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MONEY BOX LIVE

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LEWIS: Hello. A record number of people now say they're self-employed - more than 4.5 million, around 1 in 7 of the working population - and most of them work from home. So today's Money Box Live is about the issues that face people starting a small business. It can be a lonely life whether they just employ themselves and run it from the back bedroom or if they have premises and expansion ambitions. If turnover's less than a million pounds a year, you're generally thought to be small, and we're here to answer your questions. How do you raise finance for that early investment? How do you research the market? And what are the advantages and drawbacks of working from home? Are there networks and organisations that can help and what about tax? A second payment on account for self-assessment is due at the end of this month. Do you have to register for VAT? When do you have to tell HMRC about your business? Well whatever your small business or self-employment question on finance, starting up and tax, why not call Money Box Live now? 03700 100 444. With me today to answer your questions are Amanda Murphy who is Head of Business Banking at HSBC; Emma Jones is founder of the small business network Enterprise Nation; and Elaine Clark is the Managing Director of CheapAccounting.co.uk. And our first question is from Ryan who's calling from Hampshire. Ryan, your question?

RYAN: Hi. I started my business about a year and a half ago and I want to now expand, and I'm looking for a loan of £30,000 and I was just wondering if there was anybody else that we could go to besides the bank?

LEWIS: *(laughs)* Okay. Well let's start with Emma Jones. Where do you get money

from?

JONES: So Ryan, great to hear that you're looking to expand. So I have a bank sitting to the left of me, so I'm cautious in kind of responding to this question, but you can look at an alternative. There's a great website called Instant Working Capital, Iwoca.co.uk, which was specifically set up to help online businesses raise funding. You're a little bit beyond the time period, but Start Up Loans is a government programme. That's for businesses less than 12 months, so you're a little bit beyond that. But another site you might want to look at when you're 2 years and beyond in trading - so if you can wait just a little while, 6 months longer - is a great website called Funding Circle, which is peer-to-peer-lending where the crowd lend you the money. So I'd say take a look at Iwoca - it stands for Instant Working Capital, which sounds like what you need - or maybe have a look at Funding Circle as well.

LEWIS: And I think when people go to the bank, they probably know the kind of thing the bank's going to ask them. What sort of information do they need? Is it much the same as you'd take to the bank?

JONES: It is. So you need a really strong business plan, and essentially anyone who you're going to say please lend me money wants to know how they're going to get it back. So as long as you can show what your sales are coming in, how you can pay that £30,000 back - I don't know what your turnover is - but show how that will increase so the lender gets their money back. So make sure that business plan is in place before you approach any of these potential lenders.

LEWIS: Amanda Murphy from HSBC, is that the sort of thing you want to know? What can you say to Ryan?

MURPHY: I think I'd say to Ryan is have a look ... You know when you're doing your business plan, there's a great deal of resources out there to help you. One of the biggest reasons that customers get turned down for additional lending is because they don't have a business plan in place and they can't sell their story. If you look on our knowledge centre, we've got some tremendous material there that will help you draft that business plan.

LEWIS: Ryan, can I ask you do you have a business plan?

RYAN: Yeah, I've done a business plan and I'm going to see HSBC tomorrow to see about a loan.

LEWIS: Oh right, well approved now I think - yes definitely. *(laughter)* Well good luck with that. And in the business plan, you're clear about how much money, what your turnover's going to be, your profit, and paying that loan back over a reasonable period?

RYAN: Yeah, I've done a 12 month cash flow to see how much cash flow and I can repay the loan and I've shown that and how much money it's going to make hopefully.

LEWIS: That sounds a pretty good plan. Elaine Clark, what advice have you got to Ryan on tax? If he needs it. Maybe you don't, Ryan, but Elaine what should he be thinking of?

CLARK: *(over)* Yeah, Ryan, it sounds like you're very organised, and that's a credit to you definitely. I would make sure that obviously as well as having a business plan which looks forward in terms of what you're doing, make sure you go to the bank with the accounts of the year and a half that you've been trading and show you know what you've done, where you've come from, the strong trading position that you've got, how you're settling your accounts and your taxes due on that trading figure today because that, the past will support the confidence in your business plan that you put together going forward and that can be another aspect to bring to say well I've done this so far and I'm confident I can do that going forward.

