves dealing with:

- transitional rules for accounting periods spanning April 2024
- historic SME or RDEC claims
- separate rules for subcontracted or overseas activity
- PAYE and NIC restrictions
- enhanced support for certain loss-making R&D-intensive SMEs.

While the policy intention was simplification, the transition period has created a situation where businesses and advisers may need to consider several different regimes depending on the accounting period involved. Historic SME claims, historic RDEC claims, the merged scheme and Enhanced R&D Intensive Support can all remain relevant when assessing eligibility and value.

Two of the most significant changes are also often overlooked. The first is the restriction on overseas R&D expenditure unless specific conditions are met. The second is the continued importance of PAYE and NIC restrictions, which can materially affect the value of a claim.

As a result, while the system now sits under a single headline scheme, the practical reality is often far less straightforward.

HMRC scrutiny is changing behaviour

Perhaps the biggest change in recent years has been HMRC's approach to compliance. R&D tax relief has received growing attention from HMRC following concerns around inaccurate or poorly supported claims entering the system. HMRC has repeatedly highlighted what it believes to be significant levels of error and fraud within parts of the regime, particularly among SME claims. As a result, enquiry activity has increased and businesses are now facing much greater scrutiny around the technical basis and supporting evidence behind claims.

For many SMEs, this has understandably created hesitation. Businesses that may previously have submitted claims with relatively limited documentation are now finding that stronger evidence, clearer technical narratives and more detailed project explanations are expected. In some cases, HMRC reviews can become lengthy and time-consuming, particularly where supporting records are incomplete, or descriptions lack sufficient technical detail.

Part of this increased scrutiny has also been driven by HMRC's desire to improve the overall quality of claims entering the system. As a result, businesses are increasingly expected to provide clearer technical narratives, stronger evidence and greater detail around the uncertainties being addressed through their projects.

That does not mean legitimate claims should be avoided. It does, however, mean that if you are considering a claim, preparation and technical clarity have become more important than ever.

Why evidence matters more than ever

Recent tribunal decisions have reinforced just how important documentation and technical support have become. Several cases over the last few years have highlighted recurring themes around inconsistent project descriptions, insufficient technical evidence and unclear explanations of the scientific or technological uncertainty involved.

At the same time, other rulings have confirmed that genuine innovation can still qualify for relief even where businesses are using existing tools or operating within commercial contracts.

Importantly, the fundamental definition of qualifying R&D has remained largely unchanged since the relief was introduced more than 25 years ago. What has evolved is the interpretation of those rules through HMRC guidance, advances in technology and tribunal decisions.

As a result, eligibility can still involve a degree of judgement. In many cases, the key test is whether a competent professional leading the project would consider the work to represent a genuine scientific or technological advance when viewed by their peers.

Taken together, these developments send a relatively clear message: successful claims are rarely built on broad statements alone. They depend on evidence, consistency and a clear understanding of the qualifying activity taking place within the business.

For many businesses, that means involving technical staff earlier in the process and ensuring records are maintained throughout projects, rather than trying to reconstruct them retrospectively at year end.

A more cautious environment

One of the consequences of increased scrutiny is that some SMEs are now becoming more reluctant to claim altogether. That hesitation is understandable. Many business owners are aware of the wider media coverage surrounding HMRC enquiries and questionable claims submitted by some providers over recent years. In some cases, businesses may worry that making a claim automatically increases the likelihood of challenge or investigation.

For some business owners, the concern is not simply the possibility of an enquiry. It is the time required to manage one. Responding to HMRC questions, gathering evidence and supporting a claim can place additional demands on already stretched management teams, taking time away from running and growing the business.

But there is also a risk in becoming overly cautious. If your business is genuinely investing in qualifying development activity, R&D tax relief can still provide meaningful financial support.

For some SMEs, the relief continues to play an important role in supporting cash flow, reinvestment and longer-term growth plans.

The key difference today is that businesses increasingly need stronger processes and better support around the claim itself.

