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# APA SURVEY RESULTS 2025

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Maximise your **potential**



# THE GROWTH CHALLENGE FOR OWNER MANAGED BUSINESSES

## A SURVEY FROM THE ASSOCIATION OF PRACTISING ACCOUNTANTS

**Date launched:** May 2025

**Date closed:** July 2025

**Total responses:** 276

### Introduction

Owner managed businesses form the backbone of the UK economy. This research provides a snapshot of their current aspirations and concerns. What is clear is that growth remains a major challenge for many of these entities. Uncertain trading conditions, wage inflation, as well as increased labour and supply-chain costs are preventing the capital investment that is needed for SMEs to thrive. The cost of employment in particular is having a significant impact on productivity, as is continued business uncertainty.

Many of these entities are being buffeted by choppy political and economic headwinds. Recent progress on a UK trade deal with the US together with renewed dialogue with European partners on cross border trade are both welcome. Significant concerns over issues such as cyber, energy and infrastructure security remain.

### Methodology

Between May and July 2025, the Association of Practising Accountants sent out a detailed survey to owner managed businesses across its network of member firms. In total, 276 clients responded to the consultation across 15 sectors and 9 regions of the UK economy.





## Headline findings

- 91% rate current Government support for the owner managed sector as poor or very poor – up from 83% in 2024 and 77% in 2023
- 84% of respondents expected labour costs to rise in the next 12 months, up from 2024 expectations (81%) but down from 2023 (90%)
- 82% expect supply-chain costs to rise in the next 12 months which is consistent with our 2024 findings but down on 2023 figures (89%)
- 64% say they are unlikely to make capital investment in their business in the next 12 months – which is consistent with our research findings in 2024 (65%) and 2023 (68%) suggesting there is now a sustained holding pattern across the SME sector
- 46% of respondents think their business is in better shape than 12 month ago which is consistent with our 2024 findings but down from 2023 (49%)
- Uncertain trading conditions (40%), followed by wage inflation (28%) were cited as the biggest challenges facing the owner managed sector
- 52% expect tariffs to pose a risk to their business
- 89% are not confident in the Government's growth strategy



## Owner managed businesses are feeling squeezed by Government

“

The SME sector is being squeezed from all sides - increases in NI, business rates, the minimum wage, energy costs – we also have more employment red tape to deal with than every before. Running a business (right now) is awful.

While I supported the Government's manifesto...since they came to power, I feel that they have treated SMEs as a piggy bank to be turned upside down. My business is currently a secure one despite cost increases on all fronts, but others in our local area are really struggling, which is very bad for growth. Without businesses being prioritised in some areas, I can only see this getting worse.

”

## Tax and NI increases are being felt across this sector

“

Labour costs are increasing...taxation is very high, consumer confidence low (making) the trading environment very tough. Our clients are asked for longer payment terms and discounts (to the point where) it makes our business unviable.

Every business I speak to seems to be affected by the increase in employer's national insurance. It has created a lot of negativity in the wider economy.

”



## Increased cost is creating economic drag

“

Increases in food production costs are not being matched by increased returns from retailers. Government policy is decreasing food security in a period of global political instability. Cost of living is stopping people spending on hospitality... making it really hard for us to invest in the business.

We need certainty on tax and fiscal policies from the Government. They also need to ensure banks play the game in helping build the economy. We need Government to foster employment and reduce the costs imposed on owner managed business to expand and grow.

”

## Government needs to take positive steps to incentivise business growth

“

This Government promised wealth creation and economic growth as their top priority. It is not possible to achieve this without incentivising risk taking. The (Spring) Budget did quite the opposite. They need to drop the political dogma and develop policies which do this if they want to achieve their primary objective.

We need closer ties and fewer barriers to dealing with the EU.

”

## Recommendations for policy makers

In responding to these challenges, the APA would like to see the Government:



Put owner managed businesses at the heart of the pro-business agenda that is core to the recently launched industrial strategy.



Identify a series of short-term, stop gap measures to reduce the immediate challenges facing SMEs including revisiting rises in corporation tax and NI and incentivising capital investment.



Take a more realistic view of our future trading relations with Europe recognising that an altogether more challenging export environment poses a real threat to long term growth.



Recognise that uncertainty remains across many sectors of the economy and that businesses want reassurance as well as clear and unambiguous advice and support.



Adopt a flexible approach to business policy which recognises the many challenges facing owner managers and which prioritise the sustainable growth of this sector.

The APA is committed to working with Government and policy makers to build a regulatory and economic climate that enables these entities to thrive.

