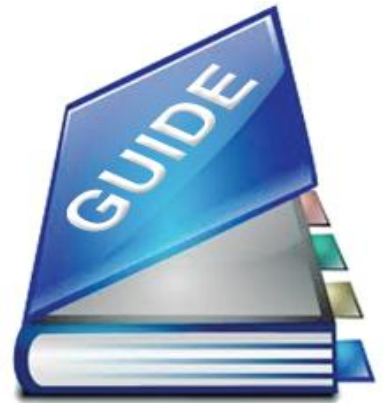




**ACCOUNTS DIRECT**

A GATEWAY TO ACCOUNTING SOLUTIONS



How can you **ensure** that your new business will **succeed**?



**idea**

Call Us Now: **0800 0699507**



# Contents

## 1. Bespoke accounting

## 2. Choosing the right business option

- ➔ Limited Company
- ➔ Working directly through an agency
- ➔ Sole Trader
- ➔ Umbrella Company
- ➔ Partnership
- ➔ Offshore Company
- ➔ Limited Liability Partnership



## Bespoke accounting

If you are searching for an accountancy team who are reliable, proactive and approachable, to work alongside you to help you succeed, then you have come to the right place.

As a company Accounts Direct prides itself on delivering excellent levels of service through highly personal, individual attention. We understand the pressures you face and can provide a full range of specialised services to suit all your company and individual needs.

Our business is to help your business to build wealth. We believe in a proactive, individual approach to your financial and accountancy needs. Working with us, the process begins by meeting for an initial consultation.

This first meeting, which is free, will help us to understand not just how your business operates but also your individual priorities so that we can develop a close, professional working relationship.

## Accountancy Services

Do you leave your accounts to the last minute? Always running out of time? Let us ensure you do not miss any filing deadlines and prepare your year-end accounts for you. Unlike many other accountants, we will take the time to explain your accounts to you as we feel this process is invaluable to aid your understanding

## Business Start Up

You will be advised on the best structure for your business – partnership, limited company or sole trader. All the formalities of setting up a business will be done for you so you can concentrate on the business. With our guidance you can be up and running for business in just a few days.



## Accountancy, Bookkeeping and VAT

Management accounts, VAT returns, key performance indicators and end of year reports are all very important business documents that deserve expert attention. Keeping everything in an orderly fashion not only gives you peace of mind but also confidence that your business is on the right track.

## Annual Financial Accounts

Running your own business can be time consuming. There are always compliance tasks to be carried out to ensure that your business remains legally compliant. A prime example is your year-end financial accounts.

## Choosing the Right Structure

We can help you consider the best commercial structure, be it as a sole trader, limited company or limited liability partnership. You may need assistance in dealing with company formation, VAT registration, setting up your book-keeping system, Sage training etc., or negotiation with banks and other sources of finance.

## Personal Tax - Self Assessment

Under Self-Assessment, the onus is now on individuals to complete their own Tax Returns and to ensure that they pay the right amount of tax. Self-Assessment applies to anyone who is self-employed including business partners, Company Directors.

## Free Initial consultation

Please feel free to contact us to arrange a free, no obligation meeting. We can discuss your needs and how we can be of benefit to you. No case is too small. We will assist you in completing your tax returns and obtaining tax refunds where possible.



## Business Advisory

We are able to assist with the full spectrum of business planning assignments and many of the processes that need to be taken into account in any strategic planning. These often include the following services: Valuation Services and Share Option Schemes.

## Tax

Accounts Direct provides the full spectrum of tax advice to both corporate and private clients. We possess the expertise and in-house systems to ensure that you and your business are compliant with all current legislation

Thank you for getting back to me so quickly! As you know, getting my tax return back on time was causing me to have a lot of sleepless nights, now that it has been submitted I am sleeping like a baby!

Dr M A Saleem. (Middlesbrough)



## Choosing the right business structure for you

---

When you work as a contractor, there are several different business structures or vehicles you can choose to operate through. You may have heard of people choosing to work under Umbrella Companies, for example, or setting themselves up as Limited Companies. The ideal route for you will depend on your own specific circumstances, as each represents a different 'package' of tax benefits, cost, and administration effort.

Accounts Direct is here to help you choose the most tax-efficient business structure based on your particular circumstances and objectives. You can rest assured that the advice we give you will be completely impartial, and that we will help you find the best option for you. We can also help with the necessary setup processes for each option.