Finding confidence in claiming

As the new R&D tax relief regime settles following the recent transition to the merged scheme, businesses are still likely to face a more compliance-focused environment than in previous years. Greater scrutiny from HMRC is unlikely to disappear and expectations around evidence and technical justification will probably remain high.

But despite that, the underlying purpose of the regime remains unchanged. The government still wants businesses to invest in innovation, technical development and growth within the UK economy.

The challenge is not simply understanding whether qualifying activity exists within your business. It is ensuring any claim is approached carefully, supported properly and built on strong technical foundations.

This is where the right adviser can make a significant difference. A good adviser should not simply maximise a claim or act as a claims processor. They should be prepared to challenge assumptions, test eligibility and ensure the claim is supported by robust technical evidence.

That approach not only helps maximise legitimate relief but can also reduce the risk of unnecessary HMRC scrutiny by ensuring claims are proportionate, well evidenced and aligned with the underlying activity being undertaken.

Ultimately, if you are considering a claim, you should be looking for advisers who understand both the technical requirements of the legislation and the commercial realities of innovation, helping you claim with confidence rather than uncertainty.

Innovation itself has not slowed down. What is changing is the need to approach R&D tax relief with greater evidence, greater confidence and greater care than ever before.

We are here to help

R&D tax relief remains a valuable incentive for businesses investing in innovation, but the rules and compliance expectations are becoming increasingly complex.

At UHY, we help you identify qualifying activity, strengthen supporting evidence and provide clarity throughout the claims process. Our approach is not simply about maximising claims. It is about helping you understand eligibility, challenging assumptions where necessary and build your robust, well-supported claims that can withstand scrutiny.

By combining technical expertise with a practical understanding of innovation, we can help you approach R&D tax relief with greater confidence and certainty.

If you would like to discuss your current or future R&D claim position, please speak to your usual UHY contact or get in touch with our team.



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Hospitality at a crossroads

How the sector is adapting to rising costs, changing behaviours and a new era of pressure

A sector still searching for stability

Few sectors have experienced the level of disruption hospitality has faced over the last few years. Even now, long after the immediate impact of the pandemic has passed, many operators would argue the industry has never fully returned to stability. We explore how operators are adapting, where they are finding opportunities for growth and the practical steps many are taking to protect margins and improve resilience.

The sector has moved from one challenge to another. Rising energy costs, inflationary pressure, staffing shortages and changing consumer behaviour have all continued to shape the operating environment. For many hospitality businesses, the last 12 months have felt less like recovery and more like adaptation.

That pressure has been felt across the sector, from independent restaurants and pubs through to hotel groups, leisure venues and experience-led operators. Importantly, much of the UK hospitality sector is made up of SMEs, meaning many businesses are navigating these pressures with leaner teams, tighter margins and less operational flexibility than larger operators.

And yet, despite the challenges, hospitality continues to show remarkable resilience. Businesses across the sector are evolving quickly, reassessing how they operate and finding new ways to remain competitive in a far more demanding environment.

The margin squeeze continues

For many operators, the single biggest challenge over the last year has been profitability.

Costs have continued to rise across almost every area of the business. Wage increases, rising employer costs, supplier inflation, utilities and business rates have all placed additional pressure on already tight margins. At the same time, customers are becoming more selective about how and where they spend their money.

Recent UHY research highlights the scale of the challenge. The UK’s Top 100 restaurant groups saw profits fall by 44% in the last year, from £365 million to £204 million, despite combined turnover increasing from £12.9 billion to £13.3 billion. Rising employment costs, business rates and continued inflation in food and energy costs have all contributed to the pressure on margins.

That creates a difficult balancing act. Hospitality businesses must protect profitability without compromising customer experience, often while operating in one of the most competitive consumer markets in the UK.

Many operators have found themselves making increasingly careful commercial decisions. Menu engineering, tighter stock control, revised opening hours and more cautious recruitment strategies have all become more common. In some cases, businesses are also reassessing expansion plans or reviewing the long-term viability of underperforming sites.

How operators are responding:

- reviewing menu profitability and adapting dishes around changing ingredient costs
- expanding higher-margin drinks and value-led menu options
- using technology to make menu changes and ordering more efficient
- automating routine processes where appropriate
- exploring AI-powered procurement and other tools to manage costs.