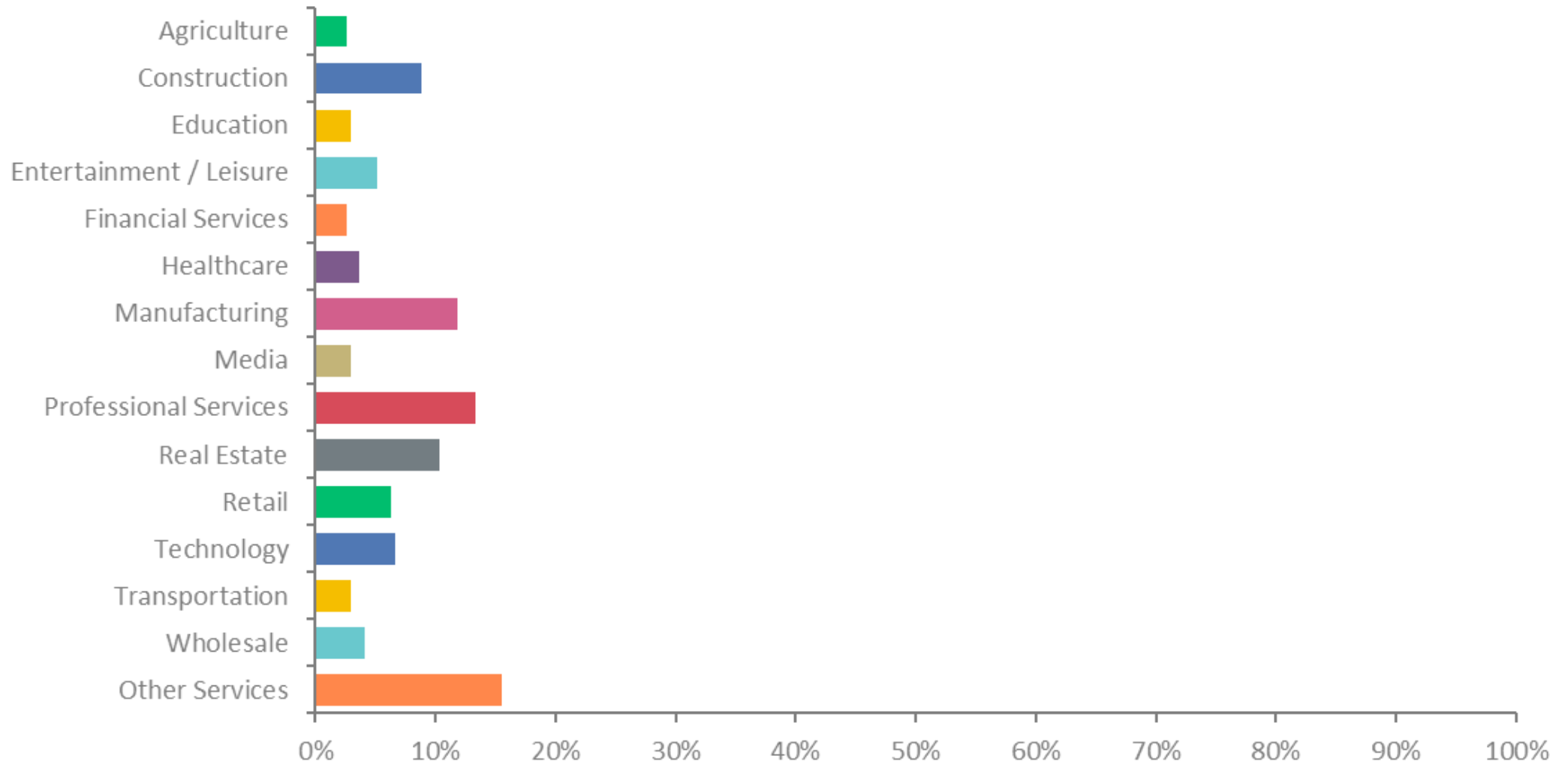




## Detailed findings

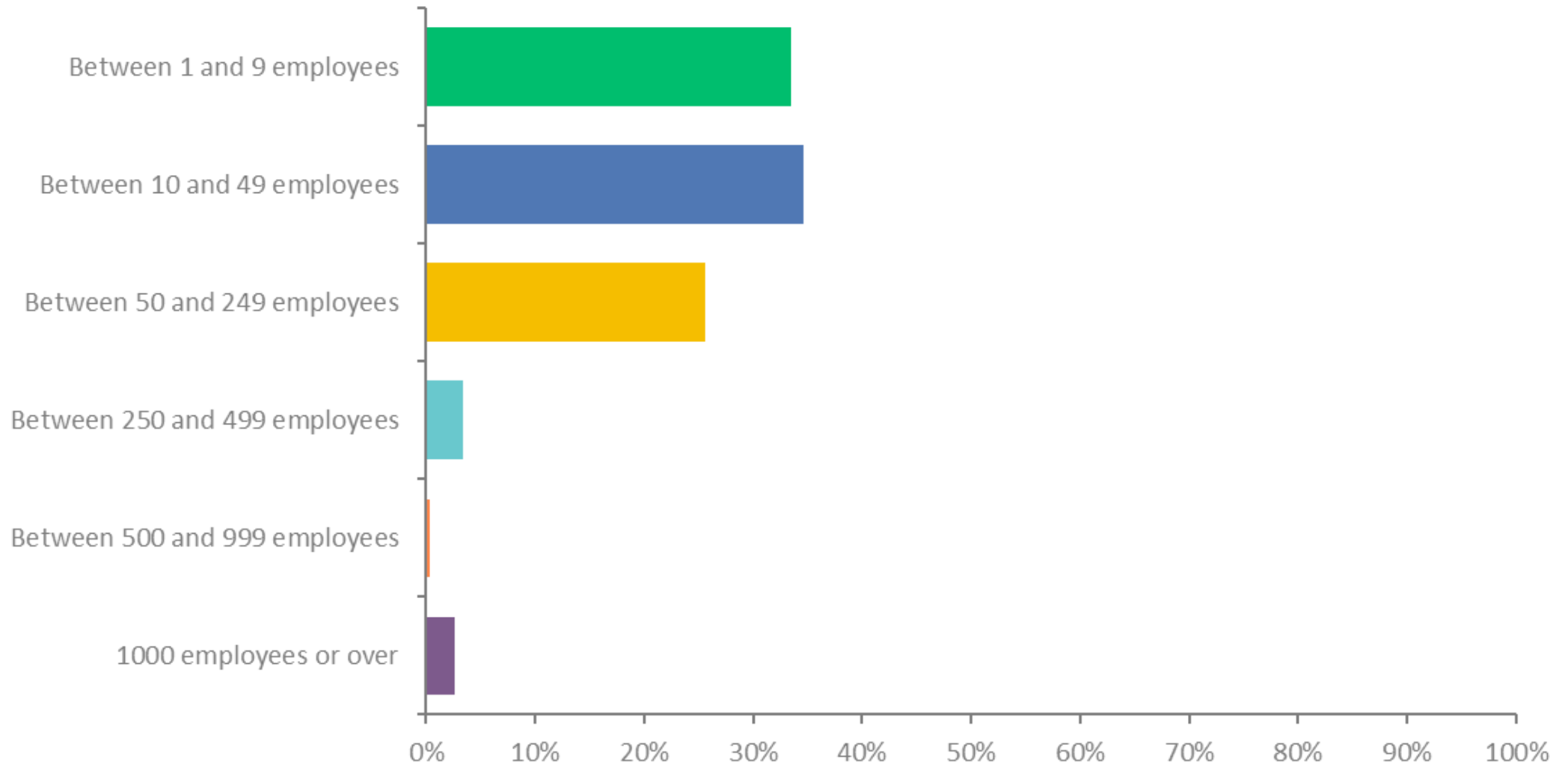
### Q1: How would you classify your business by sector?