LEWIS: And Ryan, you're happy about the tax position? You set money aside to pay whatever tax may be due?

RYAN: Yeah I've sorted that and yeah I've got all the accounts ready with the bank for tomorrow as well.

CLARK: Marvellous!

JONES: I think we should do a crowdfunding programme on this programme. Let's get Ryan his money!

LEWIS: Everybody's smiling here, Ryan. And can I just ask you, Emma Jones, you mentioned those various sites. Can they lend that sort of amount – thirty thou... I mean you can expect HSBC could lend £30,000, but can they lend that sort of amount?

JONES: Absolutely. So when they first came into the market, it tended to be smaller amounts. Funding Circle now are lending up to hundreds of thousands. Iwoca the same. So don't be put off thinking about these websites if it is an amount of about £30,000.

LEWIS: And you mentioned a number of them. Are there any differences you should bear in mind? I mean which one might suit Ryan, for example?

JONES: There are. So Iwoca is lending, so it's a loan. There are some – maybe we'll talk a little bit more about crowdfunding in the programme – but peer-to-peer lending (otherwise known as crowdfunding). There's three forms of funding that you can get: reward, equity or loan based crowdfunding. Reward based is where Ryan is offering lasers. Somebody would pay him and he would give them a laser, so it's reward based. Equity is where the investors take equity in your business or loan is where you pay back the loan.

LEWIS: So they actually take a share? That's the Dragons' Den form of funding, isn't it?

JONES: It is.

LEWIS: They take a share of your business. Which people may not want, may they? They may prefer to have a clean loan. It's paid off. The business remains yours.

JONES: So with small businesses, the most popular form of crowd funding is reward based. Huge US websites like Kickstarter, Indiegogo, Crowdfunder in the UK, Crowdcube. Brilliant websites that are now enabling small businesses to do this.

LEWIS: And what about the cost? Let me ask you actually first, Amanda. On that kind of loan, what would the kind of interest rate be – I mean without any commitments to Ryan or anyone like him? But roughly speaking, what are we talking about?

MURPHY: First of all, Ryan, you know good luck tomorrow with your interview. I think the typical interest rate we're looking at there is anywhere, depending upon the business and the facts of the business, anywhere between about 4% and 9%.

LEWIS: Yeah that sounds quite reasonable, I must say. And how about these other sites that you're talking about, Emma? Is that the same sort of cost?

JONES: It is. So they set up to be sort of competitive to the banks in terms of offering that alternative funding solution, so you're looking at the same kind of interest rate. What I guess you also get with crowdfunding – and maybe this is something that Ryan could consider – is when you do crowdfund, you raise the money but you also have to go out to the crowd and say please give me money. So in the process you raise a huge amount of profile in your business.

LEWIS: Yes. And crowdfunding really is going out to find direct investors that will either lend or invest in the business without going through the bank to do that?

JONES: Absolutely. Even though very interestingly in the past couple of weeks Santander has just put some money in Funding Circle, so I think it's really interesting that we're seeing some of the high street banks now put their money in the alternative lending sources.

LEWIS: So alternative lending is sort of going mainstream. Elaine, you wanted to add something?

CLARK: Yeah, just on one point and bringing it back to the tax boringly enough because I'm an accountant, Ryan. I don't know if you've thought about your position going forward in terms of once you've raised the funds, are you limited or sole trader? That's also something to wrap up into your business plan. But having said that, I suspect whatever type of funding you're going for, if you're a limited company the

bank are likely to want a personal guarantee on the loan, I would suggest.

RYAN: Okay.

LEWIS: Okay, Ryan, was that helpful? There was an awful lot of information there.

RYAN: Yeah that's given me a lot of ideas. If I can't get money from the bank then where else I can go and have a look around and see what I can do.

LEWIS: Okay.

CLARK: Well good luck, Ryan.

LEWIS: Yes good luck with that business.

RYAN: Thank you very much.