This does not necessarily reflect a lack of confidence in the sector. More often, it reflects a shift in mindset. Hospitality businesses are becoming more disciplined operationally, with a far sharper focus on efficiency, resilience and sustainable growth.

Customers are still spending, but differently

Despite ongoing economic pressure, consumers have not stopped spending on hospitality altogether. But behaviours are changing.

Customers are often making more deliberate choices about where they spend their money and what they expect in return. Value perception has become increasingly important, not simply in terms of price, but in the quality of the overall experience.

In many areas of hospitality, there is growing evidence that people are prioritising experiences more selectively. Consumers may be going out less frequently, but when they do, expectations are often higher. Atmosphere, service, uniqueness and consistency are all playing a bigger role in purchasing decisions.

There are also signs that different parts of the market are experiencing these pressures differently. Higher-end operators have generally proven more resilient, partly because wealthier consumers tend to be less affected by rising day-to-day costs and therefore less price sensitive overall.

For businesses operating in the middle of the market, however, the pressure can feel more pronounced. Customers are often becoming more selective, balancing rising living costs with discretionary spending decisions, while lower-cost operators continue to compete heavily on value and affordability.

This shift is also influencing how hospitality businesses position themselves. Many operators are placing greater emphasis on stronger branding, customer loyalty and concepts that give consumers a clear reason to visit. Social media presence, customer engagement and online reputation continue to have a significant impact on visibility and footfall, particularly for independent operators competing in crowded markets.

Some operators are already demonstrating how this can work in practice. Loungers, for example, has positioned its Lounge and Cosy Club brands as community-focused destinations that combine elements of a café, pub and restaurant, helping to give customers more reasons to visit.

There are also signs that some of the traditional gaps between London and the regions may be narrowing. While London has historically outperformed much of the UK hospitality market, regional operators in some areas are continuing to show resilience, particularly where businesses are offering clear value propositions.

While consumer confidence remains unpredictable, demand for quality experiences has not disappeared. In many ways, it has simply become more selective.

Efficiency is becoming essential

Over the last year, operational efficiency has moved from being a long-term objective to an immediate commercial priority. Technology is now playing a much more practical role in day-to-day operations. Reservation systems, digital ordering platforms, rota management tools and forecasting software are increasingly being used to improve visibility, reduce waste and support decision-making.

This is not simply about digital innovation for its own sake. It’s a way to reduce pressure on teams, improve consistency and manage costs more effectively.

Data is also becoming increasingly valuable. It’s crucial to pay closer attention to customer behaviour, peak trading periods, staffing patterns and stock management in order to improve operational performance.

AI is beginning to enter the conversation too, particularly in areas such as forecasting, customer communication and administrative support. But the approach remains relatively measured. Most operators are less interested in chasing trends and more focused on identifying practical tools that genuinely improve efficiency or customer experience.

That cautious approach is understandable. Hospitality remains a fundamentally people-driven sector, and technology is most effective when it supports the customer experience rather than replacing it.

The staffing challenge has evolved

Recruitment continues to be a challenge across parts of the sector, but the conversation is beginning to shift.

While attracting talent remains difficult in some areas, many operators are now placing greater emphasis on retention, culture and long-term workforce stability. After several years of sustained pressure, businesses are increasingly aware of the impact burnout and high staff turnover can have on both operations and customer experience.

As a result, some employers are rethinking how they support and develop teams. Greater flexibility, clearer progression opportunities and stronger workplace culture are becoming more important, particularly in a sector where service and customer interaction remain central to success.

For leadership teams, this creates another balancing act. Businesses must continue managing cost pressures while also recognising that experienced, engaged teams are often one of the biggest drivers of long-term performance.

Five questions hospitality operators should be asking

- Which areas of my business generate the strongest margins?
- Where are labour costs increasing fastest?
- Are my prices keeping pace with cost inflation?
- What is my customer retention strategy?
- Where could technology improve efficiency without affecting service?