Answered: 276 Skipped: 0



## Q2: What size is your business?

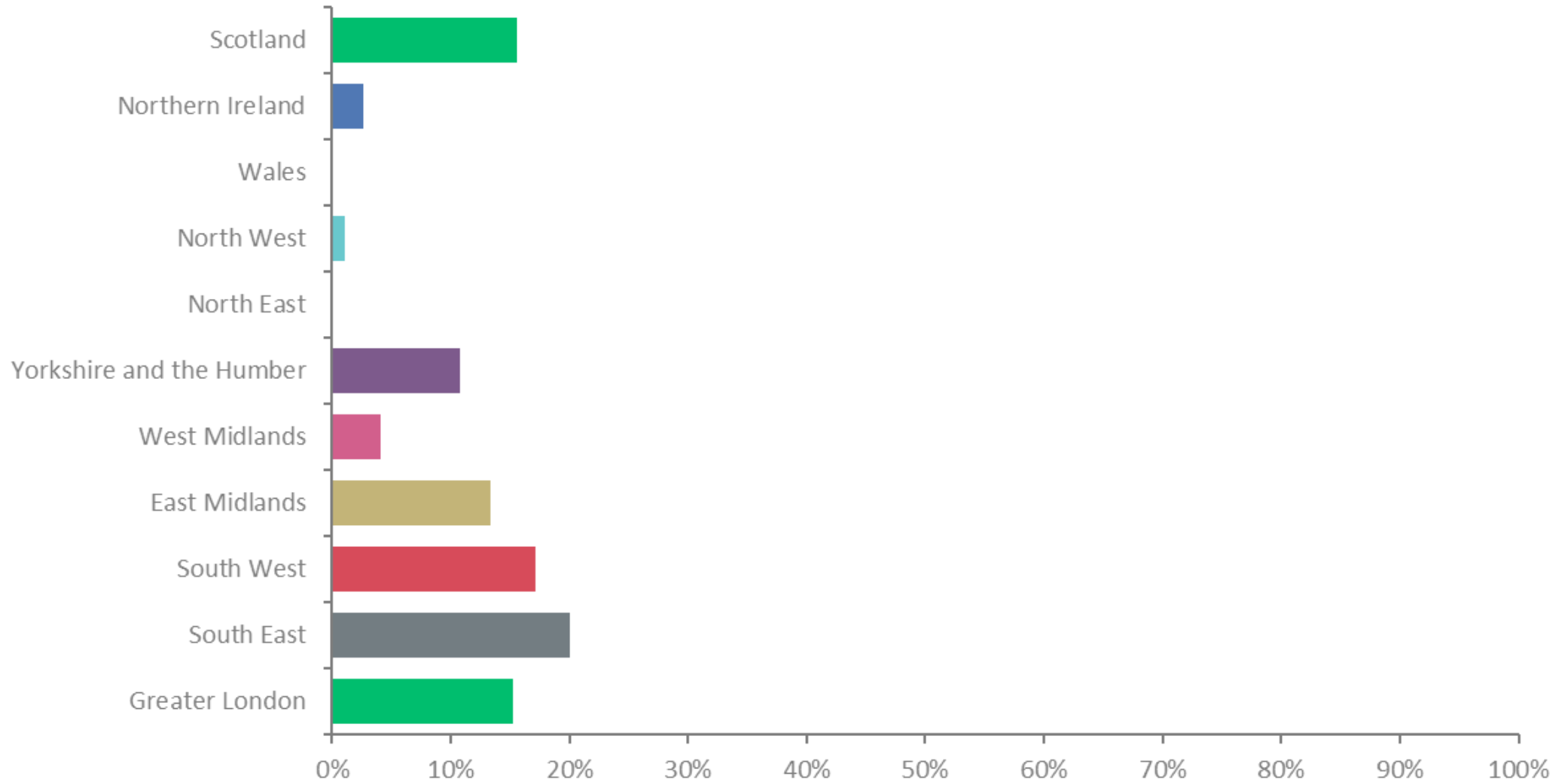
Answered: 275 Skipped: 1





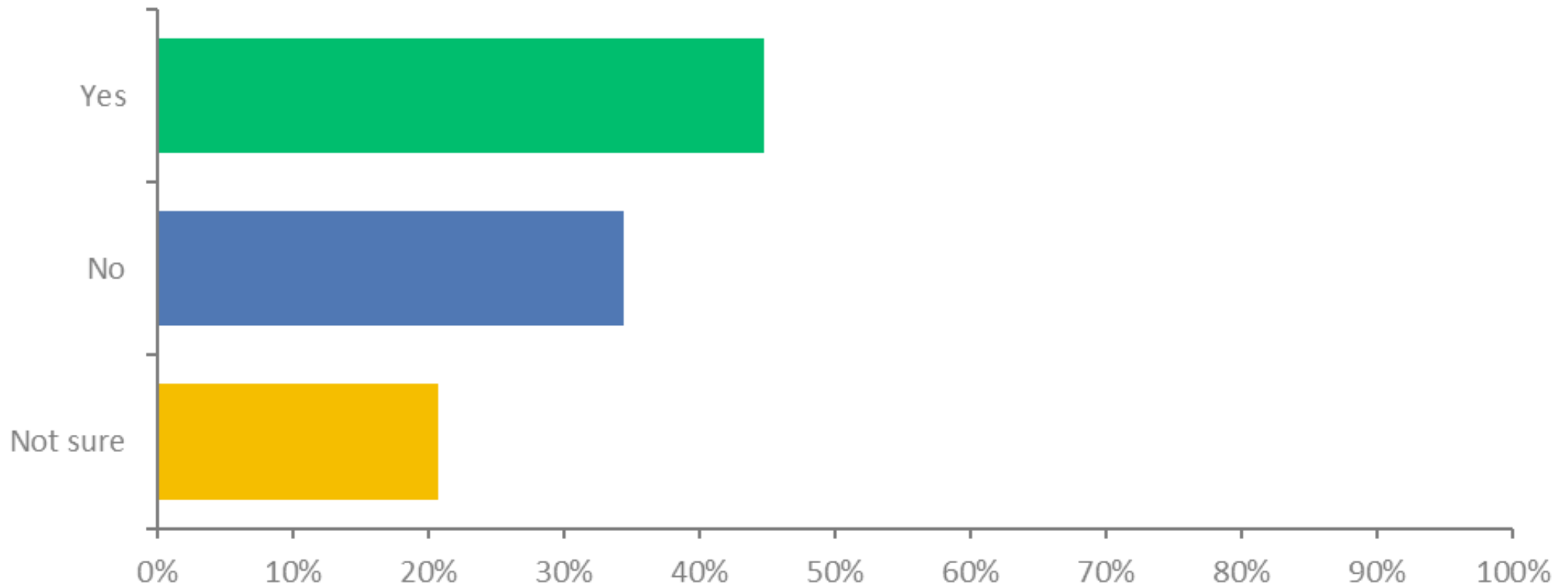
### Q3: In which region of the UK are you headquartered?

Answered: 275 Skipped: 1



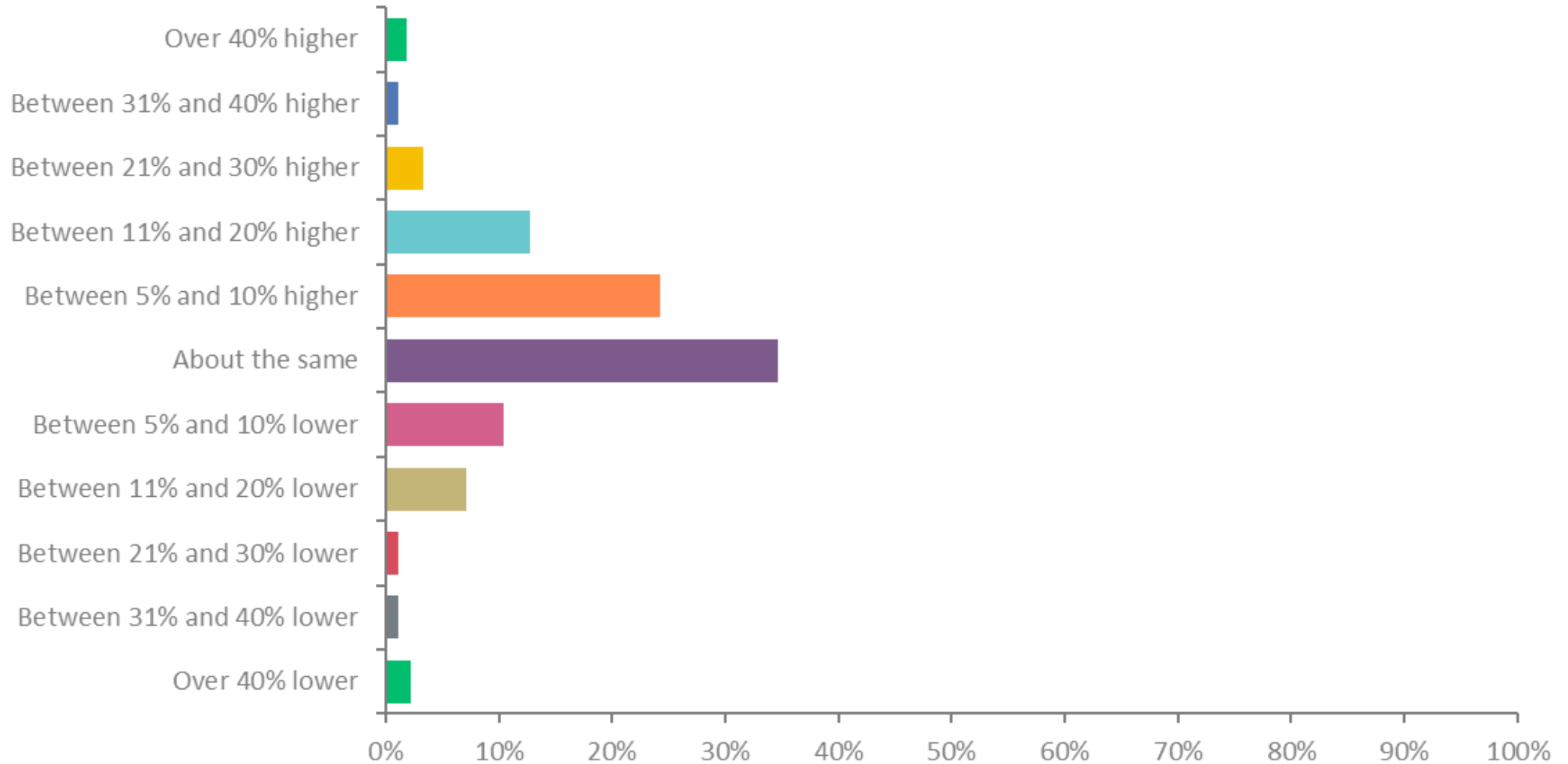
**Q4: Do you feel your business is fundamentally in better shape for the challenges of the future now compared to 12 months ago?**

