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Part One

VISION: Brexit

Vision and purpose in uncertain times . . .

The UK is facing uncharted territory with Brexit and, following an inconclusive general election, the way forward seems less and less clear.

The purpose of ***VISION: Brexit*** is to bring together insights and guidance from UK businesses, leading professional services firms, and international trade, property and migration experts, to identify what, in their view, are the challenges and opportunities that arise from the UK leaving the EU.

Halo Financial works with UK businesses and individuals to protect their money from currency volatility. We help businesses to create tailored risk management strategies to ensure profitability, despite uncertainty.

We help individuals to secure their international investments and payments, and protect against the risks posed by the ever-changing currency markets.

Working alongside professional legal, financial and business advisors, we view the markets and economy as a whole and translate what this means for you, your business's bottom line, and, ultimately, your pockets – whether as a company or as an individual.

It's important to always look at the bigger picture – and this is the purpose of our new ***VISION*** series; to bring together a wide range of perspectives and tackle the big issues. We aim to provide a clear overview, while also drilling down to get to the bottom of what these issues really mean in practical terms. Within this publication, we've broken this down into implications for businesses of different sectors, shapes and sizes, as well as guidance for individuals.

To quote our accountancy and business advisory partners, MHA MacIntyre Hudson, "to realise your full potential, you need to see the bigger picture. Your growing business needs financial advice that reflects the changing dynamics of your commercial situation and an effective growth strategy to ensure business success."

That same approach is as applicable to the individual as it is to any growing business. Protecting your finances when sending large sums overseas and getting involved with any international purchases or investments is more important now than ever. That's where our trusted Partner Network can support you, every step of the way.

Our vision is to help our clients navigate the muddy waters of Brexit and other key political and economic events; demystifying the complexities of the markets. To find the opportunities alongside the inevitable challenges, we must remain positive and move forward in a careful and considered manner. Seeking out the opportunities is as important as addressing and planning for the many challenges.

The UK survived the credit crunch – we will also survive Brexit. The UK economy is pretty resilient, with positive results coming from a range of economic sectors, despite pressure from a weak Pound. In contrast, a weaker Pound has also driven export opportunities for the UK, helping boost new business in international markets.

All eyes now rest on the negotiations; to make the most of these, agreements will need to focus on ensuring that the financial and tax issues – for both businesses and individuals – are taken into consideration.

David Johnson, Founding Director

David became involved in the foreign exchange industry in 1993 after a career in sales and management in the FMCG and motor industries. David's start in the currency world was initially in corporate FX sales and then as a Dealer, handling the currency requirements for both private and corporate clients.

David became Dealing Manager for a large currency brokerage in 1999 and, jointly with Gavin Herridge, launched and grew the commercial foreign exchange division significantly. David and Gavin left in 2004, to start a very different kind of currency company, Halo Financial. The company was founded with a vision to offer the very best customer service and exchange rates with an accessible, efficient and jargon-free range of currency services, both for private individuals and UK businesses.

As a Founding Director, David has responsibility for back office, settlements and compliance matters. David is a Certified Financial Technician (CFTe) and a member of the Society of Technical Analysts (MSTA).

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What you will find in this edition of *VISION:*

Part 1: Brexit business planning – opportunities and challenges now and in the future

Preparing your business for Brexit

Nick Farmer, a Partner at accountancy firm Menzies LLP, looks at how businesses can prepare for Brexit in terms of trade, employment, finance, structuring and operations.

Mergers and acquisitions

Laurence Gavin, Partner at solicitors Irwin Mitchell LLP, examines the effects of the referendum and Brexit on the UK and European mergers and acquisitions (M&A) markets. Looking ahead, what are the opportunities, both in the UK and across Europe? What challenges lie ahead for M&A activity in the UK and beyond?

New opportunities with old friends

Our old friends from within the Commonwealth, Australia and New Zealand, look at opportunities for trade and cooperation in a post-Brexit world.

The role of the trusted advisor in navigating Brexit successfully

Halo Financial's currency consultants and members of the Partner Network discuss the role of the trusted advisor in navigating Brexit successfully, from currency, accountancy, legal and personal finance perspectives.

Industry insight: the impact of Brexit on the UK gaming industry

Dr. Jo Twist, OBE, CEO of UKIE, the trade body and voice for the UK gaming industry, examines the effects of the referendum and potential implications of Brexit on this thriving business sector.

Part 2: Brexit and the individual – what does it really mean?

Brexit and international property

Peter Robinson, CEO of the Association of International Property Professionals (AIPP), discusses the implications of Brexit on individuals buying and living overseas – and for the industry of international property professionals.

Migration – EU workforce planning for UK employers

Katrina Cooper, global immigration expert at PwC Legal, examines the planning and evolution required for the international workforce, from both an employer and employee perspective.

Emigrating post-Brexit

Migration experts, **Paul Arthur**, of The Emigration Group, and **Grahame Igglesden**, of Concept Australia, look at the implications of Brexit on UK citizens wishing to emigrate.

Pension planning in light of Brexit

Independent financial advisors, **bdhSterling**, assess the effects of Brexit on overseas pensions, as well as migration and retirement planning.

It's important to always look at the bigger picture – and this is the purpose of our new *VISION* series; to bring together a wide range of perspectives and tackle the big issues.

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Preparing your business for Brexit

How do you prepare your business for the UK's exit from the European Union (EU)?

Although the full impact of Brexit is still uncertain at this stage, preparing the ground work for change is good business practice, and it is certainly advisable to undertake a structured review of existing circumstances in order to assess the risks and opportunities inherent in the business.

Trade

The exact nature of the UK's future trading relationship with the EU is crucial for business. According to Nick Farmer, Partner at accountancy firm Menzies LLP, "UK companies that buy or sell goods within the EU are likely to suffer increased costs and administration if the UK leaves the single market (i.e. so called 'hard Brexit')." This is because goods moving between the UK and EU would become subject to customs procedures and the simplified VAT rules for intra-community trade would be lost. Those that supply services will also need to consider the new regime and any access restrictions or new regulations that may apply.

Questions to consider

- What trade relationships do you have with customers or suppliers in the EU (or other countries with which the EU has trade agreements)?
- How dependent is your business and supply chain on the movement of goods between the UK and EU (or other countries with which the EU has trade agreements)?
- What impact would a hard Brexit have on your business, and how could you minimise the impact?
- Is your business dependent on a particular regime, e.g. passporting, to access the EU services market (or other countries with which the EU has trade agreements)?
- What would be the most efficient model for your business post-Brexit, and should you consider setting up operations somewhere within the EU?
- What other markets outside the EU might be fruitful ones with attractive existing trade agreements?