What the future may hold

Hospitality businesses are entering a period that will require continued adaptability. Economic uncertainty has not disappeared, and cost pressures are unlikely to ease overnight. Consumer behaviour will continue to evolve and competition across the sector remains intense.

But there are also reasons for optimism. Hospitality has always been a resilient industry, built around experience, social connection and adaptability. Even during periods of economic pressure, people continue to seek out opportunities to meet, celebrate and spend time together.

The businesses likely to perform strongest over the next few years may not necessarily be the largest or fastest-growing operators. More often, they will be the ones able to balance operational discipline with customer experience, adapting quickly while remaining clear about what makes their offering distinctive.

Because ultimately, hospitality is no longer simply navigating a period of disruption. The sector is evolving. And for businesses prepared to adapt alongside it, there is still significant opportunity ahead.

We are here to help

Hospitality businesses continue to operate in a challenging and fast-moving environment, balancing rising costs, operational pressures and changing customer expectations.

At UHY, we work closely with hospitality and leisure businesses across a wide range of areas, helping operators strengthen resilience, improve financial visibility and support long-term growth.

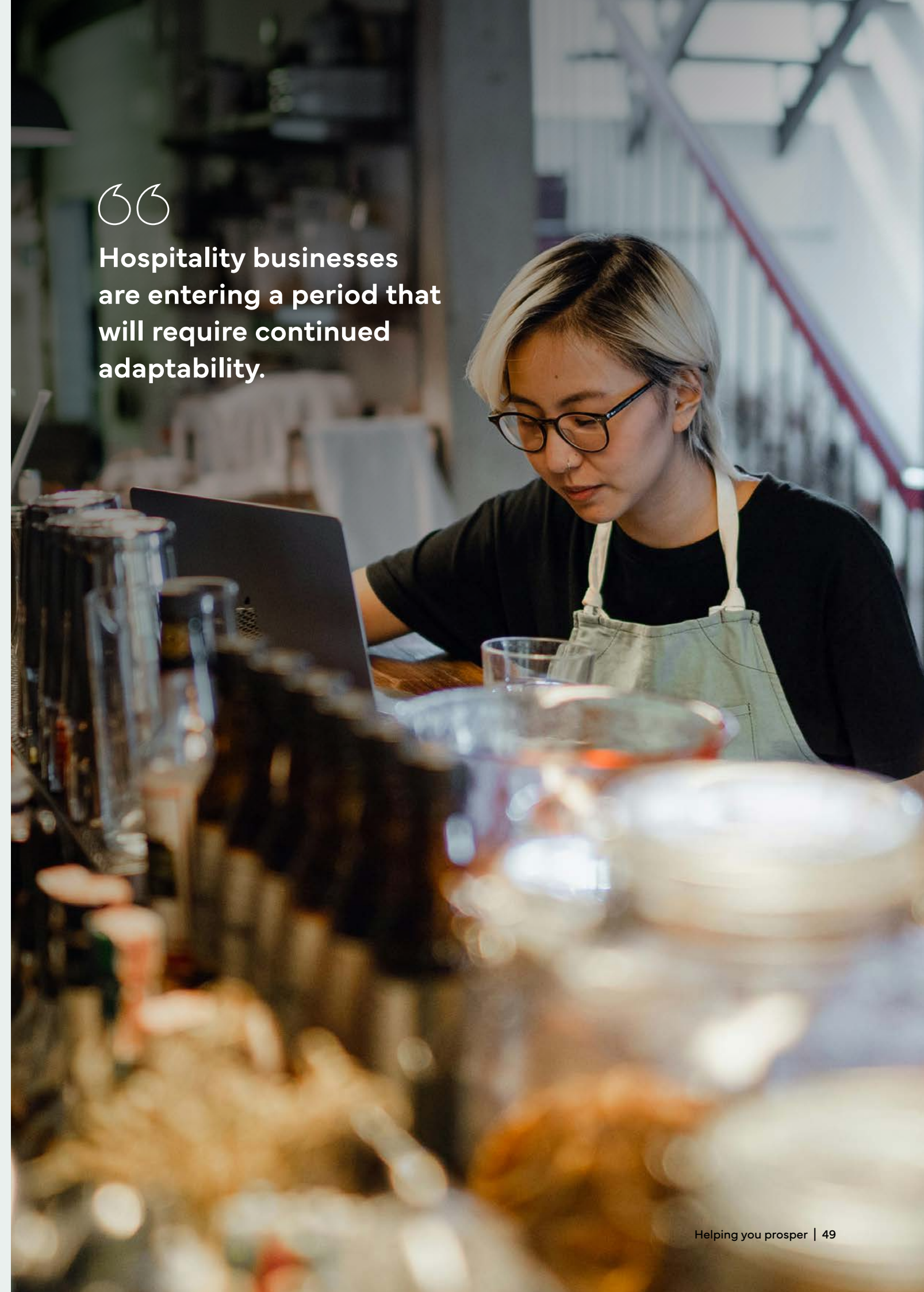
If you would like to discuss the challenges or opportunities facing your business, please speak to your usual UHY contact or get in touch with our team.