Answered: 276 Skipped: 0



## Q5: What do you anticipate your turnover to be in 2025 relative to last year?

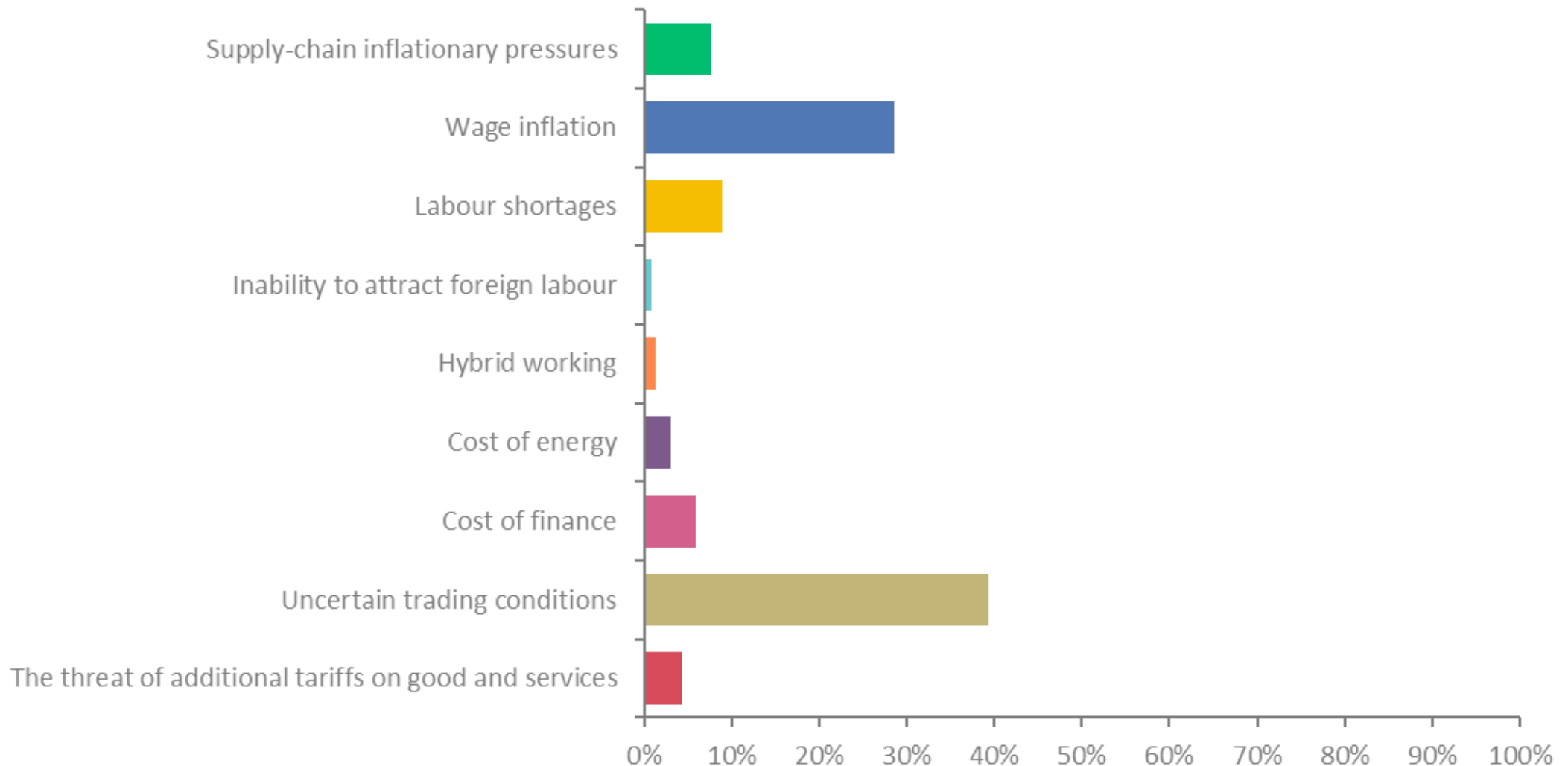
Answered: 274 Skipped: 2





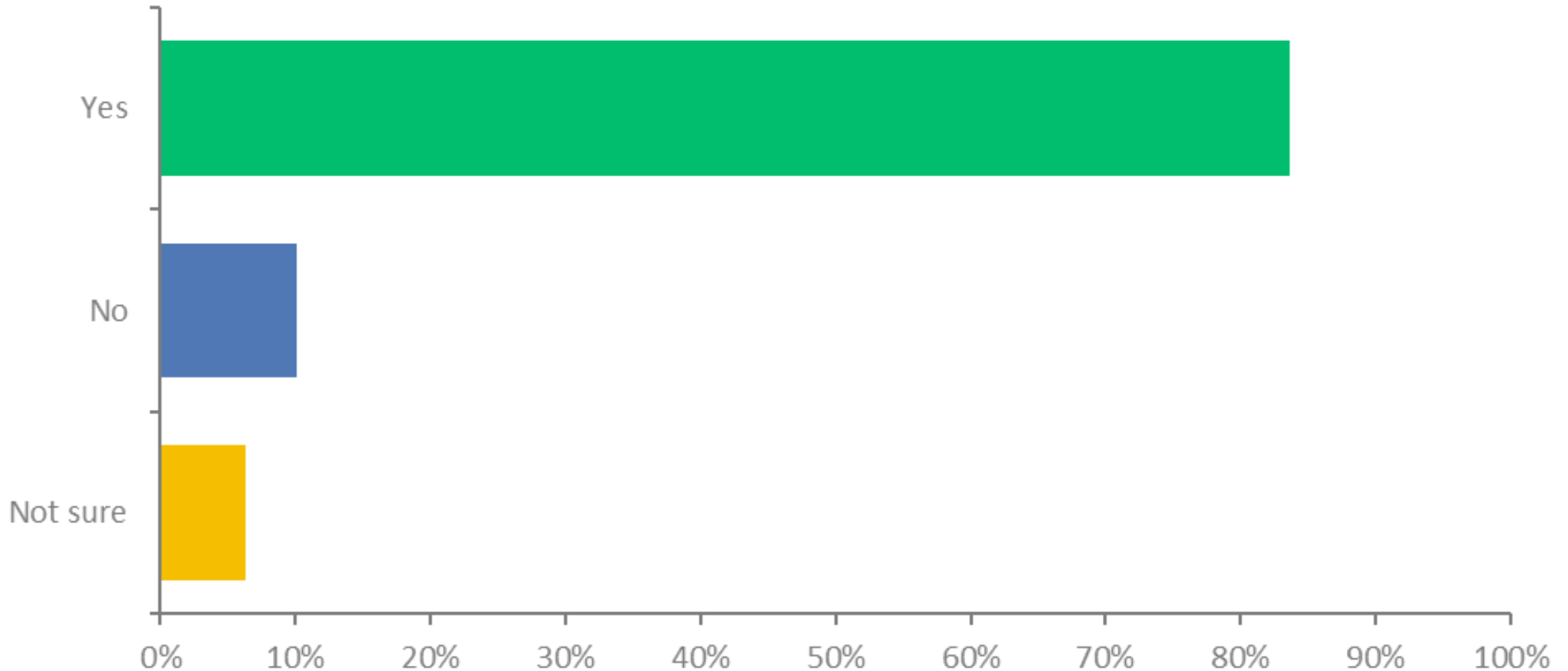
## Q6: What is the biggest challenge you face in the current economic climate?

Answered: 239 Skipped: 37



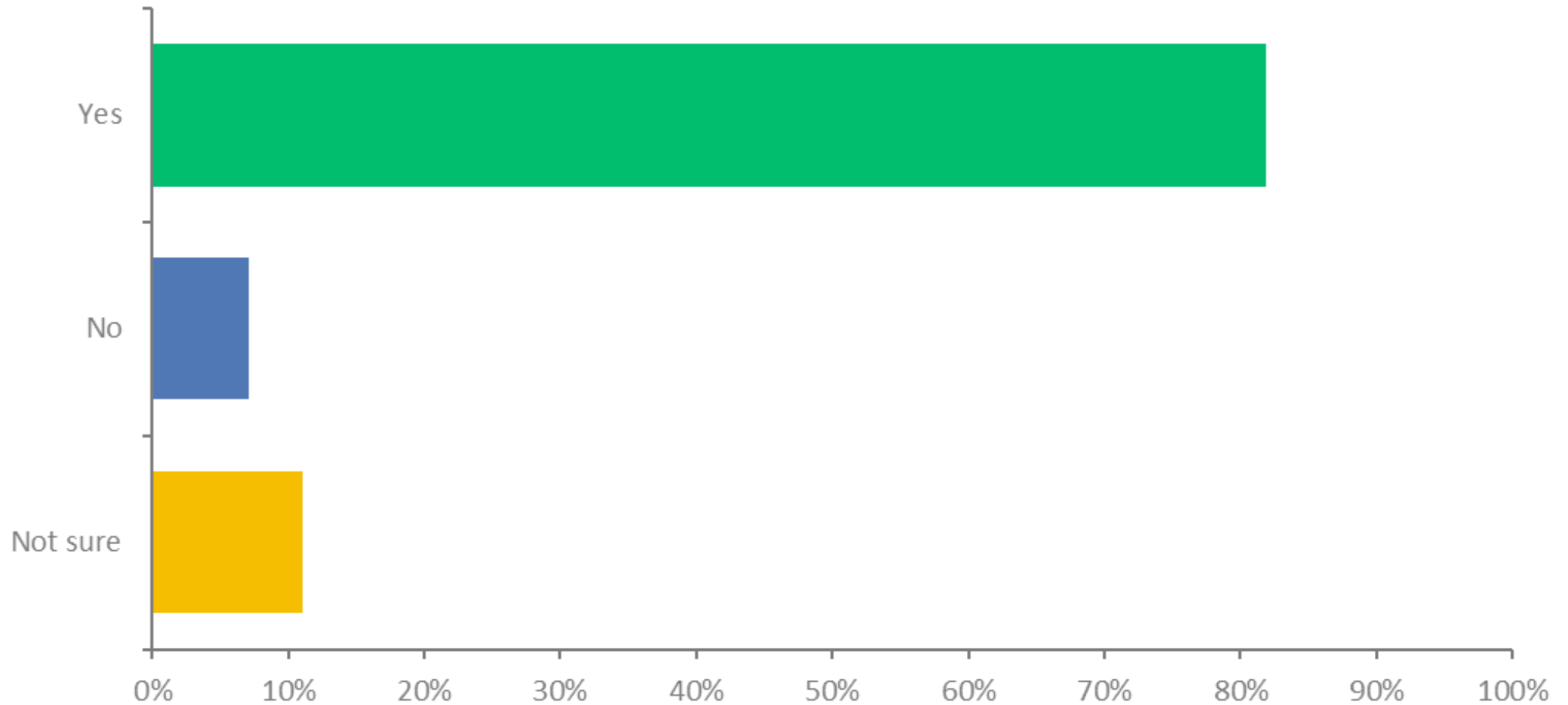
## Q7: Do you anticipate that labour costs will rise in the next 12 months?