- ✚ Limited Company
- ✚ Working directly through an agency
- ✚ Sole Trader
- ✚ Umbrella Company
- ✚ Partnership
- ✚ Offshore Company
- ✚ Limited Liability Partnership





## Limited company

Working as a limited company is now the most popular choice for contractors, freelancers and consultants. One of the main reasons for this is because it's often the most tax efficient way of managing your finances. But it's not all plain-sailing: the administrative burden involved with a limited company can be hard work.

Accounts Direct are specialist accountants for contractors, freelancers and consultants. We'll relieve you of the hassle involved with running a limited company so that you can get on with making your business profitable.

### What is a limited company?

- Liability of those involved is limited to their investment in the company
- Even if a limited company is wholly owned by you, it is legally distinct from yourself
- Allows you to pay yourself a combination of director salary and dividends

### What are the benefits of a limited company?

- **Tax efficiency.** Legally save on tax; retain more of your profits.
- **Low liability.** Your business' and your own personal financial and tax affairs remain separate. Any liability or loss is the company's, not yours.
- **Kudos.** Gain instant credibility from being a company director. Plus, some organizations work exclusively with limited companies.
- **Established name.** Because your company must register at Companies House, the name of your business legally belongs to you.
- **Moving on.** If you decide you want to sell your company and move on, it's easily done.



## Your responsibilities as company director

Legally, a limited company requires at least one director. If you're setting up your own business, that director will likely be you. There are great rewards to being a director, but huge responsibilities too. That's why it is imperative to have experts such as Accounts Direct inside.

We've compiled a brief guide to what is expected of you as company director, or alternative or additional company directors.

## Appointing your director

This initial step sets a precedent for your company. Note that the director must be a *person*; another company does not qualify.

- It's recommended you come to a mutual agreement on the appointment of the director with any shareholders involved. Even if you're the only person up for the role, this will set a good standard.
- A new director or additional directors can be appointed at any time, provided this adheres to your Articles of Association. Companies House must be informed within 14 days of new appointments.
- Not everyone is eligible to become a director. 16 is the minimum age of appointment. Other non-eligible candidates include auditors for the same company, undischarged bankrupts and those who have been disqualified for previous conduct.
- If a director is to be appointed for a period longer than 2 years, this *must* be officially approved by shareholders.





## Directors' powers

It is important to know what rights and limits there are regarding what directors can do within the company. These are defined in the company's Articles of Association.

- Directors must adhere to the Articles of Association at all times.
- A satisfactory degree of skill and care in the role of director must be proved.
- If the company was established on or before 1 October 2009, directors have no restrictions unless the Articles of Association states otherwise.
- Companies established prior to 1 October 2009 will have listed their objectives in the Memorandum of Association. Such objectives are now part of the Articles.
- Acting outside objectives can lead to legal action against directors.

## Fiduciary responsibilities

It is vital that as company director, you effectively manage and balance the interest of shareholders, employees and various other groups, along with the reputation of the company as a whole.

- Directors must always consider the effects of a decision on everyone – no matter how big or small their role in the company – before putting it into practice.
- Directors are not entitled to make any personal profit from the company. Similarly, if a conflict of interest arises, this must be declared.

## Responsibilities under company law

It is the responsibility of the directors to ensure their company is functioning within its own laws, and law in the wider sense. That means:

- Filing statutory returns with the Registrar of Companies.
- Filing accounts with Companies House, and officially recognising personal responsibilities regarding the company's accounts.
- Holding AGMs when requested to do so by 5% or more of members.
- It is illegal to continue running a business while incurring debts when possessing no reasonable plan for paying salaries or delivering on customer promises. As director, you must ensure this does not happen. You must also place appropriate values on your assets.



## More legal duties

Aside from those mentioned above, there are additional legal duties you must adhere to as director. These include:

- Making sure the company is working in line with the latest employment laws
- Retaining fair work practices
- Ensuring health and safety among all employees
- Ensuring tax, VAT and NIC are paid

## Personal liability and penalties

Know that there can be serious consequences for you as director *personally* for illegal acts or debts within the company. Consequences could include disqualification from being a director, or even criminal conviction. Ways to avoid such things are:

- Keeping a close eye on company finances
- Taking expert advice if the company is in financial trouble
- Keeping minutes of all directors' meetings
- Arranging suitable liability insurance

**Want to know more about setting up as a limited company?** Accounts Direct can advise you. Call 0800 0699507 or email [info@account-direct.com](mailto:info@account-direct.com)



## Working directly through an agency

Choosing to work through an agency does have its benefits. The agency will source work on your behalf, plus there is a degree of flexibility and variety to your work schedule. On the other hand, you'll receive less take home pay, and it is very difficult to build a career as a contractor from agency work.

