Lamont Pridmore

A Guide to Financial, Tax and Accounting Considerations of Starting your New Tourism Business

092016

Chartered Accountants, Tax & Business Advisors with offices throughout Cumbria
Tel: 0800 234 6978 • www.lamontpridmore.co.uk • info@lamontpridmore.co.uk

Table of Contents


Lamont
Pridmore

Before Starting Up

Many people have an ambition to run their own business. Some might make the most of redundancy money to make their dream a reality, while others may decide to start up in business to be more independent and to obtain the full financial reward for their efforts.

Whatever the reason for considering setting up in business, a number of dangers exist.

A major concern must be the risk of business failure despite considerable effort and finance having been put into the venture. Time spent in making the decision and thinking through your plans will minimise the risk of failure.

Think carefully about ceasing to be someone else's employee. Certainty of income, both in terms of quantity and regularity, disappears, whilst fixed outgoings, such as mortgage repayments, remain. Similarly, other benefits of employment may be lost, such as life assurance cover, a company pension, medical insurance, a company car, regular hours and holidays.

Consider the views of your family and friends. Their support is essential. It is important they understand that the administrative and financial requirements of running a business can be time consuming and stressful.

Success in business depends on many factors; most important is the need to critically review all aspects of the business proposition before progressing too far.

This kit highlights many of the practical points which require consideration before trading begins. It cannot cater for every possibility and decisions should be supported by appropriate professional advice.

Do you have the Right Skills to Start and Run a Business?

Many aspire to running their own business and of being their own boss, but relatively few are successful, or have the correct skills and temperament to work on their own.

It is important to be realistic about your chances of success and prepare for all eventualities. Remember only two-thirds of start-up businesses managed to make it to their third year.

So before you make a costly and potentially life-changing decision, it is important that you honestly appraise your skills and personality to see if the life of a small business owner is really the one for you.

The questions you must ask yourself

- Are you genuinely prepared to launch your own business, or is it perhaps that you're fed up with your job or lifestyle?
- Are you certain that no personal or family problems will interfere with your plans?
- Are you able to cope with the physical and psychological demands of the work and are you in good health?
- Will you be tolerant enough to deal with awkward customers in a calm fashion? And are you tough enough to cope in difficult situations, such as chasing payments or firing someone?
- Do you have the necessary skills and qualifications and, if not, how will you fill that gap in your business? Will it be necessary to outsource some functions, such as payroll, VAT returns, management accounts, website management, marketing?
- Are you sure you know what to expect?

Have you fully researched the market?

- Measure the money value of the demand for your product or service.
- Evaluate who your competitors are and what you can offer that they can't.
- Can you see a continuing demand for your chosen business?

How much money will you need?

- How much capital do you need to start up?
- How much capital do you have, and how easy is it to make up any difference?
- How long will it be before your income meets your outgoings, and how will you and your family cope until then?

How will it change your lifestyle?

- Have you made a realistic appraisal of your attitude for going it alone, both generally and in the line of work you have chosen?
- What are your strengths and weaknesses in your current job and how will this relate to the field you have chosen?
- Most importantly, are you fully determined to succeed?

The Entrepreneurial Action Plan

A successful business needs to establish systems and procedures to deal with the following:

Sales and marketing - obtaining new business of the right type, quality and price
Operations - delivering quality products and services which meet the needs of your ideal customers.
Finance – raising the necessary finance to fund the business, planning profitability and cashflow of the business.

When any of the above factors are neglected or overlooked the organisation will have insufficient business to operate profitably, will not deliver enough quality products or services to be profitable or will not have planned the financing of the business properly resulting in not having enough cash to pay bills.

Sales and Marketing

A marketing plan will need to be written before trading commences and should cover:

- Pricing and price differentiation strategy
- Quality strategy
- A review of the competition to establish their qualities, what they do well, their shortcomings and their pricing structure
- A review of your potential customers, what does your ideal customer look like, who they are, what do they drive, what do they read and where do they live?
- Develop a sales plan together with sales scripts and discount policies
- The appointment of a partner/director responsible for marketing and sales
- Planning time in your diary each week, each fortnight and each month to market your business to prospective customers to keep business coming in
- Quantify the amount of business coming in from each marketing activity and change your marketing spend into those areas that work for you

Operations

To deliver high quality products and services which create a superb reputation, great customer satisfaction, developing repeat business and attracting more business in the future.

A broad range of suppliers, employees and subcontractors may need to be recruited to provide the right quality of products and services to meet the needs of your customers. Work scheduling and work flow planning will be an essential part of your operational plan.

A system will need to be developed to calculate the capacity of the business to deliver quality products and services and constantly compares this capacity with the current workload to establish whether and when employees or subcontractors will be needed.

The legal aspects of employing people and contracting with subcontractors should be carefully dealt with ensuring that you have the appropriate contracts of employment and contracts for services. The terms and conditions that should be contained in these contracts will prove very helpful in the future should any dispute arise.

A partner/ director will need to take on the responsibility for the operational plans for the business.

Finance

A business plan will need to be prepared to establish the profitability and cashflow profile of the business, including:

1. Sales
   - i. Amount
   - ii. Timing due to the seasonal nature
   - iii. Cash flow implications

2. Drawings/dividends/salary requirements of the partners/directors

3. Overheads
   - i. Marketing
   - ii. Stationery
   - iii. Telephone
   - iv. Motor, travel and hotels
   - v. Repairs, maintenance and Improvements
   - vi. Office accommodation costs
   - vii. Insurance
   - viii. Finance costs
   - ix. Subcontract trainers

4. Cashflow requirements

5. Bank overdraft requirements

6. Establishment of an accounting, record keeping and management information system

7. Registrations with all the necessary authorities, eg tax, national insurance, VAT

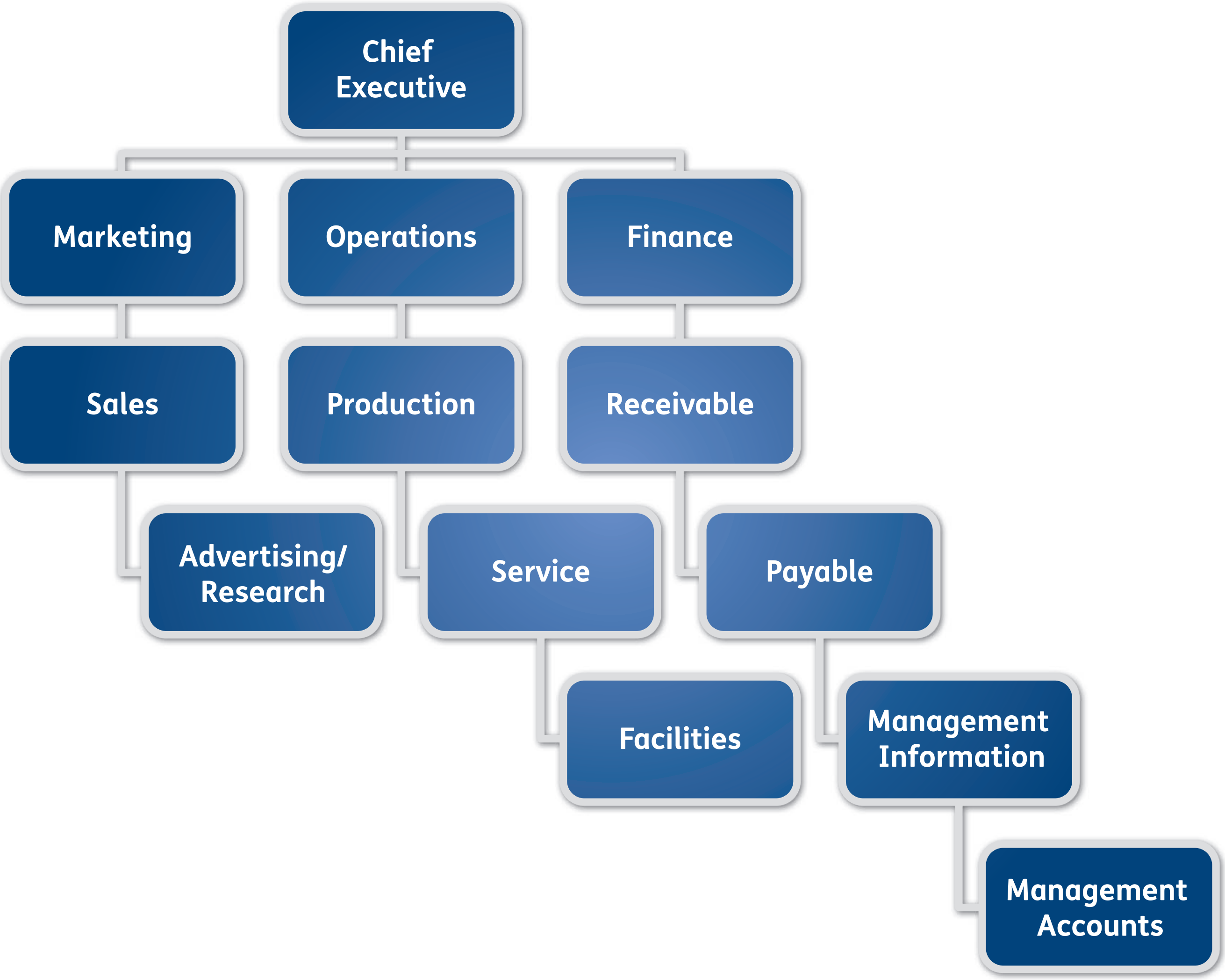
8. A partner/director will need to take responsibility for the financial operations of the business

Conclusion

It will be very important to write out these plans in some detail before trading commences so the right amount of marketing is carried out as early as possible in the pre-start period to maximise sales in the critical first three months of trading.

These plans will also be essential to ensure adequate profitability and cashflow of the business particularly in the critical first three to six months of trading. It is also vital to secure all registrations and qualifications you will need to operate the business before it commences. Lamont Pridmore can advise you on all aspects of planning your business including benchmarking your performance against other businesses in your sector.