Employment

The free movement of workers is one of the founding principles of the EU and abolishes any discrimination based on nationality between workers of member states regarding employment. "This freedom of movement has undoubtedly been a significant factor in the UK's decision to leave the EU, and as a result it can certainly be anticipated that there will be an impact on workers arising from Brexit," comments Farmer.

Questions to consider

- How reliant is your business on the free movement of workers across EU borders?
- What individuals do you have working in critical roles outside their home country?
- Will your ability to recruit staff be affected, and do you need to reassess your recruitment and/or training policies?
- Is a hard Brexit likely to lead to a skills shortage in your industry and drive up costs?
- What employee communication and engagement is appropriate?

Operational

At the heart of every business is the relationship with customers and suppliers. Although there is still much uncertainty over the impact of Brexit, it is important to take time to assess the economic viability of all commercial relationships, as they are the lifeblood of any business.

Questions to consider

- What is your contractual position with critical customers and suppliers?
- How are your customers and suppliers likely to be affected by Brexit, and what impact could this have on your business?
- Do you need to consider diversification of the supply chain and customer base, and reassess supplier dependency?
- How are key competitors affected, and what competitive advantage and key strategic opportunities can you gain?
- Would a strategic acquisition address structural changes or opportunities in the market?

Finance

For some companies, there may be cash-flow impacts from Brexit, perhaps arising from reduced consumer spending and higher costs. It is therefore important that companies review their business plan and consider remodelling it for possible Brexit scenarios.

Questions to consider

- How robust is your cash flow, and have you stress-tested liquidity by reviewing your working capital needs?
- What impact does currency market movement have on your business, and is it possible to mitigate ongoing currency volatility?
- How do you determine your export pricing and commitments while Sterling is weak, knowing it might get stronger in the future?
- What is the timing of future capital expenditure, and what are the costs and benefits of this investment?
- What are the terms of your existing bank facility, and will these need to be amended or renegotiated?
- With tighter lending criteria, what alternative sources of funding may be available to the business?
- Do you have grants or other funding sources from the EU?
- How are asset valuations likely to be affected in the year-end financial statements?

Be proactive and strategic

Nick Farmer, Menzies LLP:

"Business leaders must stay focused on clear strategic goals . . ."

"For the brave and the bold, now is the time to act, not to succumb to Brexit inertia."

Structuring

Much has been said about the impact of trade taxes (custom duties and VAT) if the UK leaves the EU Customs Union. However, the UK's direct tax (corporation and income tax) legislation has to be drafted so it complies with EU laws, and companies are still likely to be affected by losses of access to certain EU Directives and rules. For instance, if a UK group has subsidiaries in the EU, there may be an increase in the withholding tax cost of repatriating funds to the UK.

Questions to consider

- How reliant is your business on the EU Tax Directives, and how do these reduce your cost of doing business?
- What relief will be available in the future under bilateral double tax treaties?
- Should you repatriate profits from EU subsidiaries pre-Brexit?
- What is your tax operating model, and will you need to review your transfer pricing policy?
- What benefits could arise from restructuring or remodelling of the group?
- How do EU rules currently affect workers' social security contributions?

Nick Farmer, Partner, Menzies LLP

Nick Farmer specialises in providing tax advice to small and medium-sized enterprises (SMEs) and mid-corporate businesses and their shareholders. He has extensive experience in both UK and international tax issues, and was a prize winner in the Chartered Institute of Taxation's 2007 International Tax exams.

Nick qualified as a Chartered Accountant with Price Waterhouse in 1996 and joined Menzies in 2000, after qualifying as a Chartered Tax Adviser. He became a Partner in 2002.

Menzies is a top 20 firm of accountants, finance and business advisors that operates out of a network of offices across Surrey, Hampshire and London, providing clients with easy access and local knowledge.

MENZIES
BRIGHTER THINKING

Mergers and acquisitions

According to Laurence Gavin, Partner at law firm Irwin Mitchell LLP, "the impact of a flurry of political and economic activity in 2016 is now being felt in 2017." The view is that the UK's EU Referendum had led to a downward market trend, but this actually started in the early months of 2016, due to uncertainty about the outcome of the vote.

Overview of the UK mergers and acquisitions market

Mergers and acquisitions (M&A) activity was substantial in 2014, as well as throughout 2015 – which was considered a highly successful year for M&A advisors, who completed a number of very large deals. But in 2016, this began to turn. As stated by Gavin, "the market slowed down significantly by around approximately 7%. Deals were down nearly a third, and value down commensurately."

Businesses, like the markets, do not like uncertainty, and the downturn in UK M&A activity has continued into 2017. "We did see some significant post-referendum deals in 2016, such as the Japanese takeover of Arm Holdings for $32 billion, but the really big deals have been few and far between," comments Gavin. "Post-election uncertainty and higher inflation are beginning to affect confidence, but this could be a time to pick up assets at a lower price."

25.5% decline in new M&A deals in Q1 2017 compared to Q1 2016

[Source: Experian MarketIQ]

Impact outside the UK?

Further afield, markets have been less concerned about Brexit and the future of the UK, with other key political events, such as the Italian referendum, French, German and Dutch elections, and even the new US presidency all providing their own distractions for different global players. Outside the UK, the reaction to Brexit appears to be more of interest and curiosity – and in some cases, one of puzzlement – than actually affecting deals being done. However, the referendum and the resultant uncertainty around Brexit has weakened Sterling. The feeling from Gavin is that this has meant some well-priced deals and a number of opportunities for overseas investors. "Investors are sitting on cash and at some point will decide that there is no point in waiting longer before taking the plunge back into corporate assets."

Sector focus

Gavin warns that, "financial services sector is likely to be one of the most affected, as it currently benefits from a number of EU Directives allowing operation across Europe and globally." Indeed, companies that are no longer able to operate Europe-wide could struggle and some are already scaling down their UK operations while building within the EU.

Aviation could also be a sector where UK companies, particularly those in the supply chain, become targets for overseas activity, or the market could be disrupted – or even stifled.

When it becomes clear whether it will be a hard or soft Brexit, some countries may wish to agree early trade deals, such as Australia, New Zealand, and Canada. This could generate a number of acquisition and trading opportunities. But, as Gavin states, "a lot of the confusion is about price – once the uncertainty clears, pricing will be easier, and this should help activity in the market to pick up."

