



Business Guide

Introduction

We hope you will find this information useful in running your business.

We would stress that the information provided is intended as an overview and is in no sense a substitute for taking specific advice from a qualified professional.

Hopkins Consulting

Hopkins Consulting is a firm of Chartered Accountants and Chartered Tax Advisers specialising in the fitness and lifestyle industry.

They act for many of our personal trainers and have developed an understanding of the issues and opportunities that you face.

Their experience in this field has been recognised by leading organisations such as the NRPT who recommend them as their preferred supplier.

Using this expertise, they aim to provide a comprehensive and value for money service covering your accounting and tax needs.

For these reasons, One Lifestyle can recommend engaging their accountancy services for your business.

If you would like a free initial meeting please contact Simon Hopkins on sh@hopkinsconsulting.co.uk.

About You

As a self-employed person, you have certain accounting and tax responsibilities. These may be summarised as follows:

- Maintain and retain proper books and records
- Prepare accounts once a year.
- Prepare a tax return once a year.
- Pay any tax due.
- Register for and pay National Insurance Contributions.



RECORD KEEPING

This section outlines the minimum recommended types of record you should keep for your business. Your records should be retained for 5 years.

Remember, the Inland Revenue has the right to impose penalties for inadequate records.

1. Business Bank Account

Unless your business is very small, we recommend clients maintain a separate bank account.

- Keep all bank statements
- Write details of transaction on cheque stubs and paying-in slips and keep these.

2. Cash Book

This is a record of transactions reflected in the business bank account

- Record all sales.
- Record details of all banking.
- Record all expenses paid out of business bank account.
- Record all amounts taken out of business bank account for personal use ("Drawings").
- Record any personal funds paid into business bank account.

3. Petty Cash Book

This is a record of cash expenses.

- Record any cash paid into petty cash float.
- Record all cash expenses (e.g. taxi/train fares, stationery).

4. Invoices

These should be kept in separate file dividers month by month.

- Keep all sales invoices raised.
- Keep invoices for all expenses except where amounts are very small (e.g. pens, coffee etc). Keep petty cash invoices separate from cashbook invoices.



5. Other

Keep any other records e.g. credit card statements, building society books, which relate to your business

Keep details of any assets used for both business and private purposes e.g. record business/private mileage in your car so running expenses can be split. If you work from your home keep sufficient records to confirm which expenditure relates to business and which to private use.

WRITING UP YOUR CASHBOOK

This is intended as a basic guide to assist you in writing up your books.

We recommend that you draw up your cashbook to be consistent with Inland Revenue rules, so that you only book expenses which can be claimed for tax purposes. Where you are unsure whether an item is deductible/non-deductible please note this in the cash book and where it can be reviewed by your accountant.

Category	Tax deductible	Non-deductible
Income	Include all monies you receive from services performed.	Exclude other income such as bank interest or dividends
Expenses		
Basic rule	To be deductible expenses must be incurred wholly and exclusively for the purposes of the business	Personal or domestic expenses e.g. food, drink, clothing etc are non-deductible.
Drawings i.e. money you take out of the business		All non deductible
Interest payable	Deductible if you have borrowed money to use in your business	Interest on home mortgage usually non-deductible. Could try for partial deduction (see "use of house as office" below) but this may create capital gains exposure.
Materials used in you business	Deductible	
Travel & Subsistence	Deductible if for business purposes, e.g. train, taxi, plane fares. "Subsistence" includes hotel bills, meals, newspaper, laundry etc while away on business.	Travel between home and work non-deductible. Meals, newspapers etc at home are non-deductible even if working from home.
Motor Expenses	Motoring costs such as road fund licence, insurance, petrol, repairs etc are deductible if they relate to the business. Keep a record of business and private mileage. The costs will then be able to split to determine the business proportion.	Motoring costs relating to private use are non-deductible.
Rent/rates of business premises	Deductible	
Heat and light of business premises	Deductible	
Telephone charges	Deductible if for business purposes	Private telephone charges are non-deductible
Advertising and publicity	Deductible	
Professional fees e.g., design, consultants, accountancy	Deductible	

Stationery and postage	Deductible	
Repairs and maintenance	Deductible	
Entertainment	Staff Xmas party deductible	Business entertainment is non-deductible. Staff entertainment is allowable but, except for Xmas party, creates a tax liability for staff so avoid.
Equipment, e.g. computer, car, lighting equipment	Deductible but only a proportion year on year.	
Miscellaneous		
Use of house as office	If you work from home you can claim a percentage of household overheads such as electricity, gas, insurance etc. If you use one room exclusively as an office, take that room divided by total number of rooms in house (excl kitchen and bathroom) to get appropriate proportion. However, this method sometimes leads to a capital gain exposure so we advise clients use an estimate over whole house.	Note at end of year in cash book.
Bad debts	Deductible	Note at end of year in cash book.
Small cash items e.g. taxis, pens, paper, professional magazines	Deductible if for business purposes	These should be written up in a separate "Petty Cash Book".
References		Record invoice number against each sale. Record cheque no against each payment by cheque.

If you would like further advice on any aspect of running your business then please contact your PTM.