Organisational Structure



Business life cycle		The E Myth Solution
Infancy:	Technician phase	Primary aim
Adolescence:	Getting some help	Strategic objective
Beyond the comfort zone:	Manager phase	Organisational strategy
Maturity:	Entepreneurial perspective	Management strategy
		People strategy
		Marketing strategy
		Systems strategy

Notes and To Do’s

Reference	Matter	Cleared

Selecting a Legal Entity for your Business

One of the first major decisions you will have to make as you start your new business is the form of legal entity it will take. To a large degree this decision may be dictated by the way you have organised your operations and whether you intend to work on your own or in conjunction with others.

The form of entity you choose can have a significant impact on the way you are protected under the law and the way you are affected by taxation rules and regulations. There are four basic forms of business organisation. Each has its own benefits and drawbacks and is treated differently for legal and tax purposes.

Sole Proprietor

A sole proprietor is typically a business owned and operated by one individual, or very often by a husband and wife team. A sole proprietor is not considered to be a separate legal entity under the law, but rather is an extension of the individual who owns it. The owner has possession of the business assets and is directly responsible for the debts and other liabilities incurred by the business. The profit or loss of a sole proprietor is combined with the other income of an individual for income tax purposes.

A sole proprietor is perhaps the easiest form of business to own and operate because it does not require any specific legal organisation, except, of course, the normal requirements such as licenses or permits. A sole proprietor typically does not have any rules or operating regulations under which it must function. The business decisions are solely the result of the owner’s abilities.

Partnership

In a partnership, two or more individuals join together to run the business enterprise. Each of the individual partners has ownership of company assets and responsibility for liabilities, as well as authority in running the business. The authority of the partners, and the way in which profits or losses are to be shared, can be modified by the partnership agreement. The responsibility for liabilities can also be modified by agreement among the partners, but partnership creditors typically have recourse to the personal assets of each of the partners for settlement of partnership debts.

The rights, responsibilities and obligations of partners are typically detailed in a partnership agreement. It is a good idea to have such an agreement for any partnership.

A partnership is a legal entity recognised under the law and, as such, it has rights and responsibilities in and of itself. A partnership can sign contracts, obtain trade credit and borrow money. When a partnership is small, most creditors require a personal guarantee of the general partners for credit.

A partnership is also required to file an income tax return. A partnership typically does not pay income tax; the information from the tax return is combined with the personal income of the partners to determine their overall tax liability.

Limited Liability Partnership (LLP)

The LLP offers limited liability to its members but is tax transparent and offers flexibility in terms of its internal organisation.

An LLP is a separate legal entity from its members. Therefore, it may enter into contracts and deeds, sue and be sued and grant floating charges over its assets in its own name. This avoids the problems that exist in relation to partnerships, where technically it is often necessary for every partner to be party to certain documents or litigation, and the creation of floating charges is not possible.

The members of the LLP are those persons registered at Companies House as members.

The main "price" paid in return for limited liability is public availability of financial statements. An LLP must file audited accounts (prepared on a "true and fair view" basis) annually at Companies House, which must include the name and profit share of the highest paid member.

In addition the LLP must also file details of the name and address of every member at Companies House. At least two members must be "designated members" responsible for making proper filings at Companies House (and subject to penalties in the event of default).

Provided an LLP carries on a trade or a profession and is not simply an investment vehicle it is tax transparent – that is the LLP itself is not taxed on its income or capital gains at all. Instead the members are taxed on their shares of the LLPs' profits and gains, just as partners in a partnership are currently taxed.

This means that the LLP may be more tax efficient than a limited company. This is because ordinarily a limited company is taxed on its income and capital gains and the company's shareholders are taxed on distributions from the company to them, giving rise to potential double-taxation.

LLPs were primarily intended for use by the professions. However, any type of business operating for profit may use LLPs. An LLP may be suitable for use as a joint venture vehicle or as an alternative to a limited company, particularly for small businesses.

Limited Company

A limited company is a separate legal entity which exists under the authority granted by statute. A limited company has substantially all of the legal rights of an individual and is responsible for its own debts. It must also file tax returns and pay taxes on income it derives from its operations. Typically, the owners or shareholders of a limited company are protected from the liabilities of the business. However, when a limited company is small, creditors often require personal guarantees of the principal owners before extending credit. The legal protection afforded the owners of a limited company can far outweigh the additional expense of starting and administering a limited company.

A limited company must obtain approval from Companies House to use its proposed name. A limited company must also adopt and file a Memorandum and Articles of Association which govern its rights

and obligations to its shareholders, directors and officers. A limited company must file annual tax returns ('corporation' tax returns) with HM Revenue and Customs.

Incorporating a business allows a number of other advantages such as the ease of bringing in additional capital through the sale of share capital, or allowing an individual to sell or transfer their interest in the business. It also provides for business continuity when the original owners choose to retire or sell their shares.

The tax changes and the changes to pensions legislation in recent years' budgets have tended to favour the limited company route as a means of paying less tax, particularly if net profits exceed £43,000. The potential savings by going down the company route do need consideration. However, it is also necessary to consider factors such as accommodation and the provision of a company car. The savings from incorporation can soon be totally eliminated by accommodation tax charges and if a company car and fuel for private use are provided. There are other factors beside the tax implications that should be borne in mind.

If you decide to incorporate your business venture, you should seek advice from Lamont Pridmore.

Business Structure – The Pros and Cons

Company	Sole Trader/Partnership
A company must be formally incorporated with a written constitution in the form of a Memorandum and Articles of Incorporation. There is, therefore, an initial setup cost.	There are no formation costs, but a written partnership agreement is advised.
Companies are governed by the Companies Acts. A company must:- - Keep accounting records - Produce audited accounts (if turnover > £6.5m) - File accounts and an Annual Return with the Registrar of Companies. This information is available to the public. - Keep Statutory Books	Sole traders and partnerships are not required by law to have annual accounts nor to file accounts for inspection. However, annual accounts are necessary for HM Revenue and Customs tax returns.
Companies may have greater borrowing potential. They can use current assets as security by creating a floating charge.	Sole traders and partners are unrestricted in the amount and purpose of borrowings but cannot create floating charges.
Shares in a company are generally transferable -therefore ownership may change but the business continues.	
Incorporation does not guarantee reliability or respectability but gives the impression of a soundly based organisation. Personally, there may be prestige attached to directorship.	The unincorporated business does not carry the same prestige.
Tax is payable on directors' remuneration paid via PAYE on the 19th of the following month. If applicable, from 6/4/16 tiered dividend tax rates are due on dividends over £5,000 (2016/17) and is paid by shareholders on dividends under the self-assessment rules. Corporation tax is payable 9 months after the year-end.	For a sole trader or partnership, tax is generally paid by instalments on the 31 January in the tax year and the 31 July following the tax year. Tax for 2015/16 is payable: first payment on account on 31 January 2016, second payment on account on 31 July 2016, with any final balance due on 31 January 2017. The rules do differ for a new business however and advice should be sought.
Losses in a company can only be carried forward to set against future profits or carried back against profits of the preceding 12 month period.	Losses generated by a sole trader or a partner can be set against other income of the year or carried back to prior years.
For profits up to £300,000 tax is charged at 20% (2015/16)	Profits are taxed at 40% on taxable income in excess of £42,385 (2015/16) / £43,000 (2016/17) and 45% in excess of £150,000 (2015-16 and 2016-17)
There is both employers' and employees' national insurance payable on directors salaries and bonuses. The NI charge is greater than that paid by a sole trader/partner but there is no NI charge on dividends.	A partner/sole trader will pay Class 2 NI of £2.80 p.w. (2015/16 and 2016/17) and Class 4 NI dependent on the level of profits.

Registering with the Tax Authorities

A significant task for the new business owner is assuring that the business is properly complying with the extensive tax and information filing requirements imposed by the various authorities.

Problems and penalties could arise if the new business is not registered with the appropriate tax authorities in a timely fashion. While this chapter is not intended to be an all inclusive list of filing requirements, it summarises some of the more prominent requirements common to most businesses.

HMRC is moving towards electronic forms and notifications via the internet. Paper forms are still required in some instances. In the following section we provide links to both downloadable versions of forms and the web links to apply online for various services.

HM Revenue & Customs (HMRC)

It is necessary to notify HMRC of your existence by completing forms CT41G (companies) or CWF1 (sole traders/partnerships). You can also register online with HMRC to notify self-employment.

The company form CT41G is sent to all new companies after they are incorporated. The form notifies HMRC of your accounting date, your accountant, and also enables a PAYE (Pay As You Earn Scheme) to be set up, which is a requirement if you are to be an employer.

Information about CT41G is available here: http://www.hmrc.gov.uk/ct/getting-started/new-company/start-up.htm

CWF1 (download) is available here: http://www.hmrc.gov.uk/forms/cwf1.pdf

If you fail to register within the first three full months of commencing business, you may face a penalty of up to £300 plus a continuing penalty of £60 per day, or £3,000 if information is given negligently or fraudulently by a company.

HM Revenue & Customs – NI Contributions Office

Depending on the level of profit, sole traders and partners have a liability to Class II NIC, and these are payable via self-assessment tax return. Class II contributions are at a weekly level of £2.80 (where annual earnings are £5,965 (2015/16 and 2016/17)) and the necessary form to collect Class II contributions should be completed at the same time as the form CWF1. Leaflet CF10 ‘Self -employed people with small earnings’ gives full details and an application form for exemption from liability.

CF10 (download) is available here: http://www.hmrc.gov.uk/forms/cf10.pdf

HM Revenue & Customs – VAT

You need to consider if it is beneficial to be VAT registered from the outset. The pros and cons are discussed in Chapter 4. If you are registering for VAT, form VAT 1 needs completing, and if you are a partnership, form VAT 2 needs to be completed giving details of all the partners.

VAT 1 and VAT 2 (download) available here: http://search2.hmrc.gov.uk/kb5/hmrc/forms/vatforms.page
To register online go to https://online.hmrc.gov.uk/registration/
All businesses with turnover above £100,000 now have to file VAT returns online via the internet, as do all new VAT registrations irrespective of turnover.