The medium term

It is harder than ever to ascertain medium term trends but a number of factors are apparent that will affect M&A:

1. The UK requires significant infrastructure investment, regardless of Brexit, and this will drive activity.

2. There are aspects of the economy and investment that could be largely left to the private sector by the government when addressing other concerns in their Brexit negotiations. The housing crisis, areas of infrastructure and transport, and certain geographical areas, such as parts of the North of England, could be forgotten in the melee.

   France and China are very aware of the opportunities within UK housing and infrastructure, in particular. Brexit has accelerated interest in the UK marketplace and could be a catalyst for more inward investment and overseas M&A activity within the UK. A weaker Pound has also made investing in the UK more cost-effective for overseas companies.

3. Firms must think for themselves and not follow the herd – find the opportunities that suit them in the present environment and do their homework. Successful deals will be founded on stringent due diligence, strong business plans and a sound financial strategy. Deals that have been done for less robust reasons are likely to evaporate in all the uncertainty.

4. Don't make bets based on government announcements or market pundits' predictions – look through the politics and cut through the noise coming from every angle to seek out the real opportunities.

Laurence Gavin, Partner, Irwin Mitchell LLP

Laurence advises corporates in regulated sectors, particularly FCA-authorised firms, third sector bodies and PLCs, on a range of M&A, commercial and compliance matters. These include sales and sourcing agreements, joint ventures and collaborative working, funding agreements and constitutional arrangements, all of which are affected by constant regulatory updates. He also advises on corporate finance matters such as capital raisings and public takeovers.

Irwin Mitchell is a full service law firm, founded in 1912 in Sheffield. Today, it is the 14th largest law firm in the UK and amongst the top 50 in Europe, operating out of 14 UK offices and employing some 2,800 members of staff.

IM irwinmitchell

New opportunities with old friends

Following the referendum result, what are the immediate trade and investment opportunities for businesses operating in Australia and New Zealand?

According to Catherine Woo, CEO of the Australia-United Kingdom Chamber of Commerce, "market opportunities between Australia and the UK remain compelling." What's more, there are encouraging signs that a Free Trade Agreement (FTA) will be negotiated, which will help to reshape and grow trade between the two countries and act as a blueprint for the UK's FTAs around the world. As a result, Woo says that "businesses that can engage early and successfully as advisors on the FTA process and its implications are likely to win over the long term."

Meanwhile, Daniel Taylor, New Zealand Trade Commissioner to the United Kingdom and Ireland, believes little will change in the near term, as the UK still remains a member of the EU with the same trading rules. "In the longer term, it will take the UK and EU time to work through the implications of the decision to leave and to put new trading arrangements in place," comments Taylor.

Is your organisation focusing on specific industries?

Although the Australia-United Kingdom Chamber of Commerce works with a wide range of companies, Woo believes that "financial and professional services, technology and food and beverage companies are taking a particularly active and early position in discussions on how to best leverage a post-Brexit FTA."

Meanwhile, for New Zealand, key sectors include food and drink, information communication technology (ICT) and agri-technology.

What can the United Kingdom learn from the Australia/New Zealand approach to FTAs?

Both Australia and New Zealand have extensive experience in negotiating comprehensive, high quality FTAs. As stated by Woo, "Australia is one of the world's leading players for international trade liberalisation and reform, having successfully negotiated eight FTAs over the last 12 years, including a FTA with the USA that was negotiated in 15 months." A particular opportunity for learning is with trade development deals with Asian countries. Australia has secured FTAs with China, Korea, Malaysia, Singapore and Thailand in recent years, while New Zealand has 12 FTAs with Asian countries and was the first western economy to negotiate a comprehensive FTA with China in 2008.

What do you see as the biggest challenges over the next two years in increasing trade between the UK and Australia/New Zealand?

Disruption and uncertainty are seen as major challenges by both the Australian and New Zealand trade bodies. According to Woo, companies will need to be "resilient during the bridging period between Article 50 and an FTA." Taylor believes that despite the lack of clarity, there is an opportunity for companies that are "nimble and customer focused," as he considers many in New Zealand to be.

UK trade with Australia/NZ: Key stats:

UK total investment in Australia:
£220 billion

UK is **second largest** foreign investor

UK exports to Australia:
£8.3 billion per year

UK total investment in New Zealand:
£42 billion

UK is **second largest** foreign investor

UK exports to New Zealand:
£1.5 billion per year

Source: ONS, Department for International Trade, New Zealand Trade and Enterprise

Catherine Woo, CEO of the Australia-United Kingdom Chamber of Commerce

Catherine joined the Chamber as CEO in late 2016, bringing with her almost a decade of experience in international trade. Catherine has previously held leadership roles working with multinational companies to support their global expansion, as well as building strategic international partnerships between government and industry.

Prior to joining the Chamber, Catherine held the role of Investment Director for the Victorian Government of Australia's London office where she led multi-sectoral trade and investment activities across the UK, Europe and Israel. Catherine holds a Bachelor of Laws and Bachelor of Arts from the University of Melbourne.

Australia–United Kingdom Chamber of Commerce

Daniel Taylor, New Zealand Trade Commissioner to the UK and Ireland

Daniel is New Zealand Trade Commissioner to the UK and Ireland, based in London, where he is responsible for promoting and facilitating trade opportunities and strategic relationships for New Zealand companies in both countries.

Daniel was previously Trade Commissioner and Consul-General in Melbourne, Australia. He has also previously worked as New Zealand Trade and Enterprise's (NZTE) Ministerial Advisor in the Office of the Minister for Economic Development. Before joining NZTE, Daniel was actively involved in exporting, working in the fresh produce sector.

Daniel holds a Bachelor of Commerce and Administration degree from Victoria University of Wellington.

NEW ZEALAND TRADE & ENTERPRISE

The role of the trusted advisor in navigating Brexit successfully

The uncertainty and lack of clarity around Brexit means that finding the right advice is more important now than ever, whether personally or for your business.

Personal advice

If you are planning to buy property abroad, make overseas investments, or even emigrate, there are key professionals that can guide you through the process. Even the most experienced investor can benefit from a trusted advisor – explaining the economics and legalities of the situation; alerting you to how markets are moving and what it means for your money; and identifying and addressing where both the risks and the opportunities lie.

These professionals inlcude:

- An independent financial advisor (IFA)
- An independent legal advisor (that is, a solicitor who is not in any way affiliated with other parties involved in your overseas transactions, such as a developer, and acts in your interests and your interests alone)
- An accountant and tax specialist
- A qualified currency consultant.

VISION was designed to bring together different perspectives and expert guidance from each of these key professionals, to help you assess what Brexit really means and to get to grips with the risks and opportunities for your personal situation.