Working through an agency means you may get less hourly rate and will have to pay

PAYE 20 To 40% depending on the income

Employee's National Insurance 12%

On the plus side, there is no risk of IR35.

## When is working through an agency right for you?

- ➔ If you want occasional work, or work to fill in the gaps for other occasional employment.
- ➔ If you have no long-term plans to build and grow a small business of your own.
- ➔ If you are happy for the agency to source work and sort taxes on your behalf, in exchange for a cut of your wage.

We are just a start up business. Dealing with your company was not only refreshing but has helped us to save a lot of man hours in how we manage our accounts.

**Mr. J Davis.** (Croydon)



## Sole traders

Starting out as a sole trader is simple, quick and cheap. That applies whether you classify yourself as a freelancer, consultant or contractor. It usually just takes a quick call to HMRC to get going. There are no setup fees either.

Of course, there are still things to consider. Not only is the onus on you to source work, but responsibility and liability for the whole business rests with you. This is true for you tax obligations too. That's where Accounts Direct can help.

### There are many benefits to setting up as a sole trader.

- **Less bureaucracy.** Minimal administration means anyone can self-start.
- **No setup fees.** Just register with HMRC to get started.
- **Complete control.** Answer only to yourself.
- **Privacy.** Limited companies must put certain details on public record. You don't.
- **Expense allowances.** Keep track of any expenses, and claim tax relief at the end of the tax year.
- **Flexibility.** Steer your business in the direction you want to. Decide your own hours.
- **Easy accounting.** Much less bureaucracy than a limited company.
- **Keep profits.** Whatever you make, you keep.

Enjoy all of these perks, while Accounts Direct keeps on top of your finances.

### What are the taxes?

- 40% if you're earning in excess of £37,000
- 50% if you're earning in excess of £150,000

Accounts Direct has helped plenty of sole traders before, and we can do the same for you. We will discuss your options in detail to make sure you choose whatever is right for you and your business.

Speak to us today. Call 0800 0699507 or email [info@account-direct.com](mailto:info@account-direct.com)



## Umbrella Company

When you work under an umbrella company, it's not much different to having an employer. The umbrella company basically acts as a middleman between you and whoever is benefitting from your services. Most admin and taxes will be processed on your behalf, but you'll also pay more than if you were going it alone. In essence, you're not actually working as a contractor, freelancer or consultant.

### What are the pros?

- The majority of paperwork is completed on your behalf. Tax is also automatically deducted.
- Ideal if you are contracting for short periods of time or make less than £25k per annum.

### What are the cons?

- Obligation to pay fees, full PAYE Tax and NI insurance (13.8%). Ultimately this way, you do not retain as much of your profits.
- The Agency Workers Regulations (AWR) of October 2011 means that contractors working more than 12 weeks will now lose even more in profits.
- Dependence on the umbrella company to deal with your wages.
- Risk that the umbrella company may go into administration.

### Is the umbrella approach right for you?

- **Probably:** If you earn less than £25k per annum, only want occasional work, and have no plans to build up your own business.
- **Probably not:** If you earn more than £25k, want to contract full-time, and plan to build up your own business.

**Still unsure whether an umbrella company is right for you?** Accounts Direct are specialist accountants for contractors, freelancers and consultants. For more information and advice, speak to us today. Call 0800 0699507 or email [info@account-direct.com](mailto:info@account-direct.com)



## Partnership (also known as “Common-law partnerships”)

The advantages and disadvantages of setting up as a partnership are very similar to those of a Sole Trader. For example there is no need to register with Companies House, and any profits you make are subject to income tax and National Insurance contributions (even if you reinvest the profits in your business). The key difference is that while a Sole Trader is by definition a single individual, a partnership is set up jointly between two or more individuals.

In this model, each partner owns the business, and because the business and the owners are legally indistinct, each owner shares liability for any debts the business incurs. This means that if one partner cannot cover his share of any debts, the other partner(s) will be liable for them.