There are many ways we can help you:-

- We can assist you in registering for VAT online
- We can act as your agent and file VAT returns online with you providing us with the figures to be entered
- We can help you implement online filing through software
- We can provide you with accounting software with integrated online filing so you can easily calculate and file the figures

More information can be found at the HMRC website: http://www.hmrc.gov.uk/vat/ret-online.htm

Accounting and Bookkeeping

Most operators of a new and growing business have a flair for the environment in which the business operates. They may be a great salesperson, an outstanding mechanic, carpenter, solicitor, or inventor. Unfortunately, most people don't like keeping the books, but as an owner of a business you must remember that your company's books and financial statements represent a score sheet which tells how you are progressing, as well as an early warning system which lets you know when and why the business may be going amiss.

Financial statements and the underlying records will provide the basis for many decisions made by outsiders such as banks, landlords, potential investors, and trade creditors as well as taxing authorities and other governing bodies. The necessity for good, well organised financial records cannot be over-emphasised. One of the greatest mistakes made by owners of small businesses is not keeping good financial records and making improper or poor business decisions based on inadequate information.

Quality financial information does not necessarily translate into complicated book-keeping or accounting systems. Far too often owners of businesses become overwhelmed by their accounting system to the point where it is of no use to them. An accounting or book-keeping system is like any tool used in your business; it needs to be sophisticated enough to provide the information you need to run your business and simple enough for you to run it (or supervise the book-keeper). Questions you should ask in developing an accounting and financial reporting system are:

1. *Who will be the users of the financial information?*
2. *What questions do I need answered to manage the business?*
3. *What questions should be answered for the HM Revenue and Customs tax authorities?*

As your business grows, you should work closely with your accountant to ensure that your accounting system is providing you with appropriate information.

Chart of Accounts

The basic road map into any accounting system is the chart of accounts. It is this chart which helps establish the information which will be captured by your accounting system, and what information will subsequently be readily retrievable by the system. This tool, like the rest of the accounting systems, needs to be dynamic and should grow as the size and needs of your business changes.

To help establish a good working chart of accounts you need to answer some questions, in conjunction with your accountant, as to how your business will operate and what is important to you. Some of these considerations might be:

1. *Will your business have stock to account for? If so, will it be purchased in finished form or will there be production costs?*
2. *Are fixed assets a significant portion of your business?*
3. *Will you sell only one product or service or will there be several types of business?*
4. *Will you have money owing from customers which you will have to track?*
5. *Are you going to sell in only one location or will you do business in several places?*
6. *Are the products you sell subject to value added tax?*
7. *Do you need to track costs by department?*
8. *What type of Government controls or regulatory reporting are you subject to?*

Each one of these questions can have several answers and will probably generate more questions. Each answer will have an impact on how the chart of accounts is structured. It may seem that developing a chart of accounts is not particularly high on your list of things to do as you start a new business. The amount of time and money which a well organised accounting system may save you can be significant as the need to generate information for various purposes increases.

Cash or Accrual Accounting

One of the decisions to be made as you start a business is whether to keep your records on a cash or accrual basis of accounting. The cash basis of accounting has the advantage of simplicity and almost everyone understands it. Under the cash basis of accounting you record sales when you receive the money and account for expenses when you pay the bills. The increase in the money in “the pot” at the end of the month is how much you have made.

Unfortunately, as we all know, the business world is not always so easy. Sales are made to customers and you sometimes must extend credit. Your business will incur liabilities which are due even though you may not have received the invoice or have the cash available to pay them.

Most users of financial statements such as bankers and investors are used to accrual-basis statements and expect to see them. Once you become familiar with them, they provide a much better measuring device for your business operations than cash-basis statements.

Whether you use the cash or accrual basis, it is possible to keep books for income tax purposes on a different basis than for financial statements. It may be more advantageous (less tax) for you to do so. Lamont Pridmore can advise you on the advantages and feasibility of doing this in your particular circumstances. Importantly, from 2016/17, businesses with a turnover equal to or less than the VAT registration level of £83,000 may employ the cash basis for income tax purposes.

Accounting Records and Record-keeping

Another question which the owner of a business must answer is “Who will keep the books of the business?” Will you do it yourself, will the receptionist or a secretary double as a part-time book-keeper, will you have a book-keeper that comes in periodically, or will the volume of activity be such that a full-time book-keeper or accountant will be required?

Very often the owners of a business decide to keep the books themselves and underestimate the commitment they have made to other phases of the operation and the time required to maintain a good set of financial records and books of account. As a consequence, the record-keeping is often low priority and must be caught up later.

This approach, though rarely planned, can require a substantial expenditure of time and money. While it is important for the owners of a business to maintain control and stay involved in the financial operations of the enterprise, this can be achieved by maintaining close control over the cheque-signing function and scrutinising certain records. Your company’s accountant can help develop a good programme of recordkeeping duties for you, your employees and any outside book-keepers or accountants you may engage.

A Word about Accounting Software Systems

There are a number of very good, easy to use accounting software systems which are commercially available, but none of them will solve the problems of inaccurate or poor quality financial records. All they will do is generate bad information faster. This is one of the reasons that the computer has also probably caused more headaches for the owners of modern businesses than any other single cause. If you want to use a computer-based accounting package, either in your own business, with a service bureau, or through your accountant, it is imperative that you generate accurate information to be entered into the system.

The real value of the computer becomes apparent once it is running smoothly in your business. Your accountant can then function in the capacity for which he was trained, not as a “number cruncher”, but as your business adviser, consultant and strategist. Both of you can focus not on producing reports for various regulatory agencies but on analysing your business to make it more profitable.

Internal Control

What is internal control? It is the system of checks and balances within a business enterprise which helps to ensure that the company’s assets are properly safeguarded and that the financial information produced by the business is accurate and reliable. When you are operating as a “one man business” or at least handling all of the business’s financial transactions, maintaining good internal accounting control is relatively straightforward.

However, when your business grows to the size where you must delegate some of the functions, it becomes more difficult to ensure that all the transactions are being accounted for properly.

No matter the size of your business, you should always be able to answer “YES” to the following questions:

1. *When my business provides goods or services to our customers am I sure that the sale is recorded and the debt is recorded in accounts receivable or the cash is collected?*
2. *When cash is expended by my company am I sure we received goods or services?*

The method used to ensure that these two questions can be answered affirmatively will be widely varied. They are essential stepping stones to maintaining good control in your business. The solution in your particular instance may be as simple as numbering the sales tickets and being sure ALL TICKETS ARE ACCOUNTED FOR or reviewing all invoices and timecards before signing business cheques. These are fundamentals in a well-run business. As the enterprise grows you will need to consider concepts such as segregation of authority as well as employee fidelity bonds or controlled access storerooms. No matter what the size of your enterprise, you should consider controlling your business and safeguarding hard earned assets as a priority from the outset.

Computer Accounting Systems for First Time Users

Introduction

A business user choosing a computer system for the first time, has to give detailed consideration not only to the purchase of the hardware and software but to the installation of the system and the training of staff. The proprietor of the business will need to make a solid commitment in both time and money in order to reap the benefits.

This chapter is intended to alert the business user of computers to areas needing attention and action when installing or updating a system. It is not intended as a complete DIY handbook covering every eventuality.

Hardware

The choice of hardware involves primarily: Hard disk size, processor speed and Memory (RAM).

In general terms go for as much memory and the highest processor speed within your budget. Around £600 plus VAT will be the current price of a business PC.

Processor

The processor, or central processing unit (CPU) is the part of a computer responsible for responding to and carrying out the sets of instructions necessary to perform operations. The clock speed of a processor, measured in Hertz (Hz) is a measure of how quickly the computer can execute these instruction sets. Bandwidth, measured in ‘bits’, relates to the amount of information that can be handled simultaneously by a processor within a given time. Higher clock speed and bandwidth will therefore yield better performance in a machine.

Memory (RAM)

Another important aspect to consider when selecting a system is the amount of Random Access Memory (RAM) that a machine has. RAM is comparable to the short-term memory in the brain, as it is a temporary storage solution. Various pieces of information are stored flexibly whilst a program is running so that it can be accessed quickly; a linear storage space would take longer for data to be retrieved. Having more RAM allows programs to run faster, so again ‘more is better’.

Hard Drive

The hard drive of a computer is used as a permanent storage solution and is used to store files and application data. The more storage capacity a hard drive has, the more information it can contain. The size of a hard drive is measured in bytes; many new desktop computers now come with at least 320Gb of space (3.2 billion bytes) which is more than adequate for most businesses. Portable hard drives are also available if required, adding even more storage capability to your system.

All software programs give their ‘minimum system requirements’ which are the requirements a computer system must meet to run a piece of software. Some programs give details of ‘recommended system requirements’ which will run the software more effectively if your system can meet them. It is therefore recommended that you check that your systems can meet both the minimum and recommended system requirements of any software applications your business will require.

Software

Accounting software, like hardware, is now very powerful and comparatively inexpensive. Integrated software includes Sales, Purchase and Nominal Ledgers with Sales/Purchase Order Processing and Stock Control in a single suite of programs. Prices range from £99 to £600 for this type of program running in “single user” mode. Networked versions for multi-user use are generally more expensive.

We have reviewed most of the well-known names in this sector of the market and find, as with many things in life, you tend to get what you pay for.

Choosing an accounting package

It is necessary to consider your requirements and what you want to be able to do before buying a package. There are often different levels of functionality in different versions of a program. Consider both the ability to get data into the product and also the reporting requirements that you have.

Consider also “online” packages which will not incur you any upfront costs – simply pay a monthly fee for its use. These may have integrated payroll too if you have employees in your business. We have reviewed most of the well-known names in this sector of the market and find, as with many things in life, you tend to get what you pay for.

Modular systems are made up of individual programs for each of the above functions, each of which is more powerful and flexible than the integrated systems. These are put together to form a total system for the larger business, usually on a network of a number of PC’s.

Websites

Developing and maintaining a website can be as complex and expensive as you care to make it. A great deal of careful thought needs to be given before significant time and expense is incurred as to how this aspect of technology be best implemented to suit your business. There are many options to consider in how this should be addressed. At Lamont Pridmore we can give some useful independent advice and thoughts in relation to your strategy in this area.