Business guidance and advice

For UK businesses trying to find their way through Brexit, trusted advisors are absolutely crucial. Economic, political and legislative changes from Brexit, and the agreements that follow, will fundamentally change the way that UK businesses operate. These changes will need to feed into the overall business strategy and form the basis of a comprehensive and proactive risk management policy. The strategies need to be robust enough to identify all the risks involved and take steps to mitigate them wherever possible, but they should also be suitably agile, to be able to evolve as the country's new economic landscape develops.

As Atul Kariya, National Sector Head for Manufacturing and Engineering and Eastern Region Business Advisory Lead at MHA MacIntyre Hudson, comments, "with rising cost pressures, currency volatility and ongoing economic uncertainty, businesses are having to look inwardly at their processes and business models to find efficiencies wherever possible."

Being able to adapt quickly to change is key in the current climate and smaller businesses should capitalise on their resilience and agility, while trying to work out the best way to move forward.

However, businesses, although operating individually, do not exist in isolation, and are all part of a bigger economic picture. As the country prepares to negotiate the terms on which it will eventually leave the EU, it is important to understand the complexity of factors that will have an impact on the success or otherwise of the business community. The issue of Brexit in this context should be considered holistically, taking into account factors such as currency, as well as access to labour and capital. Importantly, it should look at how these might either enhance or damage businesses and their profitability.

As accountants and business advisors, MHA MacIntrye Hudson are keeping a close eye on the situation. They state, "we want to reassure our clients that, while there may be some challenges ahead [in light of Brexit], our specialists are monitoring development and are able to provide advice and guidance on all aspects of your business."

Why is currency important now, and in planning ahead, for the implications of Brexit still to come?

The team at Halo Financial is also closely following and analysing the implications of Brexit for its private and business clients. The general view is that the exchange rate has influenced some decisions about property purchases or emigration to countries such as the USA, Australia or New Zealand. On the other hand, with the passage of time since the vote, there has been a greater demand for currency exchange services from UK businesses, who are seeking to manage their currency risk more proactively to offset the movements in the markets and protect the bottom line.

The role of currency specialists is to assist both companies and individuals with managing and hedging risk, to give protection from the frequent currency fluctuations in response to Brexit announcements and developments. Clients have been rightfully wary of the market uncertainty surrounding Brexit and UK politics. While historically businesses have relied on banks for currency exchange advice, there has been a shift towards using professional advisors. This is a positive development and now is the time for companies to become savvy about accessing currency services and gaining the know-how to make the best of the opportunities open to them.

In the current environment, SMEs have the advantage of being more agile and adaptable than large corporates and should make the most of the opportunities presented by Brexit.

It is also important to assess the legal implications now and post-Brexit. While the full impact of Brexit from a legal perspective is not yet clear, this will start to come to light as formal negotiations begin in earnest. "We will see a greater effect on UK businesses as the negotiations play out," comments Laurence Gavin, partner at law firm, Irwin Mitchell. Ultimately, he believes that trade depends on personal relationships, and UK-based businesses should strive to make these as strong as possible now to give them the best chance of weathering the upcoming storm.

Whether you are an individual trying to find your way through what Brexit means for you, or a business trying to assess how your profitability could be affected by ongoing developments, you are not alone. Trusted advisors are on hand to cover all aspects of the potential impact of Brexit and are monitoring the situation carefully to assess the implications for your situation. Regular communication and dissemination of the key issues is vital for staying one step ahead as Brexit unfolds.

What next?
Top tips from the professionals

Seek opportunities

Laurence Gavin, Irwin Mitchell:

"The UK has always been an open, outward-looking economy and the positive side of Brexit may be that it will prove to be a greater encouragement for building trade relationships, and the reinvigoration of the ties with the Commonwealth."

Be prepared and plan ahead

David Johnson, Halo Financial:

"Hedge risks and plan forward. Preparation and planning are key to protecting profits and performance."

Play to your strengths

William Swords, Canadian Chamber of Commerce:

"The UK should play to its strengths. Overall, business will drive the change."

Nathan Cox, Head of Partnerships, Halo Financial

Nathan heads up Halo Financial's partnerships team. He and the team work with client-facing companies to identify currency risks and deliver solutions to manage these for their clients. Working with large, multi-partner firms, government bodies, business groups and owner-managed businesses, Nathan's focus is to save clients time and money on cross-border transactions.

Prior to joining Halo, Nathan worked for eight years in internationally-focused government and corporate roles. This included leading the Government of Victoria's (Australia) Skilled and Business Migration Program in the UK and Europe and helping to establish and grow a start-up business in London with customers in Australia, Canada and Ireland.

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Atul Kariya, Partner, MHA MacIntyre Hudson

Atul is the firm's National Sector Head for Manufacturing and Engineering and leads the Eastern Region's Business Advisory team. Atul advises a variety of corporate clients with a focus on the manufacturing and construction sectors. Having been with the firm since 1998, he offers his clients sound forward thinking advice, particularly in relation to strategic planning, tax mitigation and group structures. Atul's strength is to help clients challenge their thinking and provide innovative, joined-up solutions that help them succeed.

Established in 1880, MHA MacIntyre Hudson is a growing and successful mid-tier UK independent accountancy firm, working with entrepreneurial businesses, groups and multinationals with operations in the UK. The firm provides a comprehensive range of services and specialist advice, including audit and assurance, tax planning and compliance, for both corporate and individual clients, payroll and VAT, restructuring and recovery, business strategy and outsourcing. Other parts of the MHA MacIntyre Hudson Group provide specialist advice on corporate finance and professional training.

MHA MacIntyre Hudson

Industry insight:
The impact of Brexit on the UK's gaming industry

Dr. Jo Twist, OBE, CEO of UKIE, the trade body for the UK gaming industry, takes an optimistic outlook, "as an industry, we've been retaining a positive attitude.

The key message for now is 'business as usual', but the biggest post-Brexit issue is access to talent."

She continues, "we're an industry with a broad spectrum of innovative, diverse talent, with an amazing creative heritage, spanning games, video, film, television . . . Part of this comes from our geographical position in the UK – it's a productive ecosystem to be a part of."

Attracting and retaining talent

The UK's departure from the EU is seen as an opportunity to redefine the immigration laws to position the country as home to the best technological and creative international talent. Indeed, Dr. Twist is adamant that, "the UK needs to remain competitive in the talent it attracts and continue to be a leading destination in digital."

In the near term, "the most important element that needs to be addressed is providing assurances for EU employees and making them feel welcome after building a life here," states Dr. Twist, "and resolving this issue would really boost optimism in the sector." At the same time, she also notes the need to keep an eye on how the UK can encourage home-grown talent.