Answered: 274 Skipped: 2



## Q8: Do you anticipate supply-chain costs will rise in the next 12 months?

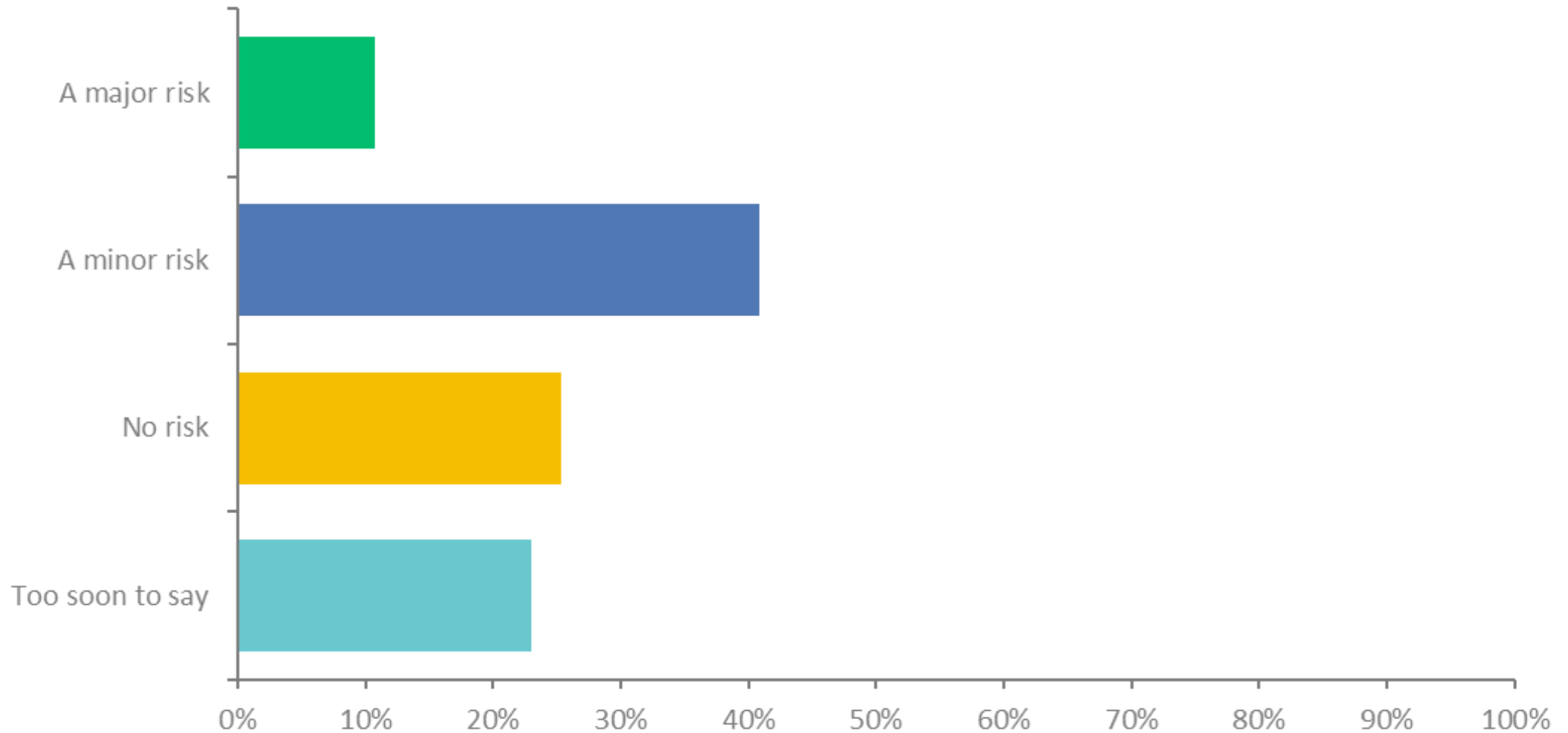
Answered: 276 Skipped: 0





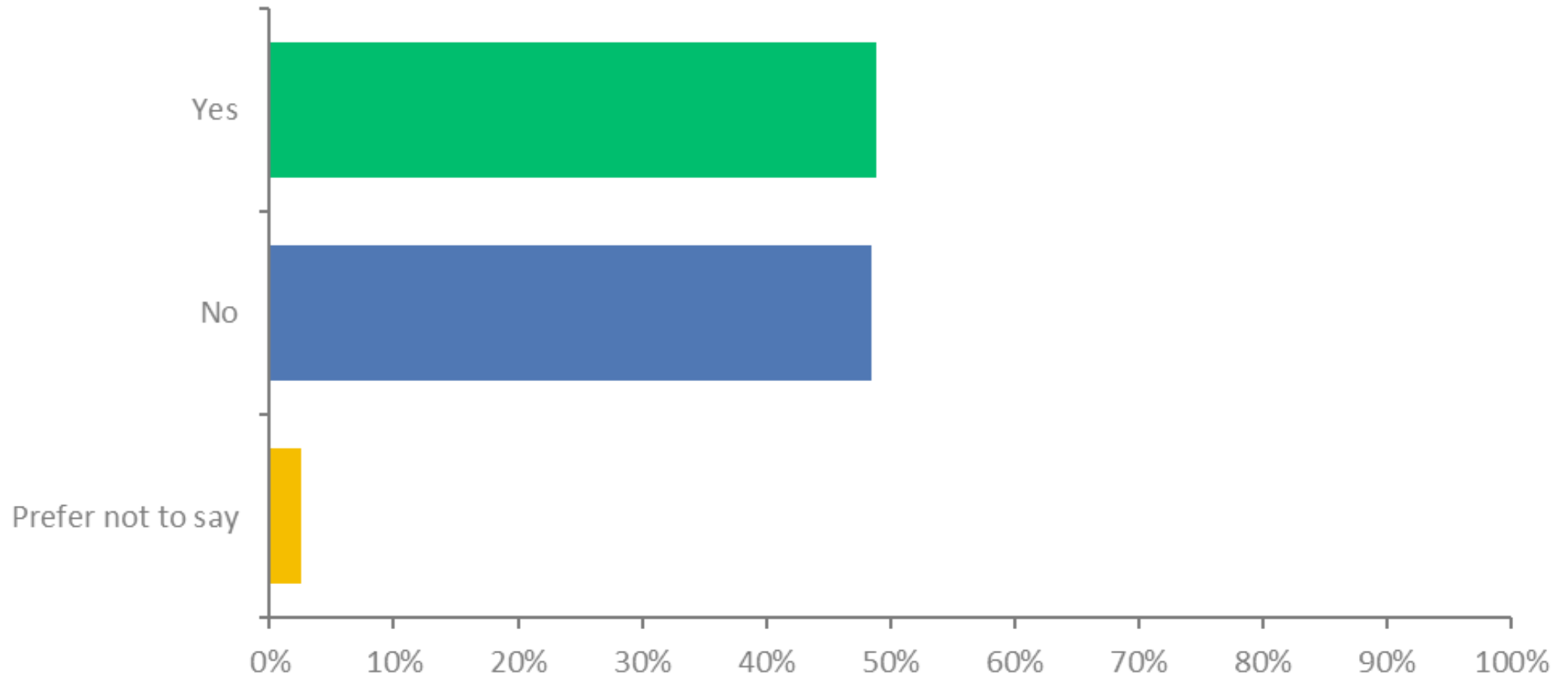
## Q9: Do the impact of tariffs pose a risk to your business?