Social Media

The rise of social media in recent years has meant that today there are a plethora of different tools that can be used to the advantage of business owners. This guide will introduce several social media platforms that are currently popular for business use.

Twitter

Twitter is a micro-blogging service whereby users send and receive messages of up to 140 characters in length to each other, known as “tweets”. Users can track the tweets of other users by “following” them, and in turn can have their tweets “followed”; the more followers a user has, the more visible their tweets are. Twitter is useful as a business tool because it allows you to personally engage with potential and existing customers, monitor what is being said about your company and keep interested parties up-to-date with your company’s newest developments, products and offers.

Facebook

Many people are already familiar with Facebook as a tool for personal networking, but opportunities exist to use Facebook for business purposes. The most prominent of these is Facebook Pages, a flexible space within which users can promote their local business, band or organisation, amongst others. Facebook also offer a number of paid advertising solutions, whereby campaigns can be targeted at Facebook users according to defined demographics such as age, location and interests, which can direct people to the company Facebook Page or an external website.

LinkedIn

Billing itself as the world’s largest professional network, LinkedIn is designed for users to showcase their professional qualities. User profiles include elements such as professional experience, education and honours and awards, as well as recommendations from other LinkedIn users. LinkedIn is thus a great place to establish yourself as a competent individual within your industry. Moreover, due to the number and diversity of groups on LinkedIn, it can be a great tool for finding and networking with like-minded individuals, as well as discovering potential business partners or additional company personnel.

Suppliers

The computer industry is well known for “here today, gone tomorrow” suppliers. Make sure that you choose one with a good local reputation and never part with money until you have received the goods. Paying extra for on-site maintenance is a sound insurance for equipment being used for business.

Planning and Implementation

Planning and implementation must cover the layout of your accounts, control over the information going in and verification of the information coming out of the system.

It will also be necessary to produce the accounting data for entering the opening balances.

Where advanced management information is involved, such as profit and loss by departments, more detailed planning is required. Development of a system can only take place at the pace at which staff are able to increase their own skills. The following phases of development may be appropriate for a new start-up system:

- Recording of prime entries (Cash Received and Paid; Sales and Purchase Invoices)
- Bank Reconciliations and VAT Returns
- Monthly Adjustments (e.g. Depreciation and Stock Change) producing monthly management accounts
- Sales Invoicing Routines
- Advanced Management Information e.g. detailed analyses of sales and departmental costs
- Sales and Purchase Order Processing with Stock Control

Even at the first stage, the system will produce Aged Debtors and Creditors on a regular basis to enable the business to improve its cash flow.

A "set up procedures list" follows this section.

Training and Support

Training staff who are to use the computer is essential both to get off to a sound start and to make progress. Lamont Pridmore will provide training, on request, tailored to your specific requirements.

Lamont Pridmore also offer telephone and e-mail support for those problems that can be quickly resolved in this way.

Security

The popular press would have you believe that it is only a matter of time before a virus attacking your hard disk eats up your data! The most frequent reason for loss of data is not taking backups.

Lamont Pridmore will not only advise on, but also insist that, proper procedures are in place to make your data as secure as is practical.

Costs

Hardware and software is dependent on prevailing market prices. Installation and training is proportional to your requirements and usually charged at an hourly rate.

Conclusion

Lamont Pridmore have the necessary balance of computing and accounting expertise to help you to both get off to a good start and later to improve your system.

They have good working relations with local computer companies who will supply and maintain your equipment. Many will also provide the technical support for networks and, if needed, tailor your software to specific requirements.

Installation of Accounting Systems - Set Up Procedure

1. Consult your accountant! Grants may be available for training.
2. Decide on starting date, consider trial period.
3. Set up nominal ledger accounts, Balance Sheet and Profit and Loss Layout.
4. VAT? Accrual or Cash Accounting.
5. Are departments required for sub analyses?
6. Use a dummy company for practice (Multi-company systems only).
7. Obtain starting trial balance.
8. Obtain starting Sales and Purchase Ledger balances.
9. Enter Trial Balance by journal entry.
10. Enter Sales/Purchase account code, names, addresses, etc.
11. Enter Sales and Purchase Ledger balances by posting directly to Sales/Purchase control account.
12. Enter live data:
    a. Sales and purchase invoices
    b. Cash received
    c. Cash paid
    d. Petty cash
13. Consider the need to keep manual records for at least three months and Cash Book for full year.
14. Reconcile Bank Statement with Cash Book and Computerised Bank Control Account.
15. Consider direct production of Sales Invoices. Free text or from stock. If the latter, stocks, dummy or real need to be entered into stock records.
16. Keep a backup disk for each of the five weekdays. Keep a weekending backup off the premises. Backups could be online across the internet.

Benefits will be mainly a business that you manage - instead of a business that manages you!

Double Entry Principles

By entering a Sales Invoice in the Sales Ledger, the customer's account, the Sales Ledger Control Account (agreeing the total of the individual sales ledger balances to the total debtors in the trial balance), the VAT Account, and the Sales Account in the Profit and Loss Account are all automatically updated. Posting Purchase Invoices, Cash Received and Cash Paid all complete the double entry and update Control Accounts.

Value Added Tax

VAT is a tax on consumer expenditure and is ultimately paid by the final customer. Most business transactions involve the supply of goods or services and VAT is payable if they are made:

a) *in the United Kingdom;*
b) *by a taxable person;*
c) *in the course or furtherance of business and are not specifically exempted or zero-rated.*

VAT is collected by HMRC and is normally payable quarterly.

Registration

There are two different types of registration – compulsory and voluntary:

A. Compulsory

A person who makes taxable supplies becomes liable to be registered if:

1. At the end of any month, the value of his taxable supplies in the period of one year then ending has exceeded the registration limit, which is £83,000 from 1 April 2016.

2. At any time, there are reasonable grounds for believing that the value of his taxable supplies in the next 30 days will exceed the £83,000 limit.

3. If, where a business carried on by a taxable person is transferred as a going concern, the taxable supplies for the twelve months prior to the transfer exceed £83,000.

In the most common situation, i.e. example 1, above, the person must notify HMRC of the liability within 30 days of the end of the month in which the value of the taxable supplies first exceeded £83,000. If, for example, the value of the taxable supplies first exceeded £83,000 in the 12 months to 31 March, then HM Revenue & Customs must be notified by 30 April and VAT registration would commence on 1 May.

B. Voluntary

In certain circumstances, it is possible to register on a voluntary basis for VAT even though the value of taxable supplies may never exceed £83,000. This is normally only beneficial where the majority of supplies are being made to customers who are themselves VAT registered, e.g. it would not be beneficial for a domestic painter with taxable supplies of £30,000 to be registered, whereas it would be beneficial for a commercial or industrial painter with the same level of supplies.

The other situation in which a voluntary registration might be beneficial is where the supplies are all zero-rated and no VAT is charged on the transaction. All VAT suffered by the trader on expenses can be reclaimed from HMRC.

In summary, the advantages and disadvantages of a voluntary registration are as follows:

Advantages

- Enables input VAT suffered to be reclaimed.
- A VAT number can give the impression that a business is larger than it actually is which sometimes can increase the possibility of obtaining work.

Disadvantages

- The requirement to prepare VAT returns on a quarterly basis and to submit them within one month of the quarter end - is the amount of work involved–worth it for the amount of input VAT that can be reclaimed?
- HMRC may visit the business about every five years to ensure that VAT is being properly accounted for. There may be penalties for incorrect returns.

Taxable Persons and Supplies

A. Taxable Persons

It should always be remembered that it is a person that is registered for VAT and not a business. If a person has two separate different businesses, both with taxable supplies of £50,000, then that person will be required to be registered for VAT and account for VAT at the appropriate rate on the total supplies of £100,000.

It is possible to mitigate the effect of VAT by having one of the businesses operated by a limited company or by a partnership with a relative, but professional advice needs to be taken since HMRC have the power to still treat the two businesses as one if strict criteria are not met.

B. Taxable Supplies

Taxable supplies are all supplies made by a business either to a third party or to the trader himself (goods for own use), which are not exempt supplies. Taxable supplies therefore include zero-rated supplies.

The major categories of exempt supplies are:

- Land (but not buildings)
- Insurance
- Postal services
- Betting, gaming and lotteries
- Finance
- Health and welfare
- Education

It is important that at the outset of a business, a trader establishes the VAT status of any supplies being made to avoid mistakes, e.g. the services of a physiotherapist are exempt, whilst the services of an acupuncturist are standard rated.

Tax Rates

There are three rates of VAT:

Two standard rates:

20%
5% - for certain supplies of fuel and power and sanitary goods.

Zero rated

The four main areas of zero-rated goods are:

a) Food and agriculture (but excluding pet food and most catering)
b) Printed matter, including books and newspapers
c) Young children's clothing and footwear
d) Passenger transport (but excluding hire cars, taxis and parking)

Any VAT charged by the business, whether at 20% or 5% is known as output VAT and the total charged or collected in the VAT quarter is payable to HM Revenue & Customs

Input VAT

Input VAT is the VAT that you are charged on your business purchases and expenses (the other persons output VAT) and is normally recoverable in full by a trader who only makes standard rated or zero-rated supplies. Businesses that make some exempt supplies (known as partially exempt businesses) have different recovery rules. The total input VAT suffered in the quarter is deducted from the output VAT charged or collected and the difference is either the amount of VAT due to HM Revenue & Customs or the amount repayable by them.

The majority of input VAT is recoverable but there are special rules for:

- Cars
- Petrol supplied for private usage
- Business entertaining
- Goods sold under a VAT second-hand scheme

To reclaim VAT you have been charged as input VAT, you must hold valid evidence that you have received a taxable supply, which normally means a valid VAT invoice from a registered trader showing his VAT number and the amount of VAT charged.

Special Events

VAT was originally described as a simple tax but has gradually become more and more complicated over the last twenty years with changes to the operation of VAT every year.