Access to markets

Gaming is a fast-moving, tech-forward sector. Businesses become global exporters almost straightaway, thanks to the digital economy and innovative distribution models that already exist in the industry. As a result, Dr. Twist thinks that "it is vital that games businesses retain the ease of trade for digital services and physical goods that they currently enjoy through membership of the European single market."

Future trading relationships with both the EU and new international partners should seek to enshrine the existing trade liberalisation the games industry currently enjoys.

International trade and emerging markets

UKIE is seeking international trade progress in three markets in particular:

- North America (particularly the USA)
- China (which is viewing the UK with great interest)
- South Korea

In the coming years, UKIE also expects India and South and Central America to play a greater role. However, it also depends on the platform chosen – some companies are taking a closer look at Eastern Europe, for example.

Recent research conducted by UKIE found the following key points regarding the industry's workforce:

61% of games businesses rely on highly skilled international talent to make innovative new products and services

Of those games businesses employing overseas people, EU staff make up an average of average **35%** of the workforce

40% of businesses are already seeing negative impacts on their ability to recruit and retain talent because Brexit is perceived as weakening the UK's attractiveness as a destination

98.4% of respondents believe that in the future EU nationals who meet certain skills criteria should have a blanket right to live and work in the UK

69% of businesses report that the immigration application process is burdensome

and **38%** say it was a significant obstacle to hiring the right people

65% of games businesses hired international talent due to a shortage of the right skills in the UK – there is therefore an urgent need to increase support for skills initiatives to increase the UK's own highly skilled talent pool

What should be the focus of Brexit negotiations?

"My advice to trade negotiators is that there needs to be a pool of global talent – bringing together different experiences and techniques," states Dr. Twist. She also believes they need to address non-tariff based barriers to trade and create a friction-free, low cost immigration system that is fit for purpose and for the digital economy. As Dr. Twist describes, "this requires a free flow of data across industries, but we must also look forward and future-proof wherever possible."

Indeed, non-tariff barriers to trade may present more of a threat to UK games businesses than financial tariffs.

16.4% of gaming companies have experienced non-tariff barriers to trade, such as content restrictions and data localisation, while only 3% are aware of financial trade tariffs that apply to the games industry.

The currency conundrum

A weaker Pound means online access is cheaper; for example, games available on Steam. It also makes computer games, which are mainly imported, more expensive, contributing to inflation. Also, marketing and acquisitions become more expensive outside the UK. Dr. Twist continues, "crucial in navigating this is to plan ahead, being mindful of currency volatility, and the ever-changing markets, and protecting against the risks. We actually work with Halo Financial on our currency strategy and it has saved us a lot of money – it's no exaggeration to say that this has made a huge difference to our business."

Top Tips for businesses to beat the Brexit blues

1. Keep an eye on currency markets – while you can't predict the future, you can make sure you're prepared.
2. We're an upbeat, resilient nation, but it's crucial for business to have trade bodies making their voice heard and fighting for the best possible outcome.
3. Stay agile, open to new business, and, as is often the case with digital businesses, quick to new business models and strategies.

Dr. Jo Twist OBE, CEO, UKIE

Dr. Jo Twist, OBE, has been CEO of UKIE since 2012. Before that, she was Channel 4's Commissioning Editor for Education. A London Tech Ambassador, she is a VP of Special Effect and on various boards and advisory groups, including the BAFTA Games Committee.

UKIE aims to make the UK the best place to develop and publish games and interactive entertainment, supporting, growing and promoting the UK games industry.

ukie

THE ASSOCIATION FOR UK INTERACTIVE ENTERTAINMENT

Part 2: Brexit and the individual – what does it really mean?

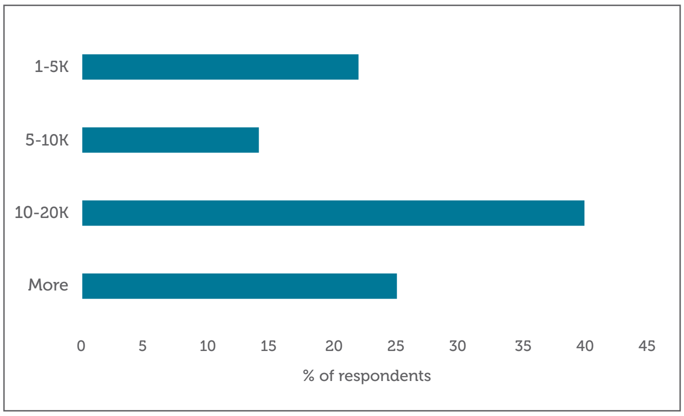
Brexit and international property

Peter Robinson, CEO of the Association of International Property Professionals (AIPP), comments that "the [overseas property] sector is in for a bumpy ride over the next five years" as the ramifications of Brexit play out. As a result, the AIPP wants to ensure that the rights and protection of British-resident owners of a foreign property – estimated to be more than 1 million people – are included in government considerations over Brexit.

Will Brexit discourage overseas property purchases for second-home buyers?

According to Robinson, in the short term, Brexit-triggered currency movements have negatively impacted British buyers' ability to afford a foreign property in popular destinations in Europe and the USA. This appears to be affecting discretionary buyers (holiday homes) more than the older, retirement-oriented buyer. A recent survey by Halo Financial also found that currency volatility was having a negative impact.

How did the exchange rate volatility after the referendum affect the overall cost of your purchase?



Source: Halo Financial

Challenges around freedom of movement, which will be a factor in a number of European elections set for 2017, may result in restrictions – or at least onerous visa requirements. However, Robinson states that, "it would be very hard to see British residents refused entry visas to visit their foreign property (contributing, as they do, to the local economy), but some will certainly no longer feel 'welcome' in their host country."

Will Brexit persuade more people from the UK to emigrate?

"Online searches from the UK to move to such countries as Australia, New Zealand and Canada have certainly spiked following the referendum," claims Robinson. However, he believes the choices for emigration are often personal, "the reality of being out of the EU will certainly motivate some to move country – but perhaps only being a catalyst to those who had been considering such a move anyway." Indeed, Halo Financial's survey showed:

> 62% said "no" or "not really" when asked if Brexit influenced their overseas property purchase

What will be the impact of Brexit on visas, tax, passports, currency, and migration?

Robinson's view is that there are many potential political ramifications, especially due to the UK's desire to control its borders for immigration purposes, which could lead to exit from the single market.

