



Freedman Frankl & Taylor

chartered accountants & business advisors

# A guide to Independent Businesses



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# Who is this guide for?

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Hi Reader!

If you run your own business, you will know it is not always easy. There are times when it feels great, and other times when it feels like you are making it up as you go along – especially when it comes to your finances.

That's why we've written this guide for independent business owners like you. People who are brilliant at what they do but maybe feel a bit less confident when it comes to things like tax deadlines, budgeting, and cashflow.

We are Sam and Adam, Partners at FFT, and we work with businesses just like yours every day. We have seen the challenges you face (and faced a few of them ourselves as an independent firm). We wanted to write something useful. Something that goes straight to the point and gives you clear, simple steps to keep your business finances in good shape.

In this guide, you will find some ideas to help you get your business structure right, tips on what you can manage yourself and what you might want to outsource, a tax calendar to keep you on track, and some straightforward advice on cashflow and budgeting.

We have also shared some habits we think every independent business owner should build – including a financial checklist, key questions to ask your accountant, and some warning signs to watch out for when things are not quite right.

Think of this as a bit of practical help from two people who are firmly on your side!



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# Getting the business structure in good shape

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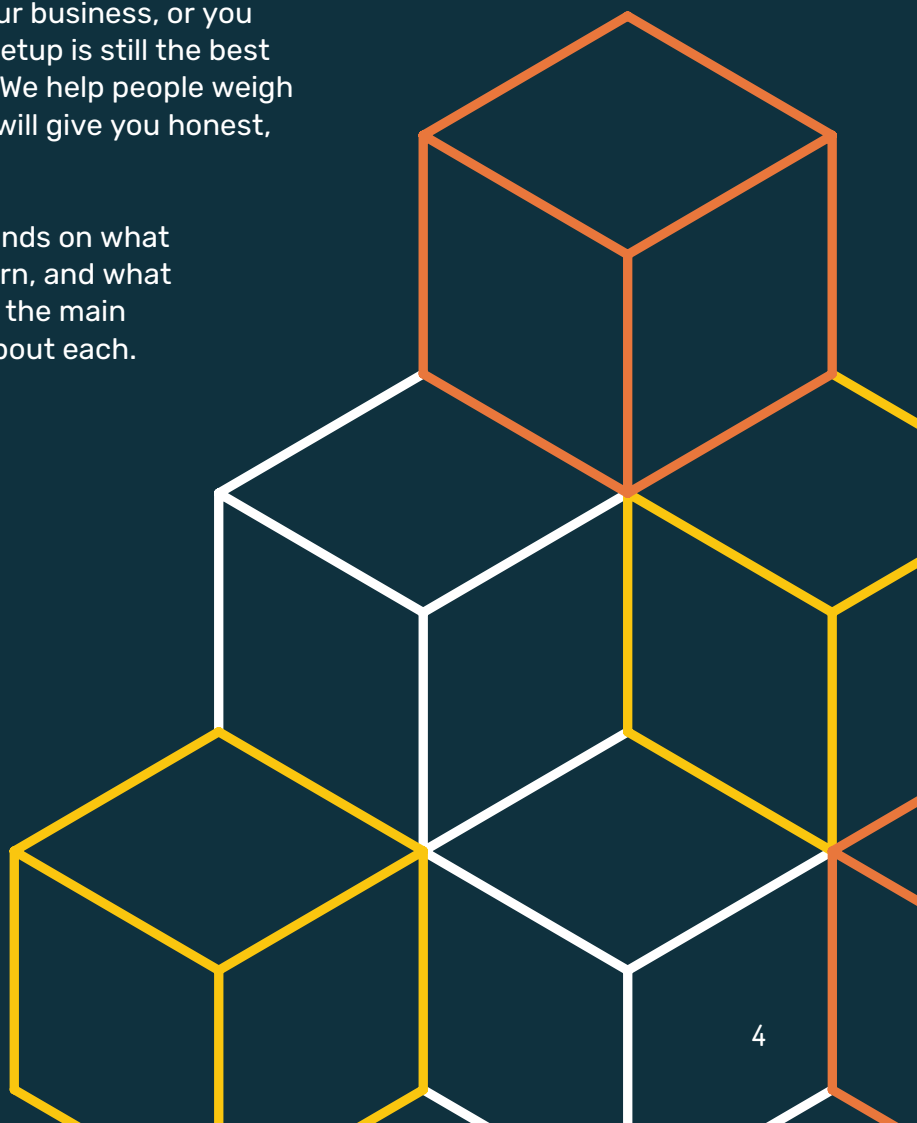
Before you do anything else, it is worth taking a step back and making sure your business structure works for you. We are not talking about reinventing the wheel, but it is surprising how many business owners start out one way and never stop to check if it still makes sense a few years down the line.