It is not always possible to calculate each quarter's VAT liability by merely deducting input VAT incurred from 1/6 of the sales income and professional advice needs to be taken in the following situations:

- Importing and Exporting - either within or outside the European Union
- Partial Exemption, i.e. where a business makes some exempt supplies, all the input VAT incurred is not necessarily recoverable
- Retail Schemes, i.e. where both zero rated and standard rated supplies are made which cannot be separately identified at the point of sale
- Land and property
- Cash accounting
- Self supplies
- Second-hand schemes for motor cars, used boats, antiques, horses and ponies and others

Penalties

There are penalties for errors in VAT returns. More details can be found at the HMRC website.

http://www.hmrc.gov.uk/VAT/new-pens-refunds.pdf
http://www.hmrc.gov.uk/about/new-penalties/index.htm.

VAT Checklist

Registration

(a) Should the business be registered?
(b) Is basis of registration correct?
(c) Are details on registration certificate correct?
(d) Do procedures exist for notifying HM Revenue & Customs of relevant changes?
(e) Review position at regular intervals.
(f) Is the cash accounting scheme for VAT available and would it be beneficial?
(g) Is the annual accounting scheme available and would it be beneficial?
(h) Is the flat rate scheme available and would it be beneficial?
(i) Is it necessary to register for online filing of VAT returns or is this beneficial?

Preparation of returns

(a) It is now compulsory to register and file on-line. Quarterly paper VAT Returns are no longer issued.
(b) Review sources of information.
(c) Prepare draft on-line return.
(d) Check for accuracy and completeness.
(e) Submit return on-line.
(f) Make payment (if outputs exceed inputs).

Input Tax

(a) Do any restrictions on input tax exist?
- If "Yes", does an agreed method exist?
- Does this method maximise input tax?

(b) Are invoice additions and calculations checked?
(c) Is input tax claimed at the earliest tax point?
(d) Are all claims properly supported?
- Ensure all supporting invoices kept.

Output Tax

(a) Are all income heads reflected for VAT accounting?
(b) Are all potential sources of notional supplies considered?
(c) Are all potential sources of income (asset sales, etc.) covered by VAT accounting system?
(d) Is VAT captured at the correct tax point?
(e) Is VAT correctly applied where appropriate?

As mentioned in the checklist there are various schemes which may be suitable for your business such as the flat rate scheme, annual accounting and cash accounting. We will be pleased to discuss the implications of these schemes with you and help you decide if they may be advantageous in your circumstances.

Money Laundering Regulations

HM Revenue & Customs have responsibility for administering certain aspects of The Money Laundering Regulations 2007, particularly relating to High Value Dealers (HVDs).

HVDs are those traders who may receive 15,000 Euros (approximately £15,000) in a single transaction or a series of linked transactions. The Regulations principally apply if cash or cash equivalent are offered in settlement.

If you believe you may be a HVD you should discuss this with your advisors or visit HMRC’s website at www.hmrc.gov.uk.

Further if you believe you may be affected by the Regulations as they relate to regulated businesses you should discuss this with your advisors as the penalties for not complying are serious.

Payroll Taxes

Irrespective of the form of business in which you operate, if you are going to have employees then you will have to contend with payroll taxes. The brief summary which follows will give you some guidance in the rules and regulations of the HMRC.

Helpful Publications

HMRC publish various booklets relating to how PAYE is operated and the legislation that you have to comply with. Not only do you collect and remit PAYE to the Collector of Taxes on behalf of the HMRC, you also operate the statutory sick pay scheme and maternity pay scheme. You should run the PAYE scheme in accordance with the legislation and should you fail to comply then HMRC will look to you for the tax or NIC you failed to deduct. This can be costly if you are unable to recover the tax and NIC from the employee.

Do you have Employees?

Whether an individual is an employee or not in a particular situation is a question of fact depending on the terms on which he works. The question of whether an individual is employed or self employed is very important for the business “employing” him or her, as that business has to comply with the reporting requirements.

In certain areas HMRC has placed emphasis on reclassifying individuals claiming to be self employed and has issued leaflet IR56 entitled “Tax: employed or self employed”. This booklet sets out the questions which should be answered to determine the problem. If you have treated someone as self employed and subsequently after a routine visit from HMRC it is clear that they were employees, then the tax and NIC which should have been paid will be assessed on you. Therefore it is important to ensure when using the services of self employed people, that they are in fact self employed.

If doubt exists as to the status of an individual, the situation can be clarified with HMRC.

The Operation of a PAYE Scheme

Upon registration HMRC will send to you guidelines on operating PAYE, National Insurance, Statutory Sick Pay and Statutory Maternity Pay (employer’s pack). Nearly all employers are now required to file documents with the revenue on-line.

In order to calculate the amount of tax and national insurance due by an employee, HMRC will supply you with sets of tables. By reference to the “tax free” tables and an employees tax code you will be able to calculate the amount of salary which is not subject to tax. The difference between this figure and the gross amount is the employee’s taxable pay. This can then be calculated by reference to another set of tables. The employer’s and employee’s national insurance is calculated by reference to the gross pay with a third set of tables. Special rules exist for the calculation of national insurance for directors.

The tax and national insurance should be paid to HMRC by the 19th of the month following that in which the salaries were paid.

The Revenue will charge interest if your PAYE due each month is not paid on time and in full.

Real Time Information

A system of Real Time Information (RTI) is being introduced on a phased basis which will allow businesses to submit information electronically to HMRC every month. This will in due course eliminate the need for annual end of year returns of wages and salaries. You will need RTI-enabled software or HMRC's Basic PAYE Tools.

Under RTI, the employer tells HMRC about tax, NICs and other deductions when or before the payments are made, instead of waiting until the end of the tax year. It is hoped that this system will make the PAYE process simpler and less burdensome for employers and HMRC. It removes the need for the end of year return on P35 and P14, although the form P60 still has to be prepared, and also simplifies the employee starting or leaving processes.

Benefits

In most businesses, the directors, and often the employees, have benefits which are not immediately taxed through the PAYE system, the most usual being the provision of a car and possibly fuel. Class 1A national insurance contributions are due on the taxable value of these benefits in kind and are due on the 19 July following the fiscal year in which the benefits are made available. In addition, HMRC requires on an annual basis, a form P11D (Return of expenses payments and benefits) for all directors irrespective of income and all employees receiving remuneration including the benefit in excess of £8,500. For those employees earning less than £8,500 but who receive expense payments and benefits, a form P9D is required. Rules for cars available for private use require completion of a quarterly return on form P46 (car) on 5 July, 5 October, 5 January and 5 April. HMRC will still require form P11D to be submitted annually in addition to the P46 (car) forms.

Payroll Software

The use of the HMRC supplied tax tables can be very time consuming and prone to error so it is recommended that either payroll software or a payroll bureau service is used if you have employees. There are mandatory online filing regulations in place in some circumstances and this requirement is likely to increase in the future.

We recommend that you have payroll software in place that can fully support your obligations for Automatic Enrolment, as each time you run your payroll you need to assess your workforce and manage the pension contributions via your chosen pension provider.

Payroll can be complex and time consuming. Lamont Pridmore offer a bureau facility for processing your payroll and supplying you with reports, payslips etc. Contact us if you would like further details.

P11d is available here: http://www.hmrc.gov.uk/ebu/p11d.pdf

HMRC make available a checklist to help ensure compliance with expenses and benefits: http://www.hmrc.gov.uk/agents/toolkits/exp-ben-frm-emp.pdf

You can register online and obtain more details at the HMRC website:

http://www.hmrc.gov.uk/paye/file-or-pay/fileonline/

Income Tax and Corporation Tax

Eventually you will have to deal with income or corporation taxes. The taxation legislation is extensive and can be confusing for an individual starting a business. This section does not cover all the tax ramifications of a new business, nor does it detail all the expenses you can claim for, nor does it give details of allowances available on the purchase of some capital assets.

You should consult Lamont Pridmore when you are dealing with the taxation affairs of the business. The payment of taxation has a direct impact on your cash flow.

Which Accounting Year Should I Choose?

If you expect profits to rise steadily year by year, in the case of sole traders/partnerships, an accounting date early in the tax year, for instance 30 April, might be best in the short term, because this will defer the payment of tax on your profit. However, it is important to consider what will happen when you retire. Any accounting date other than 31 March will cause a bunching of your tax liabilities because all your profit that has not been assessed prior to your retirement will be assessed for your final year. There are a number of ways to mitigate the effect of this. You could plan to retire on or shortly after the accounting date, and allow "overlap relief" to reduce the burden. You could build up a reserve to meet the liability, or use the higher profit to permit an abnormally large pension contribution.

On the other hand if you expect to make losses in your early years, an accounting date late in the tax year, for instance, 31 March, will ensure that you get tax relief for those losses as quickly as possible. You would then not be faced with the bunching problem on retirement referred to above.

It will also be necessary to bear in mind the seasonality of your business. As part of the profit for your first period of trading could be taxed twice, it would be unfortunate if a poor choice of accounting date were to accelerate the tax on the profit of your first busy period. In these circumstances it might be preferable to run your first accounts to a date just short of your peak period.

As ever, it is important not to overlook commercial considerations. Your bankers might want to see as healthy a profit as you can manage and this desire could conflict with tax planning. A solution would be to choose a tax efficient accounting date, and keep the bank happy with quarterly management accounts.

Tax Returns

Companies

Companies are charged corporation tax at the rate applicable during the financial year (1 April - 31 March). Where a company's accounts period spans two financial years the profits for the period are apportioned to the two financial years. However, the current rates are all set to 20%.

Financial year to	31 March 2017		31 March 2016	
First	£300,000	20%	£300,000	20%
Next	£1,200,000	20%	£1,200,000	20%
Over	£1,500,000	20%	£1,500,000	20%

This means that ALL companies will pay corporation tax at the single rate of 20%.

The company is required to file online its completed tax return (form CT600), accounts and tax computation by the filing date, which is 12 months after the end of its accounting period. Penalties will be charged if it is late.

Once the business agrees its liability with the Inspector, there will be a settlement of any balance due or overpaid. Interest will be charged or paid from the normal due date on any balance outstanding.