Answered: 275 Skipped: 1



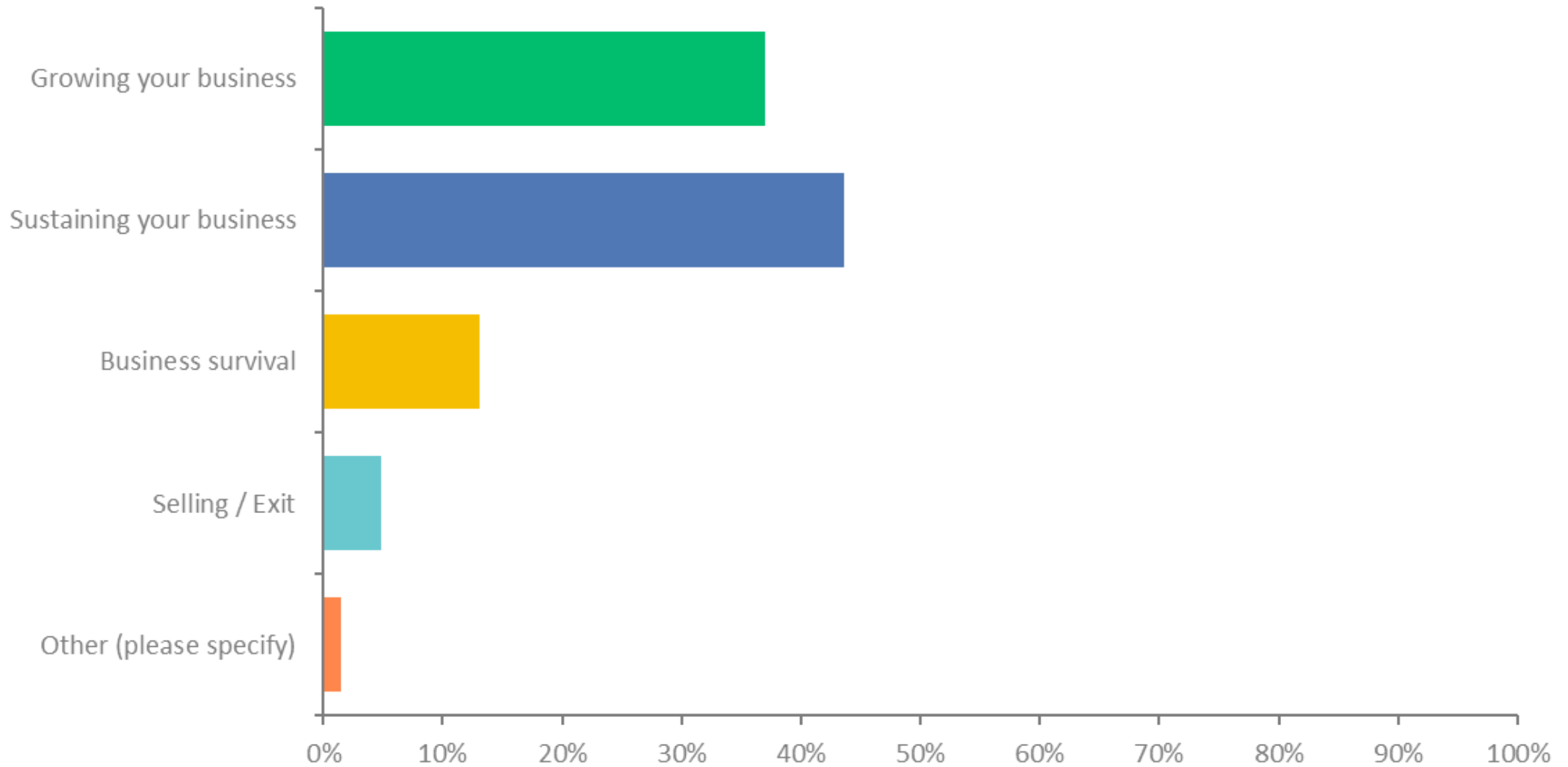
**Q10: Are your customers or clients requesting that you can demonstrate your environmental impact as a business?**

Answered: 276 Skipped: 0



## Q11: What is likely to be your main priority over the next 3-6 months?

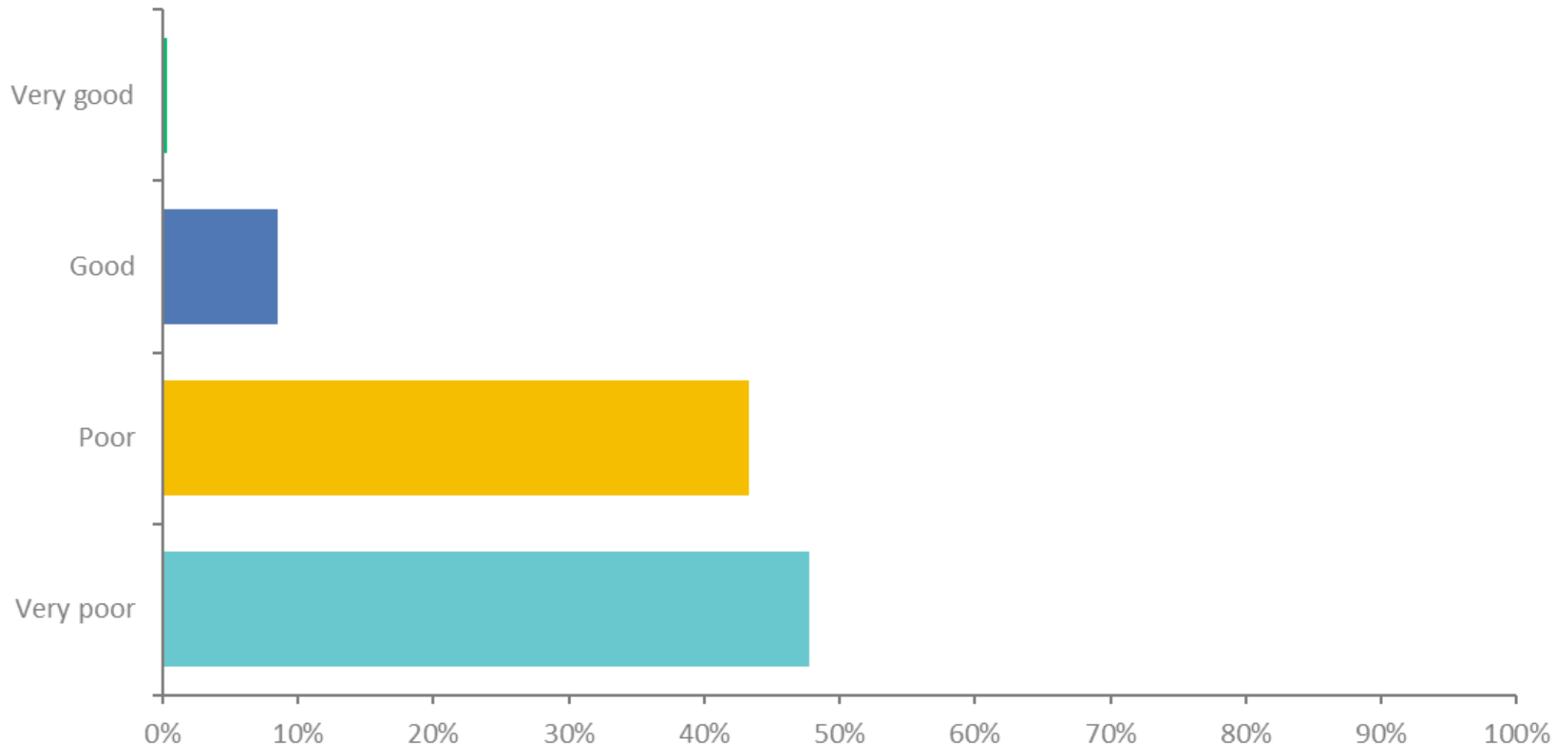
Answered: 274 Skipped: 2





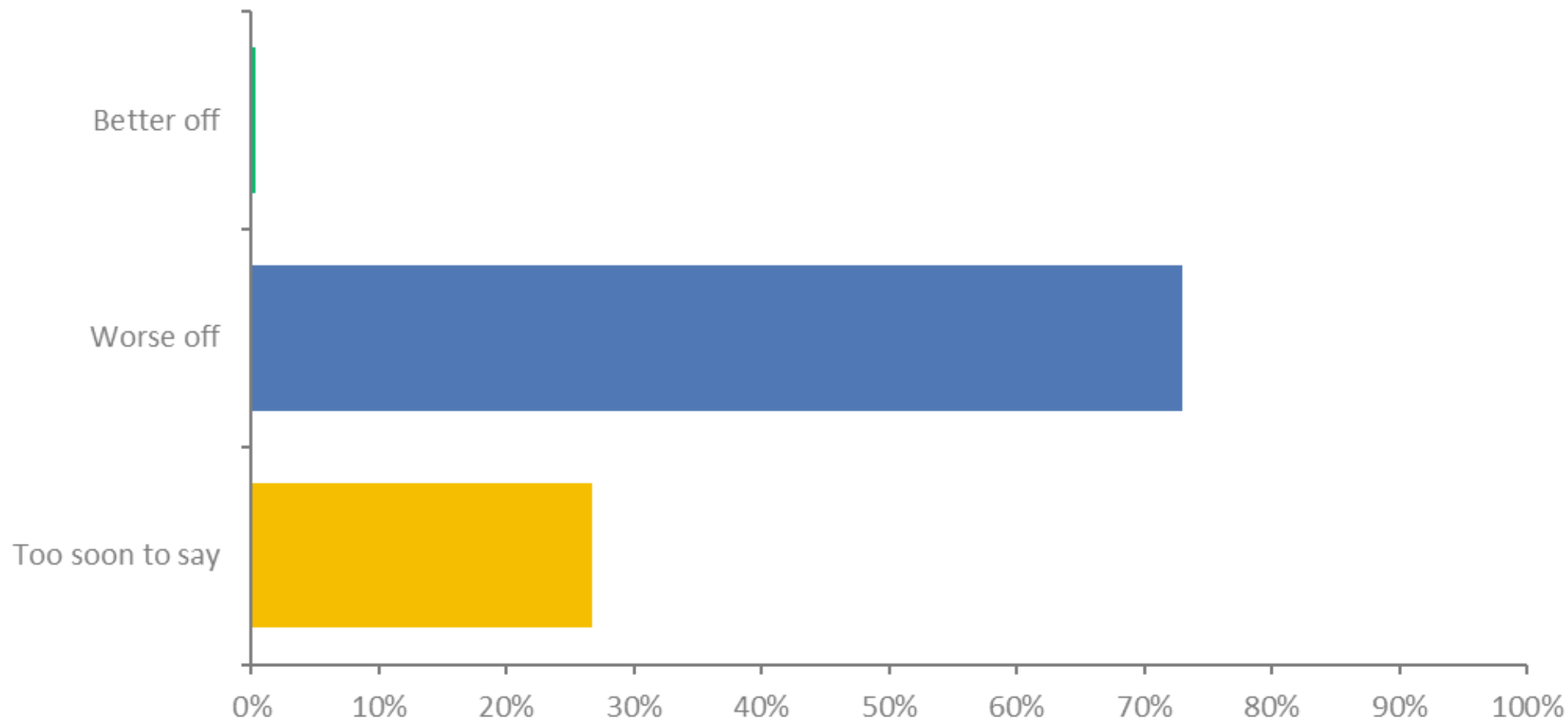
**Q12: How would you rate current Government support to the owner managed sector?**

