



Establishing a presence in the UK – What you need to know

Webinar Q&A

4 March 2022

Market Entry Help:

Q: HOW DO I EQUIP MYSELF WITH THE NECESSARY INFO TO KNOW IF THE UK MARKET IS RIGHT FOR ME?

A: It is very much Austrade's role to help you gather the various info required about the market opportunity.

Sometimes by working with our clients we actually conclude the market is not right for them or they are not quite ready for UK or the UK is not quite ready for them.

So, we'll always endeavour to put you in the best possible position to make a sound decision based on the best information available.

Q: HOW WILL I KNOW IF I SHOULD COMMIT TO SETTING UP A UK PRESENCE?

A: Typically, you'll find yourself in one of the scenarios we shared on slides 5 and 6 of the slide deck and then it really is a decision based on your:

- company's circumstances
- bandwidth to make this commitment to UK whilst also juggling domestic and other international priorities
- the size of the potential opportunity in UK vs the effort and costs to be invested

People/Employment:

Q: HOW DO I FIND MY FIRST EMPLOYEE?

A: There are number of ways: specialist recruiters or accessing potential new staff via the networks we connect you into.

It could also be an option to send across a member of your Australian team to lead the initial effort in the UK and the forthcoming FTA could provide some more options for this if ratified.

As also outlined by our Guest Speaker, it is good Business Practice to ensure some of the Australian Team is sent into UK to help replicate the right culture/philosophy in the new UK operation.

Q: IF WE SEND ACROSS A MEMBER OF THE AUSTRALIAN TEAM WHO WAS BORN IN THE UK, WOULD THE TIME LIMITS FOR STAYING IN THE UK STILL APPLY?

A: The key to entering the UK (or any other country) is understanding under what Passport they entered the UK on.

If they entered the UK as a UK Passport holder, then there should be no restrictions for staying.

Q: CAN I EMPLOY MARKET ENTRY CONSULTANTS INITIALLY TO GENERATE MY INITIAL CLIENT LEADS?

A: Yes, these type of consultants can be a good option to build on any initial work Austrade and DIT may have done for you. But they should only be viewed as a short-term solution to further prove the market potential.

And make sure the working arrangements you put in place help you build a direct link with these potentially new clients.

Also, remember, this type of professional business development work will also come at a fee.

Accountancy/Legal Considerations

Q: WHAT ARE THE TRIGGER POINTS FOR SETTING UP A UK ENTITY AT UK'S EQUIVALENT TO AN ABN AT ASIC?

A: This can be technical and professional advice from your in-house finance team and/or external Accountants will be necessary.

In addition to identifying when to set up a UK entity, you'll need guidance on what type of entity to set up at Companies House too. And there is also a technical decision to be made on whether or how to link it back to your Australian Entity.

Getting this professional help will ensure you are both tax-complaint and tax-efficient in the way you have structured things.

Depending on what you do will also determine your ongoing UK obligations in terms of filing Returns to Companies House and your Tax obligations.

But the trigger point to enlist that guidance is when you're seriously thinking about putting "long-term" boots on the ground in the UK.

Putting down a UK team but not setting up a UK entity in the right way can have quite significant consequences further down the road. So, it is best to get it right from the start.

Putting boots on the ground will also bring about other considerations your Accountant can help with such as registering for VAT, Employee Benefits Packages, Pension, Payroll and National Insurance.

Aside from the technical aspect, there is a cosmetic angle too: registering a UK Ltd Co will give your UK clients and partners raised levels of comfort about your commitment to the UK market.

Deciding to put "boots on the ground" should also prompt you to engage lawyers to cover employment matters and to ensure you are complaint from a UK Law perspective.

Q: ON THE TECHNICAL ACCOUNTANCY LEGAL ASPECTS, WHAT ERRORS SHOULD WE AVOID?

A: Not getting proper professional advice is the big error to avoid.

Yes, this professional advice does come at a cost but it will be worth it in the long run.