Your business structure is the foundation everything else sits on – tax, legal responsibilities, how you pay yourself, and how your business is seen by customers, suppliers and investors.

The good news is that you are not stuck with your first choice forever. Many independent businesses start as sole traders and later switch to a limited company when they grow. Others set up as a company from day one. The important thing is that your structure works for you now – and that you review it when things change.

If you are not sure what is right for your business, or you are wondering whether your current setup is still the best fit, have a chat with your accountant. We help people weigh up the pros and cons all the time and will give you honest, practical advice based on your goals.

There is no 'perfect' structure. It depends on what your business does, how much you earn, and what your plans are for the future. Here are the main options and what you need to know about each.



# Main business structures

## Limited Company

- ✓ The company is a separate legal entity – your personal assets are protected.
- ✓ Can be more tax-efficient at higher profit levels.
- ✓ Often seen as more credible when dealing with other businesses, banks or investors.
- ✓ You can often roll up long term investment profits quicker than if your investments were owned directly, maximising growth.
- ✗ More paperwork: annual accounts, Corporation Tax and Companies House filings
- ✗ Running payroll and keeping records adds admin.
- ✗ Profits belong to the company, not you personally (until you take them out as salary/dividends).

## Limited Liability Partnership

- ✓ A halfway house between a partnership and a company – offering some protection for personal assets.
- ✓ Flexible management structure.
- ✓ Can be more tax-efficient depending on your profits and setup.
- ✗ More paperwork than a simple partnership
- ✗ Annual accounts and confirmation statements must be filed at Companies House.
- ✗ Can be a bit more complex to set.

## Sole Trader

- ✓ Quick, easy and cheap to set up.
- ✓ Fewer admin requirements and less paperwork.
- ✓ All profits belong to you.
- ✗ You are personally responsible for any debts or losses.
- ✗ Can be less tax-efficient once profits increase.
- ✗ Some people see limited companies as more.

## Partnership

- ✓ Simple structure if you are going into business with a partner.
- ✓ Easy to set up and manage.
- ✓ Partners share profits and responsibilities.
- ✗ Like sole traders, partners are personally liable for business debts.
- ✗ Disagreements between partners can cause problems if there is no formal agreement in place.
- ✗ Less protection for personal assets.



# Want to DIY, want to outsource

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We meet lots of business owners who start out handling their own bookkeeping and tax returns, and that is perfectly fine at the start. But there comes a point where DIY-ing your finances turns into lost opportunities – time you could be spending with your customers, developing your products, or taking a well-earned break. So, what should you try to handle yourself, and what should you hand over?

The DIY list (when you are starting out):

- Keeping your receipts and invoices digitally organised.
- Sending invoices to your customers and keeping track of payments.
- Using cloud software like Xero or Sage to record your income and expenses.
- Setting a simple budget for your first year or two.
- Keeping an eye on your bank balance and cashflow.

The outsource list (and when to do it):

- **Payroll:** As soon as you take on your first employee (it is complex, and you will want to get it right).
- **Tax planning:** So you can take advantage of allowances and avoid paying more tax than you need to.
- **VAT returns:** They are fiddly, and mistakes are easy to make.
- **Bookkeeping:** Once you are too busy to keep on top of it regularly.
- **Year-end accounts and Corporation Tax returns:** We make sure you claim everything you are entitled to and stay compliant.
- **Cashflow forecasting and budgeting support:** When you are planning for growth or want more certainty over your finances.
- **Business advice and sounding board support:** A great accountant is not just a number-cruncher; we help you make smarter decisions.

