# Has your business outgrown its current structure?

## A practical guide to reviewing and reorganising your business

Edwards
CHARTERED ACCOUNTANTS

# A practical guide to reviewing and reorganising your business

Most business owners spend years growing their business but never revisit the structure behind it. The company structure that worked when you first started may not be the right structure today.

As businesses grow, they often become more complex. New revenue streams emerge, commercial property is purchased, shareholders' priorities change, cash reserves build up and succession planning moves closer to reality.

At the same time, tax rules evolve, risks increase and future opportunities can require greater flexibility.

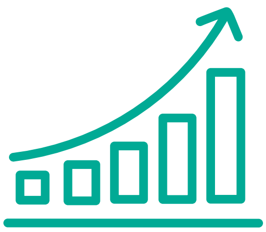
That's why reviewing your business structure should be a regular part of strategic planning.

A well-designed structure can help protect what you've built, support future growth and put you in a stronger position for whatever comes next.

In this guide, we'll explain why businesses review their structure, when it may be worth considering a reorganisation and some of the benefits it can bring.

# Why review your business structure?

Many businesses continue operating under the same structure for years simply because it has never been questioned. But businesses evolve.
You may have:



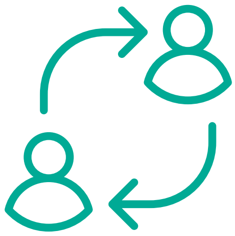
Grown significantly since you first incorporated


Added new products, services

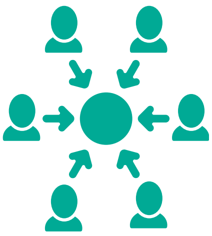

Purchased commercial property

Built up substantial cash reserves

Started planning your exit



Begun thinking about succession



Introduced new shareholders

Acquired another business

Each of these milestones can create opportunities and risks that your current structure may not be designed to handle.

The question isn't whether your structure worked in the past. The question is whether it still supports where you want the business to go next.

# When should you review your business structure?

Businesses rarely stand still. What worked when you first started trading may not be the right structure today. A review is often worth considering when your business, assets or personal circumstances have changed significantly.

### Your business has grown

Growth is one of the most common triggers for restructuring. As turnover, profits and employee numbers increase, so do the risks, opportunities and complexities facing the business.

A structure that supported a £500,000 business may not be the best structure for a £5 million business.

### You've introduced new products, services or divisions

Many businesses diversify over time. New business activities can bring different levels of risk, different growth ambitions and different management requirements. Separating activities can sometimes create greater clarity, flexibility and protection.

### You're planning for succession

Whether you're looking to pass the business to family members, key employees or a management team, early planning usually provides more options and better outcomes.

### You've made an acquisition or are planning one

Acquisitions can create complexity and duplication across a group. A review can help ensure the structure supports future growth and remains efficient to manage

### You've accumulated valuable assets

As businesses mature, they often build significant value through:

- Commercial property
- Cash reserves
- Investments
- Intellectual property
- Equipment and machinery
- Brand value

### You're looking for greater tax efficiency

While tax should never be the sole reason for restructuring, it is often an important consideration when reviewing long-term plans. Business structures can influence how profits are retained, reinvested and extracted. Reviewing your structure can help identify opportunities to ensure it remains aligned with both your business and personal objectives.

# When should you review your business structure?

### Shareholders have different goals

As time passes, shareholders' priorities often change. Some may be focused on growth, while others may be thinking about retirement, succession or reducing their involvement in the business. A structure review can help create greater flexibility for future plans.

### You're considering a future sale

Many owners leave restructuring until a sale is imminent. However, reviewing your structure several years before an exit can often make the business more attractive to buyers and simplify the sale process.

The key message is simple. Business structures should evolve as businesses evolve. Reviewing your structure regularly helps ensure it continues to support your goals, protect what you've built and prepare you for future opportunities.

# What benefits can restructuring bring?

**Better protection for valuable assets**
Separating assets from trading activities can help reduce risk exposure.

**Greater flexibility**
A well-designed structure can support acquisitions, investment, succession and future growth.

**Improved efficiency**
Reducing unnecessary complexity can simplify reporting, governance and administration.


**Enhanced tax planning opportunities**
The right structure may provide greater flexibility around profit extraction, reinvestment and long-term planning.

**Easier succession planning**
Ownership transitions often become simpler when appropriate structures are already in place.

**Increased attractiveness to buyers**
A clean and well-organised structure can make a future sale more straightforward and potentially more valuable.

# Examples of when restructuring may help

### Example 1: Separating property from trading activities

A manufacturing company owns its premises through the trading business.

As the property increases in value, the owners become concerned about exposing the building to trading risks.

A review identifies options to separate property ownership from the trading company while maintaining operational continuity.

### Example 2: Preparing for growth

A successful business launches a second service line with different risks and growth objectives.

Rather than operating both activities through one company, a new structure allows each business activity to be managed independently.

### Example 3: Preparing for succession

Two shareholders are approaching retirement while the next generation is becoming more involved.

A restructuring project creates greater flexibility for future ownership transfers and succession planning.

### Example 4: Preparing for sale

A business owner plans to sell within the next five years.

A review identifies opportunities to simplify the structure, separate assets and make the business more attractive to potential buyers.

### Things to consider before restructuring:

Restructuring should never be approached purely from a tax perspective.

Every decision should consider:

- Commercial objectives
- Shareholder goals
- Future growth plans
- Tax implications
- Legal considerations
- Administration and compliance requirements
- Costs and implementation timescales

The best solution is rarely the most complex one.

In many cases, small changes can deliver significant long-term benefits.

# A quick business structure health check

Ask yourself:

- Has our business changed significantly in the last five years?
- Have we acquired assets such as property or investments?
- Are shareholder objectives changing?
- Are we considering succession planning?
- Could our business be sold in the future?
- Have we launched new products, services or divisions?
- Are we holding significant cash reserves?
- Have we reviewed our structure in the last three years?

If you answered "yes" to one or several of these questions, it may be worth reviewing whether your current structure remains fit for purpose.

## How Edwards Chartered Accountants can help

Business restructuring is about ensuring your structure supports your commercial objectives, protects the value you've created and gives you flexibility for the future.

At Edwards Chartered Accountants, we work closely with owner-managed businesses throughout the West Midlands and beyond to understand their goals and develop structures that support them.

We take a practical approach, helping business owners understand their options in plain English and providing clear advice on the commercial, tax and operational implications of any changes.

Whether you're planning for growth, looking to protect assets, considering succession or preparing for an eventual sale, we'll help you understand whether your current structure is still the right one for your future plans.

## Is it time to review your business structure?

If your business has grown, diversified or changed significantly in recent years, now could be the right time to take a fresh look at how it's structured.

**Contact Edwards Chartered Accountants today** for a confidential discussion about your business and your future plans.

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- **Bookkeeping**
- **Business Advisory**
- **Business Turnaround**
- **Capital Allowances**
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- **Corporate Tax**
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Directors and Senior Staff are the principal point of contact and endeavour to be readily available to attend to enquiries, thereby developing strong personal relationships built upon expertise, trust and efficient service.

Further information on the contents of this guide and any other matters can be obtained by speaking to the contacts named.