Answered: 276 Skipped: 0



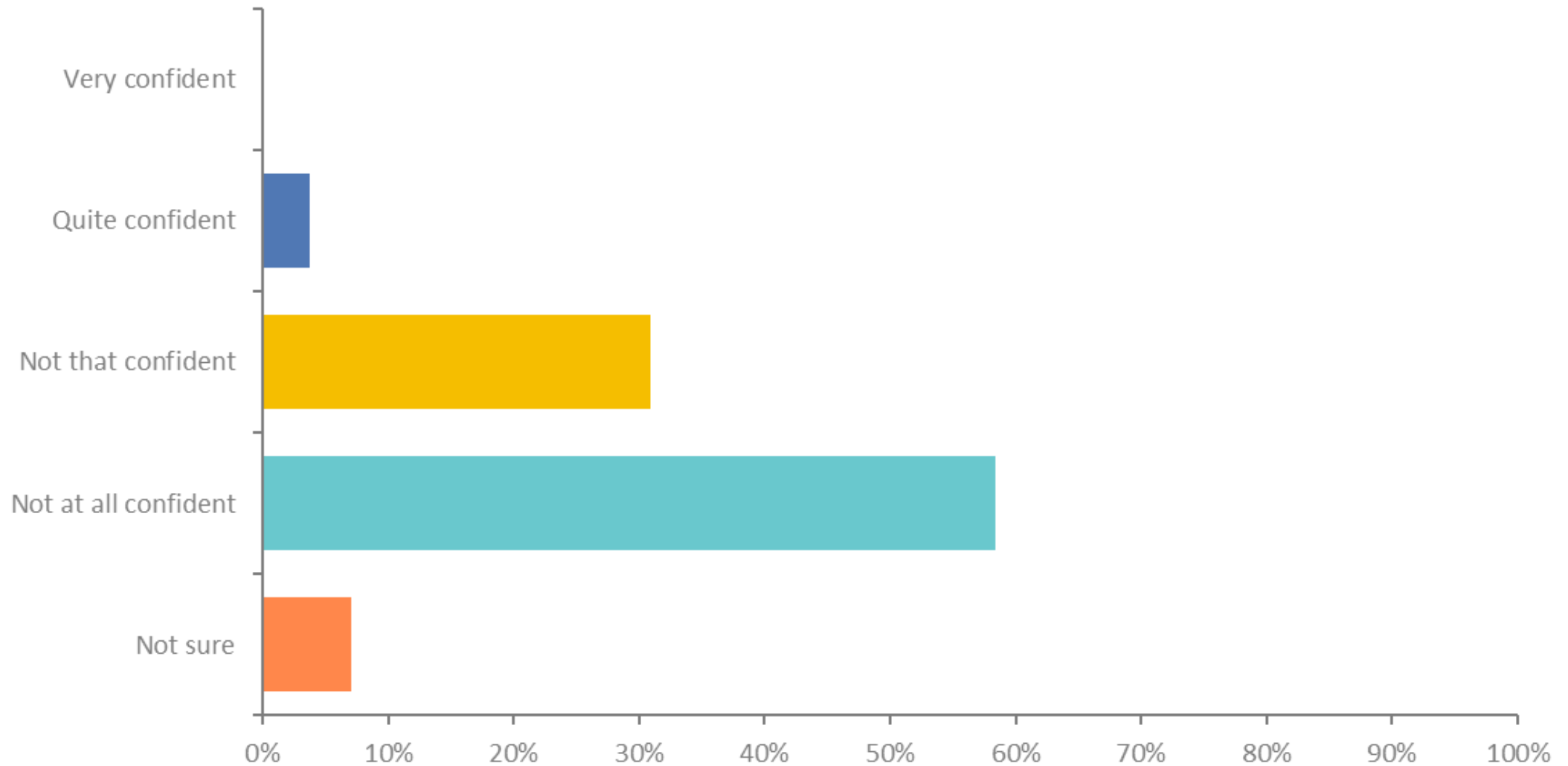
### Q13: Is your business better or worse off following the Spring Budget?