**Remember:** If you ever feel like things are becoming too complicated, it's better to speak to an accountant as soon as possible – preferably one who understands independent businesses like yours.

# Tax calendar

Here is a simplified calendar, specifically for independent businesses, which should provide you a broad overview. However, if you want to view a full tax calendar, please [click here](#).

| January  |   | March |   |
|----------|---|-------|---|
| 7        | VAT returns and payments due for quarter ending 30 November.  | 7     | VAT returns and payments due for quarter ending 31 January.   |
| 22       | PAYE, NICs and CIS payments due (electronic).   | 22    | PAYE, NICs and CIS payments due (electronic).   |
| 31       | <p>Online Self-Assessment tax return deadline.</p> <p>Deadline to pay balancing payment for previous tax year.</p> <p>First payment on account due for the current tax year.</p> <p>Corporation Tax return deadline for accounting periods ended the previous 31 January.</p> <p>Filing accounts with Companies House deadline for accounting periods ended 30 April.</p> | 31    | <p>Corporation Tax return deadline for accounting periods ended the previous 31 March.</p> <p>Filing accounts with Companies House deadline for accounting periods ended 30 June.</p> |
| February |   | April |   |
| 7        | VAT returns and payments due for quarter ending 31 December.  | 6     | Start of the new tax year.  |
| 22       | PAYE, NICs and CIS payments due (electronic).   | 7     | VAT returns and payments due for quarter ending 28/29 February.   |
| 28       | <p>Corporation Tax return deadline for accounting periods ended the previous 28 February.</p> <p>Filing accounts with Companies House deadline for accounting periods ended 31 May.</p>   | 19    | Final payroll submission for the previous tax year (Full Payment Submission or Employer Payment Summary).   |
|          |   | 22    | PAYE, NICs and CIS payments due (electronic).   |
|          |   | 30    | <p>Corporation Tax return deadline for accounting periods ended the previous 30 April.</p> <p>Filing accounts with Companies House deadline for accounting periods ended 31 July.</p> |

| May |   |
|-----|---|
| 7   | VAT returns and payments due for quarter ending 31 March.   |
| 22  | PAYE, NICs and CIS payments due (electronic).   |
| 31  | <p>Corporation Tax return deadline for accounting periods ended the previous 31 May.</p> <p>Filing accounts with Companies House deadline for accounting periods ended 31 August.</p> |

| August |  |
|--------|--|
| 7      | VAT returns and payments due for quarter ending 30 June.   |
| 22     | PAYE, NICs and CIS payments due (electronic).  |
| 31     | <p>Corporation Tax return deadline for accounting periods ended the previous 31 August.</p> <p>Filing accounts with Companies House deadline for accounting periods ended 30 November.</p> |

| June |   |
|------|---|
| 7    | VAT returns and payments due for quarter ending 30 April.   |
| 22   | PAYE, NICs and CIS payments due (electronic).   |
| 31   | <p>Corporation Tax return deadline for accounting periods ended the previous 30 June.</p> <p>Filing accounts with Companies House deadline for accounting periods ended 30 September.</p> |

| September |   |
|-----------|---|
| 7         | VAT returns and payments due for quarter ending 31 July.  |
| 22        | PAYE, NICs and CIS payments due (electronic).   |
| 30        | <p>Corporation Tax return deadline for accounting periods ended the previous 30 September.</p> <p>Filing accounts with Companies House deadline for accounting periods ended 31 December.</p> |

| July |   |
|------|---|
| 6    | Deadline to give employees P11Ds and submit to HMRC.  |
| 7    | VAT returns and payments due for quarter ending 31 May.   |
| 22   | PAYE, NICs, CIS and Class 1A NIC on benefits due (electronic).  |
| 30   | <p>Corporation Tax return deadline for accounting periods ended the previous 31 July.</p> <p>Filing accounts with Companies House deadline for accounting periods ended 31 October.</p> |

| October |  |
|---------|--|
| 5       | Register for Self-Assessment if newly self-employed in the previous tax year.  |
| 7       | VAT returns and payments due for quarter ending 31 August.   |
| 22      | PAYE, NICs and CIS payments due (electronic).  |
| 31      | <p>Deadline to file paper Self-Assessment tax return.</p> <p>Corporation Tax return deadline for accounting periods ended the previous 31 October.</p> |