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Hospitality businesses are entering a period that will require continued adaptability.



Our UHY news

Since the publication of our last issue of Prosper towards the end of 2025, it has been another busy and exciting period across the UHY network. From welcoming new firms and celebrating promotions to strengthening our national presence, supporting our communities and recognising success across the profession, there has been plenty to celebrate. Here's a look at some of the highlights from the first half of 2026.

Celebrating new partners

We are pleased to welcome several new partners and directors across the UHY network.

Michelle Hughes has been promoted to partner at our Kent office, having joined the firm in 2017 and qualifying as a Chartered Accountant two years later. Over her more than 10 years of audit experience, Michelle has developed a particular specialism in financial reporting and UK GAAP, working with clients across a range of commercial sectors, charities and academy schools.

In our Nottingham office, Chris McKain has been promoted to partner and Hannah Kasem to director. Chris brings more than a decade of experience working with not-for-profit organisations, owner-managed businesses and corporate groups across the East Midlands, while Hannah advises on corporate and private client tax planning, with expertise in inheritance tax, succession planning and business exits.

Growing our network

The first half of 2026 has been a landmark period for the UHY Group, with several significant additions to our network.

In December of last year, we were delighted to welcome UHY Williamson Croft as the newest member of the UK network. Founded in 2016 by managing partner Damien Loughran and partner Daniel Moon, the firm has more than 60 professionals and a sector focus spanning technology, real estate, professional services and media.

March brought further exciting news with the completion of our London, Nottingham and Brighton & Hove firms' combination with Affinia, one of the UK's fastest-growing accountancy and advisory groups. The transaction brought together two long-established UHY firms with Affinia, creating a team of around 1,000 people across 17 offices with revenues of £100m at the time of the combination.

The combination significantly strengthened our nationwide presence and created new opportunities to invest in our people, technology and services, while maintaining the strong local relationships and specialist expertise that remain central to the UHY network. Other UHY Hacker Young Group member firms continue to operate independently, giving clients access to local expertise alongside the scale and reach of a leading national and international network. Following the transaction, the wider UK Group had total revenues of more than £150m.

Since then, that momentum has continued. A further Affinia transaction in August increased revenues to more than £160m, with the enlarged group now employing around 1,600 people across 33 offices.

In April, we also welcomed UHY Peninsula, formerly Haines Watts Southwest, to the network, strengthening our presence across Devon and Cornwall. Led by managing partner Fiona Davey alongside partners Melanie Stone and Vincent Edwards, the firm has a particular specialism in agriculture, which accounts for around 70% of its client base. Their addition reinforces UHY's commitment to supporting the UK's farming sector and rural businesses across Devon and Cornwall.

Building what comes next

July saw colleagues from across the UHY network come together for our annual National Conference, held under the theme **The future is here: building what comes next**. Bringing together partners and colleagues from across the UK, the conference focused on how we continue to build a modern advisory firm, sharing ideas, celebrating success and exploring the practical steps we are taking today to remain relevant, trusted and competitive in an increasingly fast-changing business environment.