Potential impact of Brexit for overseas property owners

	Potential change	Implications for overseas property owners
Visas	Visas may be required to visit some European countries	Could be expensive or administratively difficult as countries impose reciprocal limitations
Tax	Existing tax harmonisation treaties will need to be re-thought and re-negotiated – avoiding the jeopardy of being taxed twice	Financially hard-pressed EU countries could hike taxes on foreign property owners to raise revenue
Passports	New passports will have to be issued	Reminder of UK's solo status for emigrants
Currency	**Pound may rise against the Euro in late 2017 if economy improves**	Unlikely that currency controls restricting the amounts that individuals can transfer between countries will be put in place
Migration	Freedom of movement a key issue in national elections throughout EU	European host countries may increasingly view foreigners with suspicion

However, Robinson believes that stemming the flow of cash from British expats would not be pragmatic. After all, "more than 1.2 million British expats live in (mainly) Spain, France and Ireland with an estimated 1 million plus British residents who also own property in the EU and visit regularly for holiday or retirement purposes. It would be folly for an EU (political) decision to dis-incentivise these 2.2 million British people spending their money in EU countries."

> It would be folly for an EU (political) decision to dis-incentivise these 2.2 million British people spending their money in EU countries

What protections would you like to see in place for UK buyers overseas?

As stated by Robinson, "what the AIPP would like to see is a genuine engagement with the UK government to ensure it fully understands the key issues and vulnerabilities British resident owners face through, what promises to be, some tough Brexit negotiations." The general view is that, above all, the AIPP does not want to see British citizens 'punished' by political expediency.

The AIPP's 20 Key Points of Issue facing British owners of a foreign property, which was sent to Minister for Brexit, the Rt. Hon David Davis, M.P. can be accessed at **www.aipp.org.uk/resources/publications**.

Peter Robinson, CEO, AIPP

Peter Robinson was appointed CEO of AIPP in June 2013. Since then, the organisation has focused on two key aims:

1 Trade – Business Development & Best Practice
2 Buyers - Education & Protection

AIPP now has 370+ corporate members (2,500+ people within) in 31 countries around the world comprising: estate agents, developers, lawyers, banks, currency, technical advisory and other cross-border professionals.

AIPP
ASSOCIATION OF INTERNATIONAL PROPERTY PROFESSIONALS

Migration – EU workforce planning for UK employers

What are the key challenges and opportunities to arise from Brexit?

"There is a lack of understanding about the significant impact that Brexit will have. The brunt of Brexit may not be felt so deeply initially, but there will be longer-term effects on skillsets on a global basis," comments Katrina Cooper, Director at PwC Legal's Global Immigration practice.

A hard Brexit would have many implications for a globally mobile workforce. The usual employment pool from Europe will not automatically be there to dip in to. The upside of this, Cooper believes, is that companies will need to open themselves up to wider skillsets, which could be found anywhere across the globe. After all, "controlling migration will not stop the need for the right skillsets for the job."

> A hard Brexit would have many implications for a globally mobile workforce

As a result, employers will be more likely to spend their money on the strongest candidates, rather than just rely on those readily available. English-speaking countries, such as Australia and New Zealand, are also expected to see spikes in interest. Meanwhile, certain sectors are likely to feel the impact more than others – for example, the hospitality industry relies heavily on EU workers and the pharmaceutical industry relies on the global mobility of its workforce.

Changes to immigration policy could lead to new ways of developing careers. Cooper thinks there could be some potentially exciting possibilities, "people could just keep moving around the world developing their skillsets and applying them in other jurisdictions. In essence, this sort of workforce movement could create a form of 'brain globalisation' – skillset mobilisation on a global basis."

HR will have a greater role to play

Depending on the size and sector of the company, Cooper feels that global hiring practices will have to be reviewed and adapted. In particular, the global mobility and HR functions of businesses will have a greater part to play.

> Changes to immigration policy could lead to new ways of developing careers

Global workforce mobility: Key questions for businesses to answer on Brexit

- What will be the impact on skillsets?
- Will we need to recruit differently?
- Where, and when, will we find the right skillsets?
- How will we attract those skillsets?
- Where will employees be based?
- Will we see an increase in migration?
- What controls will be put in place?
- Which countries will prove the most appealing for candidates with the right skillsets?
- Where will they choose to work?

There will also be compliance and governance implications. Shorter-term contracts and business travel could become considerably more expensive within the EU. As a result, strategic, structured governance will be vital. Within the UK, there could be real implications for the short-term mobile workforce – it is, as yet, unclear what working visitors within the EU will be able to do, or not. There will also be tax implications and unforeseen costs in terms of employee registrations or even residence.

Are you seeing firms making decisions now, and taking action already, in preparation for Brexit?

According to Cooper, "for firms that are happy with their workforce, now is the time to really show how much they value their staff and work to improve retention wherever possible." This also means communicating with their staff key messages about Brexit and what it means to them.

Meanwhile, some firms are taking positive action and are paying to register their EU employees' rights in the UK. Others are taking steps to ensure permanent UK residence for their workers. However, the costs for this could be large – potentially £5,000-£10,000 per person. Firms of 200 employees or less will be more willing to make these kinds of commitments to retain their workforce, as the total expense will be lower.

Key tips for firms in the run-up to Brexit

1 Be diligent about your data – know who your employees are, where they come from, how they like to work, and what their skillsets are.

2 Understand the skillsets you need for your business and where you can find them. Look at, and assess, the marketplace – what are other firms doing?

3 Make use of scenario planning and future projections – be prepared for the unexpected!

For firms that are happy with their workforce, now is the time to really show how much they value their staff and work to improve retention wherever possible.

Katrina Cooper

Katrina Cooper is a global immigration and mobility expert with over 25 years in the legal industry. Katrina is dual Australian and UK qualified and has developed a significant and deep understanding of immigration and global mobility issues across numerous jurisdictions.

She is a Director at PwC Legal in London and sits on the global immigration leadership team, providing strategic advice to some of the world's largest companies across all sectors. She joined the PwC Legal Global Immigration practice in December 2015.

Emigrating post-Brexit

Paul Arthur of The Emigration Group and Grahame Igglesden of Concept Australia help UK citizens to emigrate. They discuss both the challenges and opportunities presented post-referendum.

Interest is spiking

"We saw a six-fold increase in enquiries on the Friday of the referendum and a three-fold increase over that first weekend, as people reacted to the shock announcement and struggled to understand what was happening," says Arthur. Meanwhile, Igglesden has found that, "serious applicants wanting to live in Australia have been undeterred by Brexit. The leave vote showed a level of dissatisfaction in the UK about the processes here and in Europe, and this is often a driving factor for emigrating further afield."