## November

|    |   |
|----|---|
| 1  | The Energy Profits Levy (EPL) rate will increase to 38 per cent, the investment allowance will be scrapped, and the decarbonisation allowance rate set at 66 per cent to maintain its cash value. |
| 2  | Forms P46(Car) for the quarter ended 5 October (where benefits are not payrolled) to reach HMRC.  |
| 7  | VAT returns and payments due for quarter ending 30 September.   |
| 22 | PAYE, NICs and CIS payments due (electronic).   |
| 30 | Corporation Tax return deadline for accounting periods ended the previous 30 November.<br><br>Filing accounts with Companies House deadline for accounting periods ended 28 February.             |

## December

|    |  |
|----|--|
| 7  | VAT returns and payments due for quarter ending 31 October.  |
| 22 | PAYE, NICs and CIS payments due (electronic).  |
| 30 | Deadline to submit Self-Assessment tax return if you want tax collected through PAYE code.   |
| 31 | Corporation Tax return deadline for accounting periods ended the previous 31 December.<br><br>Filing accounts with Companies House deadline for accounting periods ended 31 March. |



# Our cashflow advice

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Put simply, cashflow is the money coming into and going out of your business. It includes things like customer payments, supplier bills, wages and tax payment. A positive cashflow means you have more money coming in than going out. A negative cashflow means the opposite – and not fixed, it can lead to problems paying your bills.

## Common cashflow challenges

Cashflow problems can affect businesses of all sizes and in all sectors. Some of the most common causes include:

- Slow-paying customers.
- Unexpected tax bills.
- Stock management issues.
- Seasonal dips in sales.
- Taking on too many costs too quickly during growth.

With the right advice and regular forecasting, many issues can be planned for and avoided.

## Practical tips to improve cashflow

- Send invoices promptly and chase payments regularly.
- Consider shorter payment terms for your customers.
- Negotiate longer payment terms with your suppliers (if possible).
- Keep a close eye on your outgoings and cut unnecessary spending.
- Prepare regular cashflow forecasts to spot shortfalls in advance.
- Set aside funds for tax liabilities such as VAT, Corporation Tax and Income Tax.
- Think ahead about big expenses like equipment purchases or seasonal staff.

## When to get professional advice

While many aspects of cashflow can be managed day to day, some areas need technical knowledge. If you are dealing with things like:

- Tax planning and cashflow forecasting.
- Funding and finance options.
- Restructuring payment terms.
- Recovering from cashflow shortfalls.
- Setting up financial systems to manage cashflow automatically.

Always get advice from an accountant or financial adviser.

# Your budgeting template

| Income         |                    |  |  |
|----------------|--------------------|--|--|
| Income source  | Monthly amount (£) |  |  |
| Sales income   |                    |  |  |
| Service income |                    |  |  |
| Rental income  |                    |  |  |
| Other          |                    |  |  |
| <b>Total</b>   |                    |  |  |

| Income                     |                    |            |            |
|----------------------------|--------------------|------------|------------|
| Expense type               | Monthly budget (£) | Actual (£) | Difference |
| Rent and utilities         |                    |            |            |
| Salaries and wages         |                    |            |            |
| Subcontractors/freelancers |                    |            |            |
| Marketing                  |                    |            |            |
| Insurance                  |                    |            |            |
| Professional fees          |                    |            |            |
| Office supplies            |                    |            |            |
| Travel and transport       |                    |            |            |
| Software and subscriptions |                    |            |            |
| Loan repayments            |                    |            |            |
| Tax payments               |                    |            |            |
| Other                      |                    |            |            |
| <b>Total</b>               |                    |            |            |

| Summery             |            |  |  |
|---------------------|------------|--|--|
| Summery item        | Amount (£) |  |  |
| Total income        |            |  |  |
| Total expenses      |            |  |  |
| <b>Net cashflow</b> |            |  |  |

