



# BUSINESS FINANCE AND ACCOUNTING

FREQUENTLY ASKED  
QUESTIONS (FAQS)



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# HOW DO I KNOW IF I SHOULD REGISTER MY BUSINESS?

**If you are able to answer YES to any of the points below then it is probably time to register your business.**

01

**You have earned or plan to earn more than £1,000?**

**Please note:** You are able to earn up to £1,000 without having to register with HMRC as **self-employed**.

02

**You are regularly engaged in sales for the sake of profit.**

If you are in the business of making purely profit you should ideally be registered.

03

**You are providing services or earning a commission for promoting someone else's products or services.**

04

**If you need to be able to prove to banks and other institutions hows you make your income.** For example, if you want to obtain a business loan, you need to show the lender how you make money.

# WHICH COMPANY REGISTRATION IS BEST FOR ME?

## Self-employed/Sole trader:

What is it?



An individual working for themselves entitled to all the profits and income of the company.

ADVANTAGES	DISADVANTAGES
The individual is entitled to ALL the profits of the business after expenses and tax.	The Companies finances and liabilities are NOT separate from the owner.
There is only one organisation to report to - HMRC for self-assessment and tax.	You can/will be personally affected if your company issued/taken to court or any negative thing happens.
Generally cheaper to run/manage from an administrative perspective.	You <b>CANNOT</b> be an employee in your company or take a "salary" therefore it cannot be an expense.
	You <b>CANNOT</b> claim VAT Exemptions

# WHICH COMPANY REGISTRATION IS BEST FOR ME CONT.

## Limited company:

What is it?



A company owned and managed by one or more Directors, who each hold/own one or more shares in the company.

ADVANTAGES	DISADVANTAGES
The Companies finances and liabilities are separate from the owners.	Higher administrative burden reporting to HMRC & Companies House.
The company can have one or more directors to share the responsibilities.	The profits of the company are subject to tax AS WELL as directors earnings.
Can be eligible for VAT Exemptions	Generally more expensive to manage.
Can appear more professional	The money/profits of the business belong to the company not you as an individual therefore must be formally "withdrawn" if you are to spend from it.
Can allow you to pass on assets to family members via shares.	

# WHEN DOES YOUR BUSINESS NEED AN ACCOUNTANT?

## Your business needs an accountant if:

- 01 If you **DO NOT** know how to register your business.
- 02 You are **UNABLE** to calculate the business's income & expenses.
- 03 You are unfamiliar with the HMRC tax return submission system.
- 04 You are **UNABLE** to or **DON'T** understand how to complete your tax returns.
- 05 You need to complete your business's year-end financial reports (Income statement & Balance sheet) for submission to companies house.
- 06 To help you with other (non-legal) financial calculations and submissions. For example, if you need to produce a financial history or forecast report as part of your business plan, or to apply for funding.
- 07 You are ready to delegate and need to give yourself more time.

# DO I NEED TO REGISTER AND OR COMPLETE A SELF-ASSESSMENT?

**Those required to register for Self-Assessment include:**

- 01 You were self-employed as a 'sole trader' and earned more than £1,000 (before taking off anything you can claim tax relief on).
- 02 You were a partner in a business partnership.
- 03 You had a total taxable income of more than £100,000.
- 04 You had to pay Capital Gains Tax when you sold or 'disposed of' something that increased in value.
- 05 You had to pay the High Income Child Benefit Charge.
- 06 You are a director and you receive a Dividend or salary through your company.

# CLAIMABLE EXPENSES FOR THE SELF-EMPLOYED

**If you are self-employed, you can claim the following business expenses:**

**01**

Accountancy Fees

**02**

Accommodation expenses whilst on business travel

**03**

Bank charges, credit card costs and financial charges

**04**

Business Insurance policies

**05**

Employee expenses (but not your salary as the company owner)

**06**

Business rent, rates and security

**07**

Eyesight tests

**08**

Fixed assets - e.g. equipment and office furnishings

**09**

General office costs and business purchases

**10**

Business mileage

**11**

Travel and subsistence

**12**

Legal and other professional fees

**13**

Marketing, advertising and public relations

**14**

Professional fees and subscriptions

**15**

Telephone, mobile & broadband expenses

**16**

The use of your home office.