Sole Traders/Partnerships

Sole traders and partnerships are charged income tax at the rate applicable during the fiscal years (6th April - 5th April). The rates are as follows:

	2016/17	Rate	2015/16	Rate
Basic	£32,000	20%	£31,785	20%
Higher - over	£32,000	40%	£31,785	40%
Plus Higher - over	£150,000	45%	£150,000	45%

A starting rate for savings income is 0% for savings up to a limit of £5,000, which would reduce the £32,000 basic band above.

There may also be a liability to Class 2 and Class 4 National Insurance Contributions, depending on the level of profit in each fiscal year. Class 2 contributions are at a weekly stamp rate of £2.80 (2016/17). Class 4 contributions are levied at 9% on profits between £8,060 – £42,385 (2015/16) and £8,060 – £43,000 (2016/17). There is also a 2% Class 4 payable on profits over £42,385 (2015/16) / £43,000 (2016/17).

Income tax is normally payable in three instalments - the first two instalments are based on the tax paid on the previous years business tax liability. Therefore half is paid by the 31 January in the year of assessment, the other half by the 31 July in the year following the year of assessment. The third instalment will be any balance due (payable the following 31 January) or any amount repayable by HMRC if your final liability is lower than the amounts paid on account. This needs to be considered carefully by any new business as the first amount of tax due will fall on the 31 January following the end of the first tax year in which trading commenced and will include the first payment on account for the next tax year as well.

As an illustration purpose assume you start to trade on 1 May 2015 and first accounts run to 31 March 2016. You will not pay any tax in July 2015 or January 2016 – nor will you pay any tax in July 2016 – so the first tax liability will arise in January 2017. This will be 100% of the tax liability for the period to 31 March 2016 – but, in addition, you will also have to pay 50% of that sum "on account" for the following tax year, with a further 50% in July 2017. You are then however in the six monthly "cycle".

A lesson to take on board is to ensure that your accounts are prepared as soon as possible after the end of the accounting period. In our example of 5 April year end, if accounts can be prepared before 31 July it will be possible to calculate the tax for the year to 5 April and the July 31 instalment can be adjusted accordingly – downwards if tax due is found to be less. If tax due is actually more for the year, there is at least early knowledge of the tax bill due in the following January.

Under self assessment your income tax return, which encompasses your trading results, needs to be filed by 31 January following the tax assessment year.

Tax returns can be submitted using a paper format until 31 October each year and thereafter on-line submission only.

Tax Credits

Whilst not specifically related to "tax" despite the name, we will mention Tax Credits at this stage. There are two elements - Child Tax Credit and Working Tax Credit.

Child Tax Credit (CTC) is for families who are responsible for at least one child or qualifying young person. You should claim if you have a child or qualifying young person who usually lives with you. You do not have to be working to claim CTC.

Working Tax Credit (WTC) is for people who are employed or self-employed (either on their own or in a business partnership), who

- get paid for their work
- expect to go on working for at least 4 weeks

and who are either

- aged 16 or over and responsible for at least one child, and usually working at least 16 hours a week, or
- aged 16 or over and disabled, and usually working at least 16 hours a week, or
- aged 25 or over and usually working at least 30 hours a week, or
- aged 50 or over and are starting work after receiving certain benefits for at least 6 months and usually working at least 16 hours a week, or
- aged 60 or over and work at least 16 hours per week

WTC is made up of several elements which we do not have space to list here.

If you are married or living with a partner you'll need to make a joint claim for tax credits. You can only make a single claim if you don't have a partner.

When starting up it may be that your income precluded you from claiming tax credits in the past. However, income may drop substantially or a "loss" for both income tax and tax credits purposes may be able to be created by claiming allowances on equipment etc. Claims can only be backdated for three months from the date of application so it is advisable to contact the Tax Credits office as soon as possible to make a claim. You may not be immediately eligible based on a provisional calculation which takes into account your income in a prior tax year, but you may become entitled to it at some stage. Telephone the Tax Credits helpline on 0845 300 3900.

Child Benefit

This basic credit is payable by reference to the number of children of the claimant. From 7 January 2013, an income tax charge has applied to this benefit where a claimant, their spouse, civil partner or person living with them earns over £50,000 per annum. The charge is 1% of the child benefit received for every £100 of the higher earner's earnings that exceeds £50,000 in the tax year 2016/17.

As such, there is effectively no child benefit if income reaches £60,000.

Cash Planning and Forecasting

Cash is King! The life blood of any business is its ability to collect cash and pay bills as well as pay its employees, particularly its owners. Far too often small businesses are profitable, but they do not have enough operating capital to meet their current needs. Consequently, they may be forced to sell out to a stronger competitor, sell a portion of the company to investors at an undesirable price or close the doors and put the company out of business. None of these alternatives are typically what the owners intended when starting the business.

The ability to forecast cash resources and uses is an art and is by no means a well defined science. None of us have a crystal ball and any cash forecast which is prepared by the management of a company or an outside consultant can be no more than a guess as to when the customers pay and when your business will pay its obligations. Hopefully, the more effort that is put into cash forecasting the better will be the educated guess and the more accurate the resultant picture of the future operations of your business.

Starting the Analysis

One of the most significant factors to be considered in your cash flow forecast is the volume of sales which will be generated in the next several months and for the rest of the period for which you intend to forecast. Your sales forecast must be as fine tuned as possible. It may be unrealistic to assume that there is a million pound market for your product in your area and you will be able to capture a specified percentage of it. A sales forecast needs to be based on specific facts. These might include your sales history or the history of similar businesses you have owned or operated or the competition. In your area, what has been the experience of similar operations?

Some of the questions which should be addressed would include what other factors can I control such as adding new product lines, deleting unprofitable operations, adding a new salesperson, or terminating one that is not producing to target? In preparing a forecast, you must also take into consideration items such as the seasonality of your business, the relative state of the economy and the period over which you will forecast.

Obviously your ability to forecast sales for the next month is better than it is for three to five years from now. The amount of detail which must be included in the cash forecast is really a matter of preference. It can be based on per unit sales extended out by the sales price of each type of unit or an average sales volume per day, week or month of your type of business in its current environment.

Cash Collections

Once you have determined a reasonable level of sales and you are comfortable with the forecast you have made, you must address questions such as: what percentage of my sales are received in cash, and what portion are credit sales for which I will have to carry amounts in debtors? For those that are debtors based, how soon is the cash collected? Do I have to wait for customers to pay me or do third parties such as Visa or Mastercard or a debt factor take the customers account and convert it to cash for me with an appropriate discount?

If you are relying on customer payments for collection of debtor balances you must determine what portion of the debts will be collected in thirty days, sixty days, ninety days and thereafter, and what portion, if any, may never be collected. To assume that 100% of your sales will ultimately be converted to cash is probably unrealistic especially considering the current economic environment and the tight cash situations that may face some of your customers.

Other sources of cash may be available in addition to sales. Do you expect to bring in a partner or other investors, or can you borrow money from a bank? When will you receive the cash and how much will you get? Part of your cash flow analysis may be to determine how much investment money or borrowings will be required to operate your business.

Once you are comfortable with the cash receipt side of your business, and the timing of the collections of funds from your sales and other sources, it is necessary to consider the expenses and other cash needs of your business operation.

Expenses

Certainly if your business entails sales of stock, you will have to purchase the merchandise from others or purchase the component parts and pay employees to assemble it. This may require a significant outlay of cash before the first pound of sales is generated and received. You should consider how often and in what amount your employees must be paid and when their payroll taxes must be paid over.

Additionally, you need to know the credit trade terms your creditors are willing to advance to you. Do you have to pay for stock items on a Cash on Demand basis or can you pay for them 30 or 45 days after receipt? What expenses must be paid to allow you to convert purchased merchandise to saleable stock? If your production requires utilities to run machines or supplies that are required, such as consumable chemicals or packing materials that must be purchased prior to the sale of the stock, you should consider the timing of these payments.

In addition to the cost of manufacturing, you should consider whether your productive capacity will allow you to generate enough stock to support the level of sales which you are predicting. If the volume of sales you forecast is above your ability to produce today, what changes in your operating environment must be made to meet the production levels. Will you need additional employees, if so, how much will they cost? Do you have to acquire additional machinery for your operations? What is the cost of the machinery and when will you have to pay for it? Do you have enough space to cope with the additional activity?

Once you have determined the cost of operating your production or service facilities, you need to consider what other expenses you must pay to keep the doors of your business open. You typically will have to pay rent for your office or manufacturing facility. You must consider how much the monthly payment is and when it has to be paid. Ask yourself if there will be other cash requirements such as a deposit on first and last month's rent. If you are opening a new business, you must consider what your cash requirements are to make your facility ready for your specific needs and purposes. Will you have to buy or rent furniture? Will you need to make tenant improvements or pay deposits for utilities and other services?

You also need to consider many of the overhead items and costs to open a new business that will hopefully be one time expenses. This may be solicitors' fees for drafting partnership agreements or incorporating your business, the cost to obtain business licences, approval from the taxing authorities, setting up an accounting system, stationery costs, and costs of signs or logos.

It may seem like the list of costs and expenses to be incurred is endless. It may even discourage you in moving forward with your business endeavour. However, it is imperative to make the list as detailed as possible to ensure that you have sufficient funds to make your operation ready for business prior to running out of cash. The more detailed the list and the more sufficient information you can provide, the less chance there is of unpleasant surprises as you move down the stream to opening your business.

In addition to determining the amount and volume of expenses and cash outlays you will have to make, it is critical to determine the timing of such payments. As we have discussed in other sections, there may be a variety of financing alternatives which are available to you. Most of the start-up cost which you incur can be delayed or deferred until you can generate the cash from your operation to help pay them. This needs to be carefully analysed and built in to your cash flow analysis. However, a good rule of thumb is to assume that you are going to have to pay your expenses sooner than you think and that you will collect your cash slower than you anticipate. If you work with this attitude, any surprises should be favourable ones.

Cash flow projections can be very slow, time consuming and tedious to undertake. It is often very tempting to hire someone else to prepare the projections for you. There are a variety of individuals who can help you do this, but the critical factor is that they only help. You as the owner and operator of the business are the only one truly qualified to develop your cash flow projections. You know what it takes to open and operate your business. Certainly a trained professional can offer guidance and ask pointed questions to be sure you are considering all of the necessary and sometimes hidden costs of operating a business. However, the more effort you put into developing the cash flow projections the more accurate they will tend to be. This exercise may also help you to pin-point areas of potential cash savings which you have not otherwise considered.