# Building good habits

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Good financial habits are the foundation of a healthy, sustainable business. By staying on top of your finances every month, knowing when to check in with your accountant, and spotting warning signs early, you give your business the best chance of success. Here is how to build those habits.

## Your monthly financial checklist

Every month, set aside time to check in on your business finances. A simple monthly checklist might include:

- Reviewing your cashflow and bank balances.
- Checking your sales and income against your targets.
- Reconciling your bank statements.
- Reviewing upcoming bills, tax payments and loan repayments.
- Making sure your invoices have been sent and chasing overdue payments.
- Checking your VAT position (if applicable).
- Saving for future tax payments, such as Corporation Tax or Income Tax.
- Backing up your financial records securely.

You do not need to wait for your accountant to do these tasks – doing them regularly will help you understand your numbers and avoid surprises.

## What to ask your accountant and when

A good accountant should be part of your team, not someone you speak to once a year. Here are some helpful questions to ask.

### Monthly or quarterly:

- Are we on track to meet our tax and VAT obligations?
- How is our profit looking this month/quarter?
- What changes can we make to improve profits or reduce tax?

### Annually:

- Can you help with our year-end accounts and tax returns?
- Are we claiming all the reliefs and allowances we can?
- Should we change how we structure the business to be more tax-efficient?
- Can you help with our financial forecasting for next year?

## Ad hoc:

- I am thinking of buying equipment, vehicles or property – what is the best way to finance it?
- We want to hire new staff – what do I need to budget for?
- Our sales are falling/rising – what impact will this have on tax and cashflow?
- I am thinking of taking dividends or bonuses – how much can I take without causing issues?

**Remember:** The earlier you ask us, the more options we will have to help and guide you.

## Ten financial red flags (when to call in the cavalry)

If you spot any of these signs in your business, speak to your accountant or a financial adviser sooner rather than later:

1. Cashflow is consistently negative.
2. You are struggling to pay suppliers, staff, or HMRC on time.
3. Your tax bills are much bigger than expected.
4. You are using personal savings or credit cards to keep the business afloat.
5. Sales are falling but costs are staying the same (or rising).
6. Profit margins are shrinking and you are not sure why.
7. You have large amounts of unpaid invoices (bad debts).
8. You are making losses for more than one period in a row.
9. Your financial systems are outdated or you do not understand your reports.
10. You are losing sleep over money worries.

The sooner you act, the easier it is to fix. Do not wait until the next tax deadline or accounts meeting to raise the alarm.

## Need help building good habits?

If you would like help setting up financial systems, getting into good habits or making sense of your accounts, we are here to help.

**Get in touch today** for practical advice and support tailored to your business.



# Our final thoughts

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Running a business is hard enough without the added stress of staying on top of the numbers. We know it feels worrying like when cashflow is tight, when tax deadlines sneak up on you, or when you are not quite sure what the accounts are telling you.

But the good news is – you do not have to figure it all out on your own. Whether you are just starting out, planning your next big step, or facing a financial challenge, having the right advice (and someone on your side) makes all the difference.

We believe that building good financial habits, asking for help early, and keeping things simple is the best way to run a business that works for you – not the other way round.

If anything you have read here sounds familiar, we would love to help. Send us an email, give us a call or pop in for a chat – no jargon, no pressure, just practical advice that helps you sleep a little easier at night.

We look forward to speaking with you soon!

Sam Becall and Adam Caplan

The Partners, FFT Chartered Accountants

## Get in touch

If you want to explore how we can work together? We'd love to hear from you.

Please send us an email on [mail@fft.co.uk](mailto:mail@fft.co.uk) or call our team on **0161 834 2574**








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