Answered: 276 Skipped: 0



## Q14: How confident are you in the Government's growth strategy?

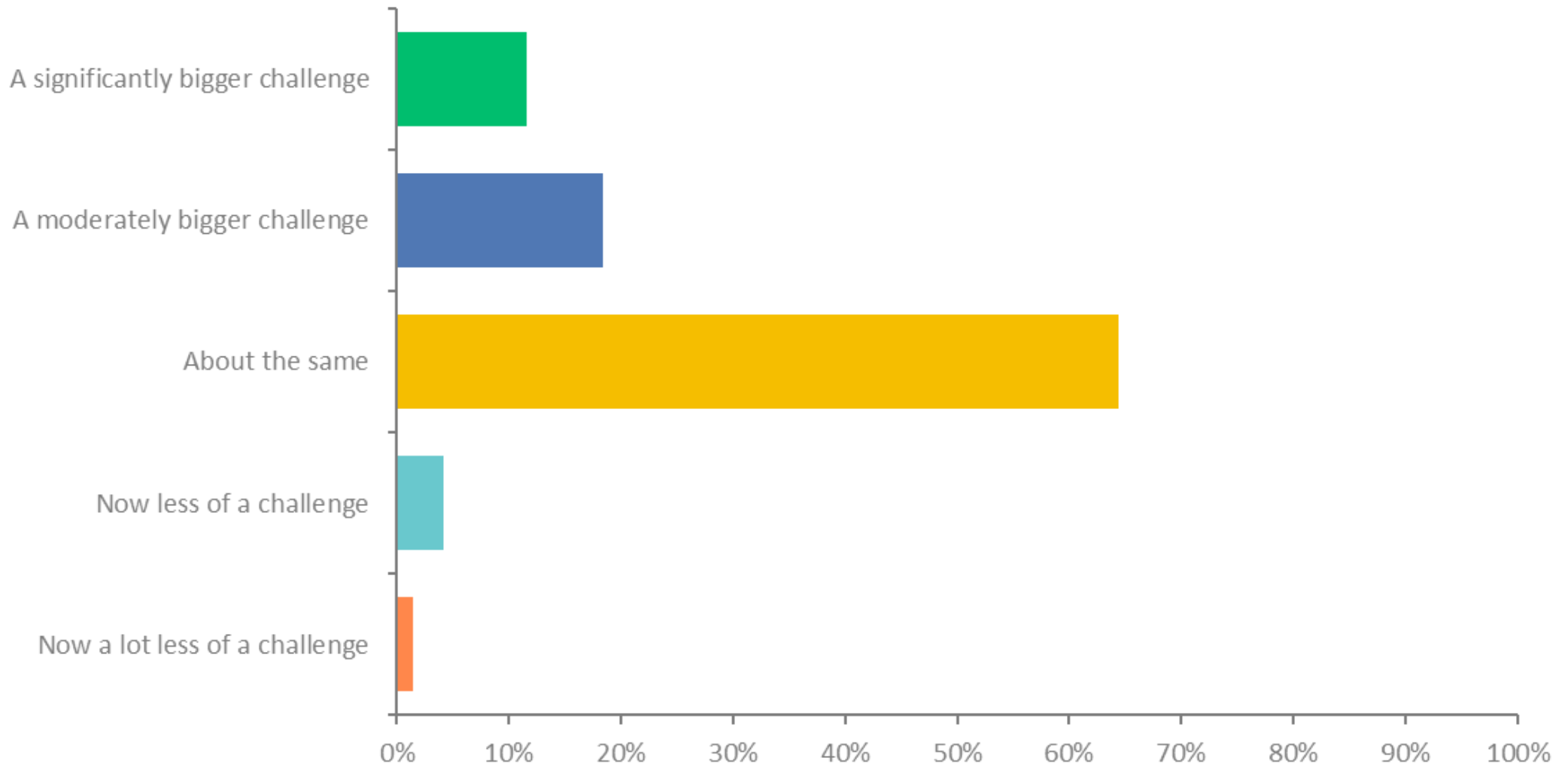
Answered: 274 Skipped: 2





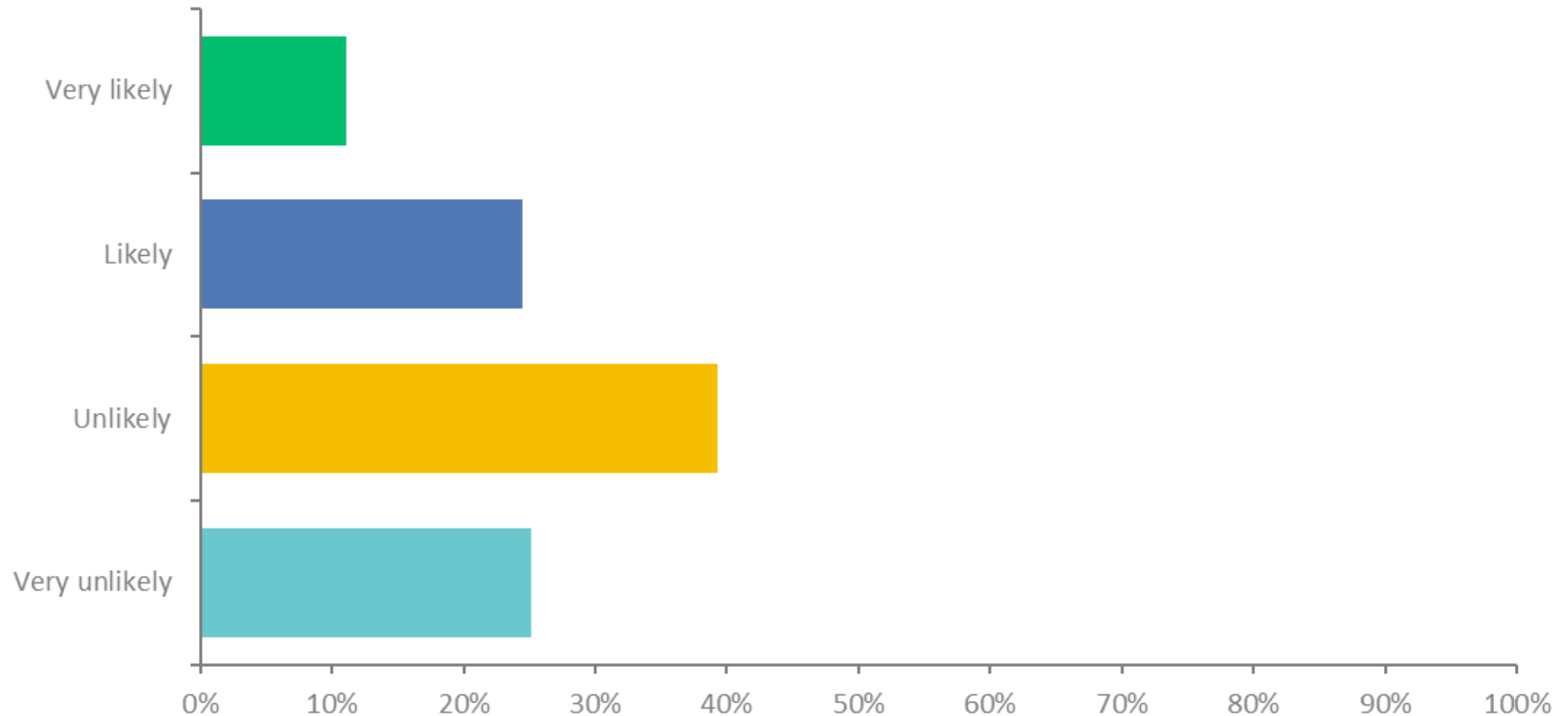
## Q15: How big a challenge is staff recruitment and retention compared to 12 months ago?

Answered: 273 Skipped: 3



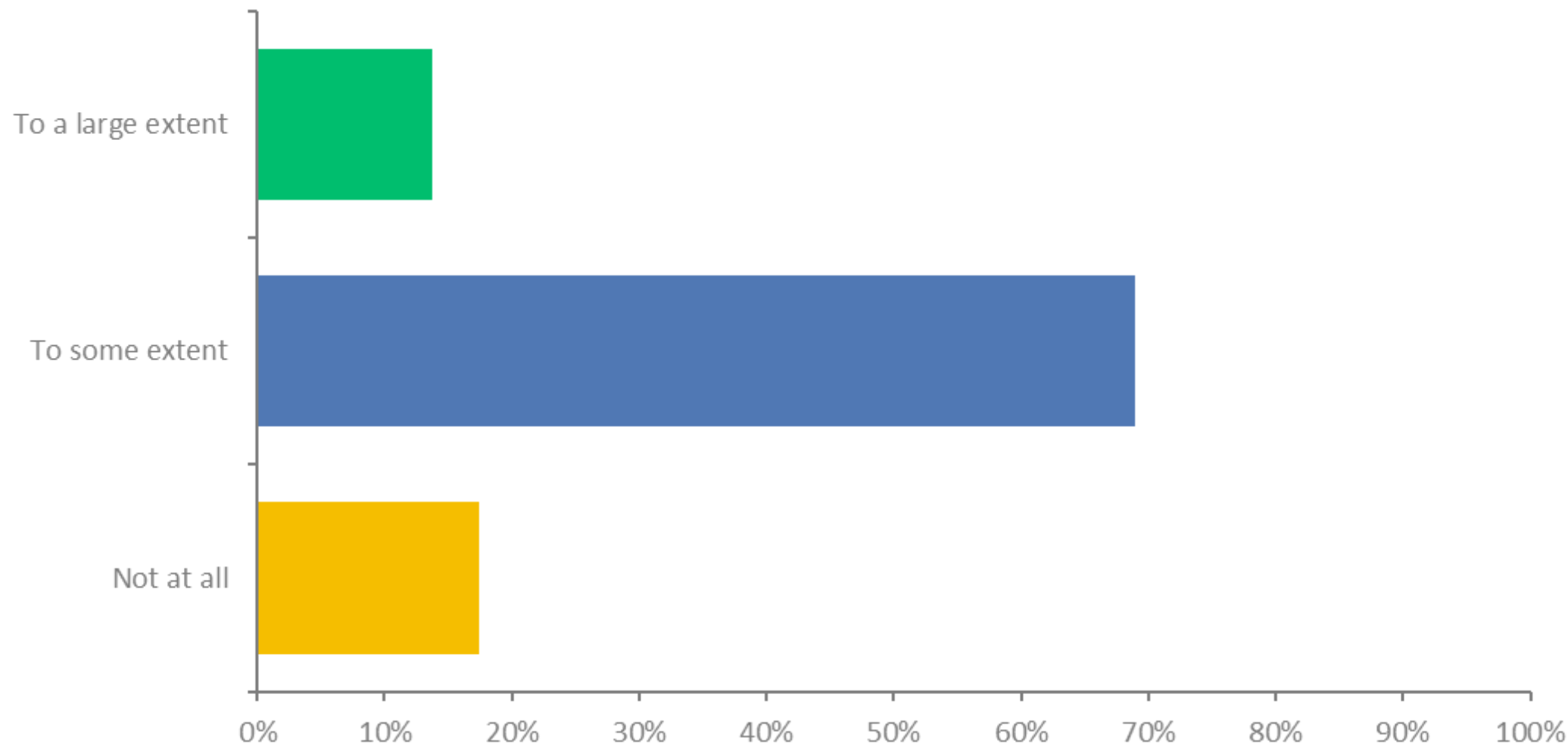
**Q16: How likely are you to make significant capital investment in your business over the next 12 months?**

Answered: 276 Skipped: 0



**Q17: To what extent do you rely on your accountant to provide you with additional business advice and support?**

Answered: 276 Skipped: 0





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