The following tax matters require consideration as part of the preparation of your cash flow forecast:

VAT and Other Taxes

If you are VAT registered (compulsory for businesses with sales in excess of the statutory limit), your sales receipts will include “Output” VAT and some of your costs will include “Input” VAT.

The net receipt of VAT has to be paid over to the Customs and Excise each quarter. If, however, your sales are zero rated, you will be able to claim back the VAT on your purchases.

The basic calculation is not as difficult as is often made out. Typically, adding up your sales receipts for a quarter, multiplying the figure by 20 and dividing by 120, gives you your output VAT. Do the same for your purchase invoices to calculate input VAT. Deduct input from output and put this figure into your cash forecast in the first month of the next quarter.

PAYE

If you employ people you will have to deduct tax from their pay and pay it over to HMRC in the following month. For a forecast it is usually sufficient to put the gross wages figure in the cash flow forecast as it automatically includes PAYE.

Income Tax and National Insurance

If you are the proprietor of a business that is not a limited company, your wages are part of the profit of the business and referred to as “drawings”. The tax that you pay will be based on the profit of the company not the amount that you take out. It is advisable to pay a sum into a deposit account each week to provide for this tax which will be due after your year end - and it could be a lot of money. Ask your accountant about this!

Many businesses go bust because they fail to provide for the taxes that are payable. Make sure that it does not happen to you!

Obtaining Credit and Financing your Business

If not independently wealthy and perhaps even if you are, eventually you will probably need to obtain some outside capital for your business. In some instances, you may need to obtain capital for the initial expenses prior to opening your business or, the funds you require may be for expansion or working capital during the off season.

Generally business financing can take two forms, debt or equity. Debt, of course, means borrowing money. The loans may come from family, friends, banks, other financial institutions or professional investors. Equity relates to selling an ownership interest in your business. Such a sale can take many forms such as the admitting of a partner or, if you are in a company, issuing of additional shares to investors. If you decide on taking this path you should consult with Lamont Pridmore as there are many significant legal and tax ramifications to such a step.

How Do I Get the Money?

Irrespective of the type of financing you need and are able to obtain for your business, the process of obtaining it is somewhat similar. There are several questions that must be answered during the course of raising money for your business. The ability to answer these questions is critical to your success in obtaining financing as well as the overall success of the business. Remember, in raising capital you have to sell the ability of your business to potential investors in much the same way as you sell your product to your customers.

1. How much cash do I need?

To answer this question you will have to do some serious cash flow planning, which will require estimates of future sales, the related costs, and how quickly you must pay your suppliers. You will also have to build into your planning some assumptions about when you will generate enough cash to pay the money back. However, if you raise cash through equity you probably don't need to pay it back but your investors will want to know how the value of the business will grow and how they will benefit through dividends or selling their shares.

2. What will you do with the money?

One of the most important questions you will have to answer for a potential investor is how the money will be spent. Will you use it for equipment or to hire additional employees or perhaps for research and development for a new improved product? Again, part of the answer on how you spend the money is how it will benefit the company.

3. What experience do you have in running your business?

One of the primary reasons for business failure is lack of experience of management. You will need to convince your investors that you have the knowledge, experience and ability to manage your business and their money at the level at which you expect to operate.

4. What is the climate for your type of business and your geographic location?

Few investors will want to put money into your business if you haven't done sufficient "homework" to determine that you have a reasonable chance of success. If your business is based on existing economic or legal conditions which are subject to change in the near future your risk is substantially increased. Even if your business has great potential, if the local economy is sluggish to the point that it can't support your venture, you need to be aware of this before moving ahead.

Once you have developed concrete answers to these and other pertinent questions, you can begin looking for financing. One of the first steps is to determine whether to raise funds through debt or share capital. There are positive and negative aspects to each type. The cost to your business of each type of funding is different, as is the way in which they are treated for tax purposes. The interest on borrowed money is deductible by a business for tax purposes, which reduces the effective cost to your business. Dividends which you might pay on the same investment in shares would typically not be tax deductible by your business. In selling shares there usually is no firm commitment by your company to pay the money back but your shareholder will want, and generally will have, a legal right to have a voice in the management of your company. When you have made the decision as to the type of financing you think is appropriate to fit your desires and needs, it is probably a good idea to consult with your accountant as to alternative types of debt or equity financing available.

Business Plan

Typically, a potential lender will want to know all about you and your proposed venture. Many of these details will have already been provided, but are best provided in a logical consolidated format. This format, or **business plan**, is a document which enables the investor to readily obtain an understanding of your proposal. It follows that in order to successfully raise funding, the business plan should be commercial and realistic.

Lamont Pridmore Chartered Accountants have extensive experience in writing business plans and can assist you in the effective drafting of your plan.

Financing Alternatives

Whether you determine that debt or equity financing is the best choice for your company, there are a number of alternative types of financing available. Depending upon the nature of your business, the financing may be a combination of debt and equity and may be tailored to fit the specific needs of your company.

In the summary we will only mention a few of the more conventional methods for a young business to obtain capital, though the possibilities are many. Lamont Pridmore can discuss these and other alternatives in greater detail.

Debt Financing Sources

1. Banks

The first source of funds which typically comes to mind when borrowing money is a bank - that is why they are in business. Banks typically lend to small businesses on a secured basis preferring bricks and mortar as security in preference to equipment, stock or debtors. The more liquid and readily saleable the assets you have to offer as security, the more acceptable they are likely to be to a bank. Loans from a bank may take several forms such as:

a) **An overdraft** limit which is reviewed annually and allows you to borrow up to a predetermined maximum as you need it and pay it back as funds from sales and receivables are collected.

b) **A short term** loan which is repayable on specified dates.

c) **A term loan** for the purchase of a specific asset such as a computer or a machine.

As your relationship with your banker becomes better and your business becomes established, you may consider a longer term loan which will be payable in instalments.

2. Lease Financing

In today's business environment it is quite common to acquire equipment through lease agreements. Leasing packages come in a variety of types through many sources. Leasing companies typically will accept a somewhat higher degree of credit risk because they are looking to the value of the equipment for collateral if your business cannot make the agreed upon payments. For this reason, leasing companies generally prefer to finance new equipment of a general purpose nature which can be resold if necessary. Leases often run for a period of three to five years and because of the risk that leasing companies are willing to take, they can be somewhat more expensive than commercial bank loans.

3. Trade Credit

A very important source of financing for your company may be from the creditors and suppliers with whom you do business. Many suppliers will originally ask for cash on delivery or, in some instances, they want payment before starting on your order, depending on the nature of your purchase. Most suppliers will quickly establish trade credit with you once you have gained their confidence by continuing to do business with them and paying as requested.

Establishing good relationships with trade creditors is essential because it allows you to use the goods and services in your operations and sell your product to your customers, in some instance before you pay for them. The trade credit you build today will be relied upon by other suppliers as you attempt to establish yourself with other suppliers in the future. Trade credit terms will vary depending on the type of purchase you make, the industry you are buying from and the industry you are in.

Equity Financing Sources

Equity financing usually means selling a portion of your business. This can be accomplished in a number of ways including the sales of ordinary or preference shares. Equity sales are usually carefully tailored to meet the needs of both the company and the investor.

Venture Capital Companies

A venture capital company or fund is typically a company that is in the business of taking risks. A venture capital fund is often backed by a group of investors which may be individuals or companies. The investors are often represented by a management group which evaluates potential investments and manages the existing investment portfolio.

The price of venture capital financing is usually very high when compared to borrowing money from a bank, but it must be remembered that venture capitalists are dealing with much higher risk situations than commercial banks will finance. This cost of venture capital is measured in terms of the portion of your business you must sell to obtain the level of financing you require.

A venture capital firm sometimes requires a 300 to 500 percentage return on its investment over a four to five year investment period. While this may seem like an enormously high return, a venture capitalist is in the risk business and the return on a good investment must help offset those companies that do not meet their projections or fail altogether. To determine the price of such financing, a venture capitalist will start with the amount of financing you require and calculate what he must receive at the time his investment will be sold to allow him to achieve the rate of return he deems necessary.

Based upon the operating projections you provide, discounted based on his experience, he will estimate what your business might be worth at the time his investment will be liquidated. This might be at the point of a public offering or a sale to a corporate investor.

The last step for a venture capital company in determining pricing is to calculate what percentage of the business he must own to realise the return he desires. At this point, the “horse trading” generally begins. As a general rule you will want to retain as much of the ownership of the business as you can. The venture capitalist wants enough ownership to achieve his investment goals and have some control over how his money is spent. This will often be achieved by voting power and representation on the Board of Directors. At the same time a venture capitalist wants to be sure there is sufficient reward in the company for you and your management team to be motivated and achieve the projections in your business plan.

A venture capital company is often managed by an individual or group of individuals with a strong background in business and management. They can often provide depth of experience and management assistance in areas where your management team may be weak. A venture capital group can very often provide contacts and valuable introductions in your industry. Remember a venture capital investor becomes a member of your team.

Private Individuals

Very often, individuals who are successful in their own right and have accumulated substantial wealth may be looked to for investment in your business venture. Such individuals may believe that the success of your business may enhance theirs as well as help increase their personal wealth. These individuals, like a venture capital company, very often want to participate in the management activities of your firm and help guide your progress through representation on the Board of Directors. The business acumen and contacts of these individuals can often be a valuable asset of your business. An individual investor can often react to opportunity much quicker than a venture capital firm and typically has only his own interests to serve as opposed to a financial backer or group of limited partners.

Individual investors can be more flexible in the type of investment structure they can deal with, and often have personal, financial and tax motivations to consider.

Lamont Pridmore are experienced in corporate finance and can advise you on all aspects of raising cash for your business.

Insurance and Pensions

Business insurance, like many types of expenditures is one of those items which business owners typically do not like to pay. You must remember that sufficient insurance can be as critical to the success of your business as a good product or service. Without proper insurance you could lose all of the money, time and effort you put into your company.