**17**

Training expenses - (must be directly related to the income which is currently being generated by your business)

**18**

Work uniform and/or protective clothing



# PLEASE NOTE



- ➔ **Please note:** in the case of all business expenses, they must be incurred wholly and exclusively.
- ➔ If any of the expenses have a personal and business element (dual purpose) you can only claim for the %/£ amount that equates to how much of it was used for the need of the business. In such a case there would need to be clear evidence of this.
- ➔ If you do not have receipts and/or accurate records you may be able to claim standard flat rates for some of these expenses via the **Simplified Expenses** system set up by the HMRC

# EXPENSES YOU CANNOT CLAIM AS A SELF-EMPLOYED

## Business losses from previous years.

01

You can bring forward losses from the previous financial years\* which will offset against your profits for the current financial year.

02

This could potentially decrease the tax you may need to pay in a year. Please disclose this to your accountant as part of the information you provide in your self-assessment.



**\*RECEIPTS AND EVIDENCE OF PAYMENTS FROM PREVIOUS YEARS WILL NEED TO BE RETAINED.**

# WHAT CAN I CLAIM VIA MY LIMITED COMPANY BUSINESS?

**In the case of all of these expenses, they must be incurred 'WHOLLY & EXCLUSIVELY' for the cause of your business with relevant records kept were necessary.**

**01**

Accountancy Fees

**02**

Accommodation expenses whilst on business travel

**03**

Bank charges, credit card costs and financial charges

**04**

Advertising, marketing and PR expenses

**05**

Business Insurance

**06**

Business rent, rates and security

**07**

Charitable Donations

**08**

Annual staff event - (£150 per head)

**09**

Employee salary costs & expenses

**10**

Equipment expenses

**11**

Fees and expenses of forming your limited company

**12**

Fixed assets; purchase and disposal

**13**

Other office costs and purchases

**14**

Legal and other professional fees.

**15**

Mobile phone, landline and broadband expenses

**16**

Pensions (annual limit of £40,000 applies)

**17**

Professional fees and subscriptions

**18**

Training costs - that improve on existing skills not for MBA's or courses that offer new skills and knowledge

**19**

Travel and subsistence

# WHAT CAN I CLAIM VIA MY LIMITED COMPANY BUSINESS CONT.

**You can claim the following expenses via your limited company:**

**20**

**Business mileage, Car, Van and Travel expenses - for getting to a temporary place of work not for 'ordinary commuting'.**

These will include:

- a) vehicle insurance
- b) repairs and servicing
- c) fuel
- d) parking
- e) hire charges
- f) vehicle license fees
- g) breakdown cover
- h) train, bus, air and taxi fares
- i) hotel rooms
- j) meals on overnight business trips

**21**

**Gifts and trivial benefits - That meet the following criteria**

- a) cost less than £50
- b) is not cash or a cash voucher
- c) is not a reward for work/performance
- d) is not included in their contract.

**22**

Annual healthcare check-ups and Eye tests

**23**

Use of your home as an office - (£6p/w or £312per year)

# WHAT CAN I NOT CLAIM VIA MY LIMITED COMPANY BUSINESS?

**You CANNOT claim the following expenses via your limited company:**

**01**

Childcare costs and expenses (there are other government schemes for this)

**02**

Entertainment expenses

**03**

Business losses from the previous years



**ANY PREVIOUS YEAR'S LOSSES WILL AUTOMATICALLY BE BROUGHT FORWARD AS PART OF YOUR COMPANY ACCOUNTS PRODUCTION.**

**YOU DO NOT NEED TO TAKE ANY FURTHER ACTION.**

# YOU MADE IT THIS FAR!

I do hope you found this document useful in helping to answer your questions and provide clarity regarding your business finance and accounting needs.

**Are you ready to work with  
Benedicta and the BeniRatio  
Finance Team?**

Click the button below



**SCHEDULE A CALL!**