Opportunities for their children

In terms of what people are looking for when they emigrate, it has remained largely the same. As Arthur states, "clients want to live in a country with economic stability, job security and opportunities for the future, particularly for their children."

This sentiment was echoed by Igglesden who believes, "for families, education is another important factor – many schools in the UK are overcrowded, or families can't get their children into their chosen schools . . . There is also the appeal of the outdoor-based lifestyle in Australia and how this could transform their family's quality of life."

Uncertainty the major concern

Uncertainty has been on the cards for the UK for some time: the country has just recovered from a recession, and then the referendum has brought further confusion around Brexit and what it means in practical terms. Indeed, Igglesden has found that it is this sense of uncertainty, coupled with the rising cost of living in the UK, that is the main motivator for people from the UK looking to move to Australia.

Commonwealth countries could capitalise

The current situation has provided an opportunity for the Commonwealth countries to attract the people they want to live and work there. The Brexit cloud in the UK has fueled a stepping-up of activity for Australia and New Zealand, in particular, to attract skilled migrants. As a result, both countries have increased their marketing, highlighting the benefits of emigrating.

Arthur believes this will help drive further interest in the countries. "We predict that there will be more and more people emigrating, looking to countries where there are no language barriers and some cultural similarities, such as Australia and New Zealand." Historically, there has been more interest in Australia – and so understandably this is the frontrunner in the current marketplace. There is huge demand for skilled migrants, but the visa process is lengthy and complicated.

Top tips for emigrating

1 Research – Find the skills shortages in the country you want to move to and seek opportunities that fit with your own skills and experience. Get to know about the migration and visa processes, what they entail, and understand the legal aspects of living and working in another country. Bear in mind that information online can be incomplete or incorrect.

2 Professional advice – Pick someone who really knows and understands how the process, which can be long and complex, works. A specialist can undertake a comprehensive eligibility assessment initially, followed by a one-to-one consultation to go through the options available. They can help you throughout the whole process, from finding roles, to visa applications, to settling in to your new life overseas.

3 Plan – It's a life-changing decision for you and your family, so undertake detailed planning. Gain a good understanding of your country of choice and what it's like to live and work there. Plan a budget at the outset and factor in all the different costs associated with your emigration, including visa fees, agents' fees, removal and property costs, the cost of buying a vehicle there, and currency exchange.

4 Get started – If you are serious about emigrating, begin the process as soon as possible. We predict there will be even more interest in moving to Australia, in particular, as Brexit negotiations progress.

5 Skilled migrant visa – If you're planning to move to Australia to work, even if you are not sure what position you want to apply for yet, it is worth applying for a skilled migrant visa. This gives you time and provides different working options for the future. Once your visa is approved, you are protected from any future policy changes.

6 Arrange a job in NZ – Consider applying to New Zealand as a skilled migrant – there is high demand for particular skillsets, and there are specific skills shortages in the country that need to be filled. However, the system in New Zealand is different and you cannot apply for your visa unless you already have a job.

7 Regional differences – Be mindful of the differences between states in Australia – each has its own very different economy and each is seeking very different skillsets from their working migrants. Some are faring better than others, such as New South Wales, for example, which is winning awards and regularly voted as one of the most popular states in which to live.

8 Stay up to date – Specialisations are changing all the time when it comes to Australian visas. Independent skilled visas usually need employer or government sponsorship, although there are options to get them if you fit the right criteria.

Paul Arthur, Director, The Emigration Group

Paul has over 25 years' experience in helping people relocate overseas. Prior to joining The Emigration Group, he worked for a leading international removals company. As well as advising on all aspects of immigration policy, Paul can provide expert advice on the shipment of all your personal belongings. Paul now divides his time between the UK, New Zealand, and Australia. He is a fully licensed immigration advisor (IAA No. 201000251) and a registered migration agent with MARA (1387604).

THE EMIGRATION GROUP

Grahame Igglesden, Concept Australia

Grahame is an Australian citizen and a MARA Registered Migration Agent, as well as a representative of the Migration Institute of Australia (MIA 3166). Grahame has more than 30 years' migration experience gained at the Australian High Commission, Government of Western Australia in London, and as a Director of Concept Australia. Grahame's previous positions with government have included Migration Interviewing Officer, with responsibility for interviewing trade and professional people on behalf of employer groups; and Manager, Business Migration, with responsibility for marketing Western Australia as a business location.

CONCEPT Australia

Pension planning in light of Brexit

Is the weakening GBP increasing interest in Qualifying Recognised Overseas Pension Schemes (QROPS)?

"With any changes to the political landscape there is always an increase in enquiries from people asking how it will affect them," claims Simon Harvey, Director at pensions specialists, bdhSterling. "The weakening of the GBP has had an impact on people's migration and future retirement planning," he continues.

bdhSterling offers advice on multi-currency investments held within both a QROPS or a UK pension. As Harvey states, "this gives a pension member the option of either holding their funds in a currency appropriate to where they are migrating, or retaining in GBP – if the current rate of exchange is not appealing."

New legislation impacts QROPS

Legislation changes constantly, both in the UK and potentially in the country the client is migrating to, so it is important that retirees keep tabs on what is going on. For example, revised legislation from the UK's Autumn Statement and Budget in the UK has affected QROPS.

Legislative changes to QROPS

- Pension 'flexibility' will be extended to all QROPS (whereas before paying flexible benefits was only an option for a selected few)
- If a QROPS makes unauthorised payments to a member, the period where they could be subject to HMRC charges is increasing from five years to ten years
- For those migrating to Australia, the amount that can be transferred to Australian QROPS, on an annual basis, has been reduced with effect from 1st July 2017

What are the main advantages of using a QROPS?

According to Harvey, the main advantage of QROPS is for those pension members that are based in a country or jurisdiction where the UK double tax agreement means that receiving income and benefits from a UK pension is less favourable than receiving those same benefits from an overseas scheme in another country.

bdhSterling: top three tips for businesses looking offshore for the first time

1. Be familiar with the legislation in the country that you are looking at. Overseas legislation will not work in the same way as a UK scheme and you can easily be caught out.
2. Work with a mature business already established in the country that you are focusing your business in. Having access to local knowledge and experience is a valuable advantage and will give you a firm base to get started.
3. Moving money or assets offshore from the UK, or to the UK from offshore, can be affected by the exchange rate when you are dealing with different currencies. This needs to be factored in.