The types and amounts of coverage you purchase must be evaluated on a cost-benefit basis like any other commodity which you purchase. Your accountant and insurance broker can help you review the amount of coverage you may wish to purchase for various purposes. Usually, you will want to insure against risks which could have significant detrimental impact on your business. This normally would include such items as fire, storm damage, theft, employers', public liability and product liability. Depending on the nature and size of your business it is often a good idea to self-insure for all or a portion of certain losses.

Self insurance can be accomplished by not buying coverage for incidental risks or increasing the deductions on policies which you do buy. Often, raising the deductible can have a very favourable impact on policy premiums. The administrative cost to the insurance company to process small claims is high, consequently the rates typically go down substantially if they are relieved of this expense by insuring for losses in excess of a sizeable deductible amount. An insurance broker can provide you with comparative costs for various types of coverage with varying degrees of deductible amounts.

Required Policies

Very little insurance coverage is mandatory. The only insurance coverage typically required by law is employers liability and third party motor insurance. Your insurance broker can explain the required coverage, the rating systems, and help you purchase the correct policy.

You must also be aware that the terms of your building, office lease or mortgage may require you to carry certain kinds of insurance coverage in specified minimum amounts. If you have leased equipment or have borrowed money from a bank or other lenders, there will usually be insurance requirements in the agreements relating to these transactions. There are many other types of policies which you may wish to consider. The specific coverage provided by each and the related costs can be explained in depth by a qualified insurance broker. We are happy to provide an introduction to a broker if required.

Some of the types of insurance coverage which you might consider for your business are listed as follows:

Commercial Liability Insurance

There are many types of liability your business may need cover for. "Liability" refers to your legal obligation to pay compensation and costs awarded against you in respect of loss or damage sustained by a third party. Types of liability insurance you may want to consider are:-

- **Public Liability –** this will protect you from any liabilities to a third party (other than your employees) for bodily injury or loss/damage to their property that may occur during the normal operation of your business.

- **Employers' Liability –** if you are a limited company or employ anyone outside your immediate family, you are required by law to purchase employers' liability insurance. This insurance offers you protection for any liability arising from injury or illness sustained by employees whilst they are working for you.

- **Products Liability –** this will protect you from any liabilities to a third party (other than your employees) for bodily injury or damage to their property that may occur from the products you have sold or supplied.

- **Professional Indemnity –** this cover is usually purchased by “professionals” such as IT consultants, surveyors, accountants, solicitors etc. This cover will protect your legal liabilities to third parties arising from your or your employees’ professional negligence/wrongful advice.

Property Insurance

There are many different types of property cover but generally businesses will purchase cover for buildings, machinery and stock against fire and other perils such as storm/flood etc and theft. They will also consider covering money, goods in transit and glass. For small businesses cover can be provided on a ‘package’ basis where certain covers such as money and goods in transit are included in the premium as standard, however this option is only available for specific occupations/trades and you should consult with your broker for further details.

If you are working from home be aware that generally your ordinary household insurance policy will not provide cover for your business stock and liabilities. Specific policies can be purchased if you are working from home and you should contact your insurance broker for further details.

There are specific policies for property owners who rent out their premises to tenants. These policies provide cover for buildings, liability and loss of rent. Loss of rent cover is usually only provided in the event of an insured peril occurring such as a fire or flood etc.

Business Interruption

This covers loss of income/revenue or additional expenditure incurred following a disruption to the operation of your business. Business interruption usually mirrors your property policy and covers the same perils. However, it is possible to add additional perils to your business interruption cover such as food poisoning or failure of utilities. Your broker will be able to provide you with advice regarding this cover and the possible extensions.

Fidelity Guarantee

This type of insurance typically covers risk of loss from theft by employees. If your business deals in large amounts of cash, negotiable securities or similar types of assets, you may well be advised to consider this cover. Certain industries are required to carry this insurance by regulatory authorities.

Directors and Officers Liability

Directors and officers of companies in recent years have been found to be personally responsible for their negligence in the running of their company. Recent legislation has also made company directors liable for their behaviour to the company so that shareholders, creditors, customers and employees can now sue them as individuals.

Directors and officers liability cover provides indemnity to the company in respect of the costs it incurs in indemnifying a director against the successful defence of a claim or indemnifying the director where the defence has not been successful.

Overview

Insurance is like any other product that you purchase. Before buying cover you must ensure that your broker has been approved by the Financial Conduct Authority and that the insurance company that is being quoted is financially stable. Your broker will have access to this information and will be happy to provide you with details. This is just a brief outline of the basic insurance you might require. Each business is different and in view of the ever changing legislation and insurance markets, you should always consult with a qualified insurance broker for advice.

Key Person / Shareholder / Partnership Protection

Key Person Protection

This provides a business with a valuable safety net should serious illness, disability or death curtail the contribution certain “key” people could make to its stability, profitability and success.

Identifying a Key Person

These are the people whose special knowledge, skills or enterprise are vital to the continuing survival of a business - people who are difficult to replace.

Remember, key people come in many guises. They aren’t always the Managing Director or other high profile senior managers. Consider other key functions that are necessary to the company’s business when talking key person insurance with your broker.

When is Key Person Protection Needed?

There are three clearly identifiable situations when key person insurance is most needed:

- To prevent loss of profits
- To protect the repayment of loans
- To safeguard the raising of capital

Shareholder Protection

Like partners, shareholder's shares may pass to an heir who does not understand the company's business or whose interests conflict with those of the other shareholders. Alternatively, the shareholder's interest may need to be converted into cash to cover Inheritance Tax liabilities or provide for dependants.

Maintaining control and stability of the company during this often turbulent time is key to its continued success. By taking the appropriate legal and financial steps shareholders can be confident that the future holds no surprises.

Partnership Protection

The death of a partner can be extremely damaging to any business. The ability to continue trading and maintain the financial well being of the firm will be vital. In addition, there are other problems which may have to be faced, in the absence of property provision in the Partnership Agreement and insurance cover:

- The partner's interest may pass to an heir who may not have the necessary skills, experience or interest to continue in the business.
- The partner's interest may need to be turned into cash to pay Inheritance Tax or provide for his or her dependants on death.

Raising the finance to buy a partner's interest may involve the sale of assets or finding someone who can afford to buy-in to the partnership. Finding a suitable replacement and raising the money can be difficult and time consuming. If unsuccessful, the partnership may even have to be dissolved. It is clear that partners need to retain continuity, stability and control of the business whatever the eventuality. This can be achieved by making adequate legal and financial provision.

Fee Protection Insurance

HMRC's powers have changed and they now have wider scope than ever before to visit business premises and inspect records. The likelihood of enquiries into a taxpayer's affairs appears to be on the increase. The professional fees in dealing with such enquiries can often be costly so it is advisable to "insure" or subscribe to a tax protection service which will fund these fees in the event of an enquiry or visit. Lamont Pridmore offer such a scheme and full details are available on request.

Pensions

Automatic Enrolment

Automatic Enrolment is a Government initiative to help more people save for later life through a pension scheme at work. In the past, many workers missed out on valuable pension benefits, because their employer didn't offer them a pension, or they didn't apply to join their company's pension scheme.

Under a law introduced in 2012, all employers must eventually offer a workplace pension scheme and automatically enrol eligible workers in it. This requirement has applied to larger employers since October 2012 and will apply to all employers by 2018.

Lamont Pridmore will assist you through all of the Automatic Enrolment stages, offering support and guidance where needed to ensure that you meet your obligations with the minimum impact possible on your day-to-day operations.

Selecting Professional Advisers

Starting your own business obviously entails a multitude of decisions; decisions which can seem overwhelming without the right players on your team. In order to succeed you need to equip yourself with every tool at your disposal.

One of the most cost effective tools you can utilise is the expertise of a specialist. The right accountant and solicitor can eliminate a host of problems and potentially costly errors you might make as you build the financial foundation of your successful business.

The right accountant and solicitor is your best defence. Their expertise can help save you money which in turn can be used to increase profits.

When enlisting the expertise of an accountant and solicitor you want a specialist suited to meet your specific needs. You want a specialist who will listen to you. More importantly, you need someone you can and will listen to as they devise strategies to help you succeed.

You want to succeed - and you can. By taking the time to make key decisions and enlisting the right players on your team - you will succeed!

At Lamont Pridmore we do quantify the value we add to our clients and last year this exceeded the fees we charged by 300%.

We at Lamont Pridmore wish you every success and welcome you to the wonderful world of free enterprise.

Conclusion

You now have a reference guide to starting your business. With it you should be able to successfully handle many of the problems encountered in starting and running a business.

Always remember to seek professional advice regarding areas that you are unsure of. The benefits will far outweigh the cost.

Good luck!

Lamont Pridmore

Chartered Accountants, Tax and Business Advisors
Tourism and Hospitality Industry Specialists
Offices throughout Cumbria

Barrow office
Phoenix Business Centre, Unit 8,
Phoenix Court, Phoenix Road,
Barrow-in-Furness,
Cumbria, LA14 2UA

Telephone: 01229 840261

Carlisle office
Arkle House,
31 Lonsdale Street,
Carlisle,
CA1 1BJ

Telephone: 01228 520118

Carnforth office
33 New Street,
Carnforth, LA5 9BX

Telephone: 01524 732988

Keswick office
8 Stanger Street, Keswick,
Cumbria, CA12 5JU

Telephone: 017687 72182

Penrith office
Middlegate Chambers,
Ullswater Road, Penrith,
Cumbria, CA11 8QT

Telephone: 01768 800380

Kendal office
136 Highgate,
Kendal,
Cumbria, LA9 4HW

Telephone: 01539 732377

Whitehaven office
5 Buttermere Pavilion, Ingwell Hall, Ingwell Drive,
Westlakes Science and Technology Park,
Moor Row, Cumbria, CA24 3JZ

Telephone: 01946 550300

Workington office
Milburn House, 3 Oxford Street,
Workington, Cumbria,
CA14 2AL

Telephone: 01900 65955

Email: info@lamontpridmore.co.uk

Web: www.lamontpridmore.co.uk