We have seen many clients set up their UK Company over the internet themselves with no consideration for the wider picture and associated consequences.

We also see companies use their Employment Contract from their Australian HQ for their UK staff – whilst the laws are similar there may be subtle loopholes you'll want to close.

Q: HOW DO I FIND ACCOUNTANTS, LAWYERS, UK BANKS AND OTHER ADVISERS?

A: The first port of call is to ask your Australian Advisers whether they have their own offices in UK or have a Referral arrangement with a UK Partner. That often works well if your local providers have an international outlook on things for their clients.

In addition, both Austrade and DIT have various Partners we can refer you to. But these should not be perceived as recommendations/endorsements.

Location/Premises:

Q: MUST I COMMIT TO AN OFFICE/BUSINESS PREMISES? OR CAN MY INITIAL UK TEAM MEMBER WORK FROM HOME?

A: There is no mandatory requirement for you to commit to a UK office/address to accommodate staff.

And with COVID-19 everyone has become used to working from home although in the UK everyone is starting to return to the workplace slowly.

The one thing to consider is the cosmetics of not having a UK Address. So one solution could be to opt for a serviced office solution.

These Serviced Offices can also handle incoming calls while your UK Sales Manager is out generating business.

General

Q: WHAT ARE THE TYPICAL TIMELINES FOR SETTING UP A LOCAL TEAM AND HAVING ALL THE COMPULSORY REGISTRATIONS IN PLACE?

A: It can vary greatly, it can all be done in matter of months but our advice is to allow plenty of time and expect delays.

In the meantime, there is nothing to stop you developing your UK strategy and working with Austrade and DIT to start mapping the landscape, making connections, raising your profile, identifying target clients etc.

Q: IF I HAVE DISTRIBUTORS IN UK, DO I NEED TO BE THERE TOO?

A: There is no right or wrong answer because essentially it boils down to the level of trust between you and the distributor and the business they are generating for you.

Some distributor arrangements can be extremely mutually rewarding. And others can stutter and fail to fire any meaningful levels of business.

When you find yourself replacing one failing Distributor with another failing Distributor, then it might be time to think about putting your own team in the ground or reassessing if the UK market is right for you.

It could also transpire that you might find yourself with as many as 5 or 6 Distributors in UK covering various regions of the UK or covering various sub-sectors. So, in cases like these it sometimes warrants having a UK Officer managing all these relationships.

Having someone in the UK can also help keep a close eye on the market for opportunities, trends, developments, key policy changes, etc.

Q: WILL A UK PRESENCE REALLY HELP ME SECURE SALES?

A: It won't guarantee it as there are so many other factors such as local competition, your USPs, etc. but it will definitely get you close to your target clients and put you in a strong position to engage with them and build a relationship with them which are hugely important steps in securing actual business.

Q: HOW HAS BREXIT IMPACTED THE UK BUSINESS ENVIRONMENT?

A: After Brexit, the UK's economy continues to be a strong, major and advanced economy in the world, and with the UK emerging to almost normal life after COVID-19, the UK is well placed to face the future.

The general population is approximately 67 million people, so the UK is a major market in its own right and will continue to present export opportunities.

We have seen some instances of delays with importation at the borders, but there is a large element of things having settled down now. We have also seen a number of companies (e.g. in Food and Drink) localise their manufacturing operations and / or supply chains in the UK.

Q: IF WE HAVE A BRAND OFFICE IN THE UK THAT STOCKS PRODUCTS MANUFACTURED IN AUSTRALIA AND SELLS, DISTRIBUTES & SUPPORTS CLIENTS IN THE UK & EUROPE, WILL WE NEED TO RE-CERTIFY TO LOCAL/EUROPEAN STANDARDS?

A: This will depend on your sector/product but in the main you should expect to have to re-certify your product to UK/European standards and requirements.

In some sectors there will be additional requirements to follow such as amending your labelling on food & drink products in order to be compliant in UK.