As with setting up as a Sole Trader, setting up as a partnership requires registration with HMRC, VAT registration and filing of an annual Tax Return. Accounts Direct can assist with all of these processes if you decide a partnership is the appropriate business structure for you, and we can even help you open a suitable bank account.

I would like to say a special thank you for the excellent service and I am glad to say you have exceeded my expectations and restored my faith in accountants.

**Ms F Abalihi.** (London)





## Offshore (sometimes called “Offshore Employee Benefit trust”)

Accounts Direct does not endorse or recommend schemes run from 'tax havens' such as the Isle of Man, Switzerland or the Channel Islands which claim to be able to reduce your tax liability to around 10%. Typically, a contractor in this setup is paid a very small salary on which he or she pays tax and National Insurance contributions, but receive the majority of your salary in the form of a loan.

As well as being inherently risky, because the setup works on the basis that the business making the loan will never ask you to pay it back, the schemes fall foul of recent HMRC legislation. Moreover, should you find yourself being investigated, it is likely that you will be required to repay in full the amount of tax you believe you have 'saved' by choosing this route.

Accounts Direct strongly recommends that you do not pursue this business option. Offshore schemes are legally dubious and you run a significant risk of running into trouble with the UK tax authorities.

Given that alternative – and fully legitimate – options are available which can reduce your tax bill very significantly, it would be unwise to choose to operate through an Offshore Employee Benefit trust.

Accounts Direct have been brilliant. They took all the stress away of a messy personal tax and NI situation. They dealt with the matter very quickly and I have no hesitation in recommending them to anyone who is wondering where to turn to for help with HMRC matters.

Ms Dianne Donsen



## Limited Liability Partnership (also known as “Corporate Partnerships”)

A Limited Liability Partnership does for partnerships what a Limited Company does for Sole Traders. That is, it establishes the business as a legally separate entity from its owners (in this case, described as “members”). This means that the members do not have liability for the debts of the company.

Two or more individuals may establish a Limited Liability Partnership by registering with Companies House. Members of a Limited Liability Partnership are considered to be self employed, and must therefore register with HMRC. Members “draw” payment from the Limited Liability Partnership, which are not offset against the profits of the Limited Liability Partnership for tax purposes.

Accounts Direct can help you if you decide that a Limited Liability Partnership is the best way to approach your business. We can register you with Companies House, and also register all members with HMRC, as well as administering your accounts and filing your annual returns.

I would personally like to thank you for helping get my accounts sorted out. It was one of those projects you put on the back burner until it becomes a major problem.

Can't thank you guys enough.

**Dr. S Khan.** (Uxbridge)



## Our guiding principles

Five guiding principles govern everything we do at Accounts Direct, and along with our accounting experience, our integrity, and our understanding of contractors' needs, we think they're a major factor in our success.

### We always put our clients first

At Accounts Direct, our clients are at the very centre of our business. We take the time to get to know you and understand your circumstances so that we can deliver the best service possible, and we love receiving constructive feedback.

### We give our staff the room to grow

A well-trained, motivated team will always deliver the best results. That's why we invest heavily in training and developing our people, making sure they have all the skills, knowledge and support they need to serve you as effectively as you would expect. We also make sure they can see a pathway for their own progression. The net result? They're happy, you're happy, and we're happy too.

### We can serve you better by working together

A great team is more than the sum of its parts. We make the most of our staff's huge diversity of skills, knowledge experience, using it to benefit all our clients. Working together also means ensuring that you're as engaged with the process as you want to be – and that you've every opportunity to get in touch with us when you need to tell us anything, or find something out.



## We want to be good, and stay good

We are proud to offer an exceptional level of service to our clients, but if we rested on our laurels we'd quickly start to fall short. So to stay at the top of our game we keep our foot on the pedal, keep learning, and take every opportunity to push ourselves just that little bit harder. That means you'll keep getting top-notch service for as long as we work together.

## We're in it for the long haul

Our business model is predicated on developing lasting partnerships with our clients. Since we know that the only way to get your loyalty is to earn it, you can trust us to keep your best interests firmly in mind at all times, and to be there whenever you need to talk to us.

### Contact Us:

Accounts Direct Limited  
37th Floor, 1 Canada Square Canary Wharf,  
London, E14 5AA

Telephone: 0800 0699 507

Fax: 0207 183 1550

Email: [info@account-direct.com](mailto:info@account-direct.com)