Across two days of keynote sessions, panel discussions and collaborative workshops, colleagues explored topics including artificial intelligence, advisory services, leadership, client experience and the future direction of the profession. The conference also provided an opportunity to celebrate achievements across the network, recognise outstanding contributions and strengthen the relationships that underpin our UHY purpose of helping you prosper.



Our international network

This year also marks a significant milestone for our international network as UHY International turns 40. The network was founded in 1986 when New York-based Urbach, Kahn & Werlin joined forces with London's Hacker Young and has since grown to nearly 100 countries with more than 10,000 professionals operating under the UHY brand worldwide. Recent years have seen record revenues and the highest ever levels of cross-border activity in the network's history. The anniversary will be marked formally at UHY's Annual Conference in Atlanta, Georgia, this October.

Our work with charities

One particularly significant milestone was the conclusion of our two-year national charity partnership with Dementia UK, our national charity partner for 2024-26. Across this period, colleagues from every corner of the UK came together to support the charity through fundraising events, volunteering initiatives and national challenges. Together, we raised more than £65,000, an amount that could help fund over 4,000 families through Dementia UK's free helpline, hundreds of hours of Admiral Nurse community support, and a year of professional development for five Admiral Nurses.

Some highlights of our support include the Peak District Challenge from last September where more than 40 team members from across the UK completed either a half marathon or full marathon through the stunning Peak District. Together they raised over £17,000 for Dementia UK, signifying one of our most impactful fundraising efforts to date. The challenge was celebrated at our national conferences, where Lucy from Dementia UK and Admiral Nurse Wonda Heritage joined us to share how specialist dementia support is made possible through our donations. Across both conference years, colleagues raised a further £8,500 for the charity.

Individual office efforts have also been remarkable. Our Kent team cycled 37.5 miles between the Sittingbourne and Broadstairs offices, raising £1,300. In York, team 'Helping You Paddle' completed the Rotary Dragon Boat Race, raising £2,300. Nottingham colleagues took on the Robin Hood Half Marathon, and volunteers from UHY Ross Brooke completed a skydive, raising £5,700.

As of June, we were proud to welcome our new 2026-28 national charity partner, Blood Cancer UK. Following a nationwide colleague vote, Blood Cancer UK was selected to become the next charity we will support across the network. The charity funds life-saving

research into blood cancers, including leukaemia, lymphoma and myeloma, while also providing vital information and support to patients and their families. We look forward to supporting their work through a wide range of fundraising events and challenges over the next two years.



Award wins

It has been another strong period of recognition across UHY, with partner and national head of sustainable business services Harriet Hodgson-Grove named among the Top 50 Women in Accounting 2026.

The international awards, organised by Ignition, recognise women creating meaningful impact for their clients, colleagues, communities and the accounting profession. Harriet's inclusion reflects the role she has played in developing UHY's sustainability offering, helping organisations understand risk, build resilience and create long-term value, as well as her wider contribution to innovation, mentoring and the future of the profession.

Harriet has also played a leading role in shaping our own approach to sustainable business, including launching UHY's first Sustainable Business Report in 2025 and leading our latest update this year. It reflected on the progress made since the combination with Affinia and reaffirmed our commitment to helping our clients, colleagues, communities and the planet prosper. The publication highlights the foundations we are building together and the practical actions being taken across the firm to create long-term, sustainable value.

The recognition adds to a strong run of accolades across UHY, including once again ranking first for overall service levels in the larger firm category of the Charity Finance audit survey, alongside recognition at the Accounting Excellence Awards and OnHand Impact Awards.

As ever, we look forward to sharing more updates in our next issue, and to continuing to help our clients, colleagues and communities prosper.

Combining national expertise with a tailored local service

At UHY Hacker Young, our purpose is helping you prosper, which is at the heart of everything we do. Our experts across our offices nationwide provide the best advice because we understand both local needs and the national picture.

Whether you are looking for advice on your personal finances, looking to start a new business, expand your current business interests, or you just want regular compliance advice, our clients come in all shapes and sizes and so do our services.

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