Simon Harvey, Director, bdhSterling

Simon Harvey is the Managing Director of the bdhSterling UK operation based in the UK. Simon co-founded bdhSterling with fellow director Paul Davies in the UK in 2009. Simon holds a Diploma in Financial Planning in both the UK and Australia and is recognised as a leading expert in cross-border financial planning between the two countries.

He has spent time working in the UK and Australian operations and has an intricate understanding of the issues that migrants face and is passionate about helping clients to achieve their goals. During his career he has provided financial advice to thousands of migrants, in a diverse range of countries, as well as consulting to other financial planning professionals. He specialises in retirement planning, SIPP, QROPS and SMSF advice, and investment portfolio management.

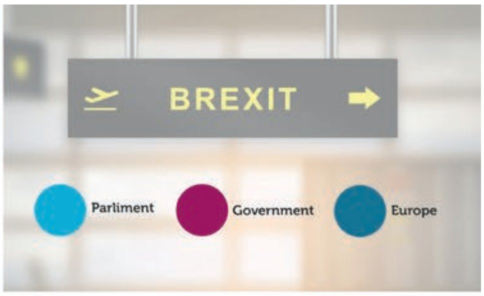
He holds a Diploma of Professional Financial Planning and is a Member of the Chartered Insurance Institute (CII) and Personal Finance Society.

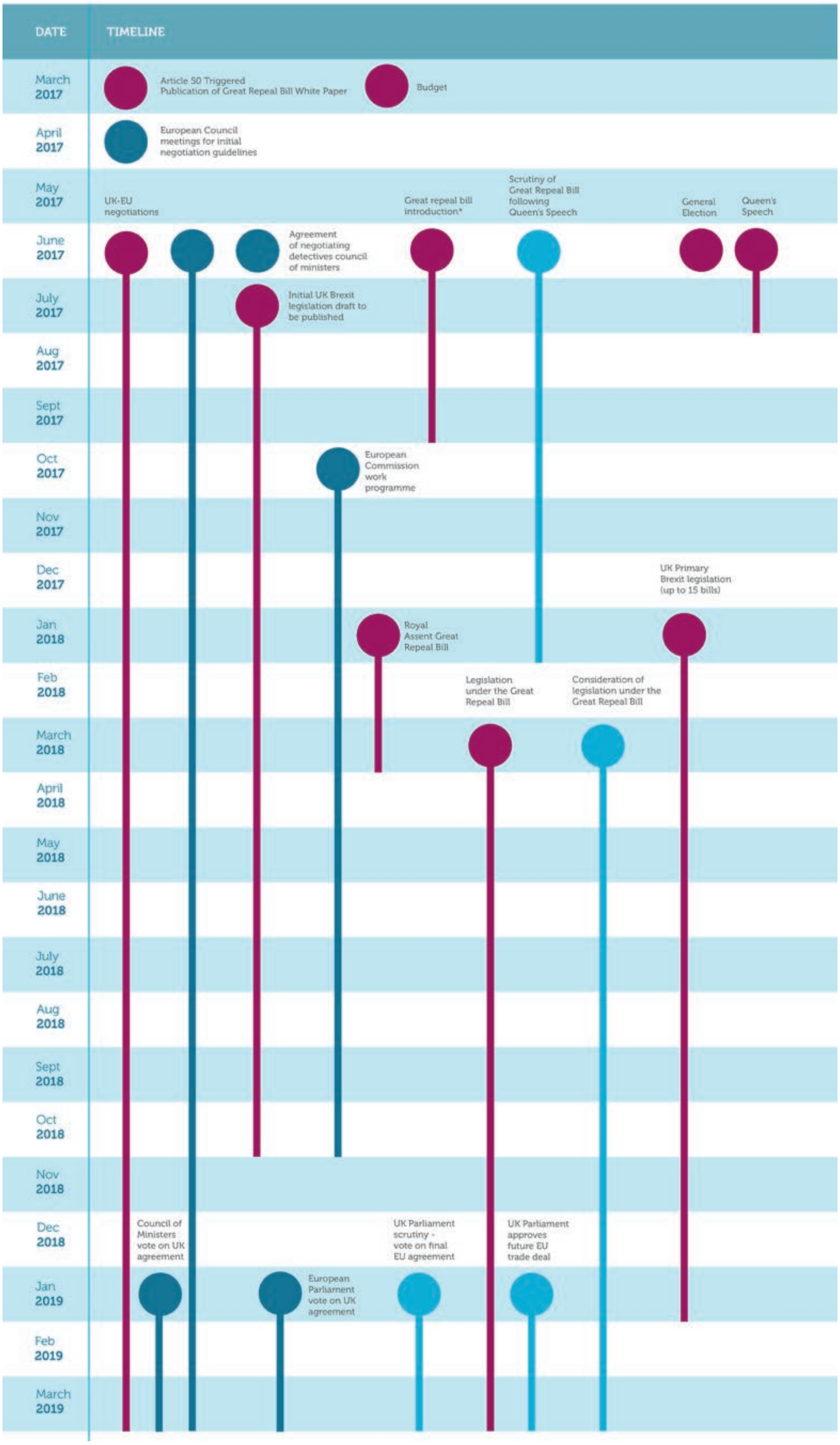
bdhSterling*

BREXIT TIMETABLE

This timeline follows the key political events from the triggering of Article 50 for the next two years of negotiations.

Compiled from a range of sources to provide estimated legislative timescales.





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Daniel Taylor, New Zealand Trade Commissioner to the UK and Ireland

Dr. Jo Twist, OBE, UKIE

Catherine Woo, Australia-United Kingdom Chamber of Commerce

About Halo Financial

Halo Financial is a leading UK foreign exchange brokerage, offering a comprehensive range of services to individuals and businesses since its inception in 2005. The business prides itself on offering a flexible and personalised approach for each of its clients, simplifying the seemingly complex foreign exchange market to maximise savings in currency transactions, protect against currency risk and make money go further.

Staffed by qualified technical analysts, the company is authorised by the Financial Conduct Authority and HM Revenue and Customs.

Halo Financial won Best Customer Focus category in the 2016 Best Business Awards; received OPP Gold for Best Supporting Service; the Gold Award for Financial Support and Innovation from Relocate Magazine, Commendations in the 2016 and 2017 Moneyfacts Awards and has 5 out 5 Star Customer Gold Merchant Status via independent review website, Feefo.com, winning Gold Trusted Service for 2017.

"Excellent", "Reliable", "Professional", "Knowledgeable", and "Helpful" – Halo Financial is proud that customers rate their service so highly and are happy to recommend them to others. The firm is always striving to provide the best possible service and to innovate offerings in line with clients' ever-evolving needs.

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