LEWIS: And I should also add for the benefit of everybody that you will be able to listen again to the programme on the Money Box website through the podcast or on our website: bbc.co.uk/moneybox. And if you didn't get all those names down, our poor transcriber will have to find out what they all are and write them all down, so you will be able to read a transcript in a few days. I won't promise it by the end of the week, but hopefully in a few days you'll have a transcript with all those names written out in full. So thank you very much for your call, Ryan. And next is Neil in Sussex. Neil, your question?

NEIL: Hi there, Paul. I'm considering starting a business which would require a substantial capital outlay with very little income in the first year at least. Is there a maximum figure for capital expenditure that can count towards your loss and for how many years can you carry forward a loss?

LEWIS: Right, so it sounds as if do you not need to make the money or you just don't think the business is going to make the money?

NEIL: It's just going to take a little while for the income to increase.

LEWIS: Right, so it's a long-term project?

NEIL: Exactly.

LEWIS: Let's start with Elaine, Elaine Clark?

CLARK: Yeah there's no limit there in terms of I mean there's different rules in terms of claiming capital allowances and it would depend on the nature of what you're making the investment in as to which rules would actually apply. And then you can carry forward the losses to be used in the future obviously against the same trade, and again it would be down to whether you set your business up as a sole trader or a limited company. All I would say is that if you're making a large capital investment and you're making a loss, that's likely to trigger some flags with HMRC to go, hm, what's going on here; that looks a bit weird. You know that's how things happen and it may be that you know you just need to sort of really think about what you're doing and why you're doing it there.

LEWIS: And how long can you carry a loss forward for?

CLARK: As long as you've got the same trade. You just carry it forward.

LEWIS: Right, so you could have a loss making business for 20 years, though the Revenue might wonder how you were supporting yourself?

CLARK: Well yes, I think they would raise a question as to you know is that actually a business? They would query the nature of that being a business.

LEWIS: And Neil, what sort of business is it, Neil?

NEIL: A flying school.

LEWIS: Oh right, I see, so you've obviously got to buy aeroplanes and things like that, which obviously is going to be expensive?

NEIL: Exactly.

CLARK: The thing I would bring in there with the flying school, Neil, is that you will probably have to have some sort of conversation either through your accountant and/or with the taxman about how much the plane was being used for private use.

NEIL: Okay.

LEWIS: Right because it's like any vehicle, I suppose ...

CLARK: Yes.

LEWIS: ... if it's half private and half business, you can charge half to business but not the other half?

CLARK: Exactly. And I think the Revenue would take some convincing that there wasn't some sort of element of private use in an aeroplane. It may be that there isn't and it is entirely for business use and for the nature of the business, but you know there's red flags that I can see. There's nothing wrong with doing it and of course you can do it, but the amounts involved might just start raising a few red flags.

LEWIS: And it's because it's a bit unusual the Revenue will be looking into it?

CLARK: It is.

LEWIS: Emma Jones?

JONES: Yeah, I just wanted to say great to hear that you're looking to start, but I'm a big believer in when starting a business that you should beg, borrow and barter to get going. And I just wonder that you're mentioning there's a huge capital outlay at the beginning that won't pay off for a while, could you at all borrow the planes to get started to test the market? In a very different kind of way but a similar context is before people open shops, I always say to them please do a pop-up. Start something on a temporary basis, do your market research, make sure that the customers will come and pay that money. But I guess I would just kind of say – and you may have been through all of this and apologies if you have – but if you cannot at all go to somebody who's already got those planes and say “Can I borrow those to make sure that this business is going to work?” That would make me feel safer about what you're doing.

LEWIS: Okay, thanks very much for your call, Neil. I hope that was helpful. And also, Emma, you mention research and we've had an email from Amy who is saying

the British Library has a business and intellectual property centre. That's the British Library in London near St. Pancras and King's Cross Station. And she says that's extremely useful. Is that a place ... I would never have thought of going to the British Library to start market research for a business.

JONES: It is a fantastic resource. They have five million pounds worth of research in the King's Cross London Library, as you say. We run an event there every month called Start-Up Saturday, partly because we want to introduce the start-ups to this market research. But actually just this week the British Library have opened up new kind of BIP centres in Manchester and Birmingham, so it's not just London anymore.

LEWIS: Right, so it's not just London ...

JONES: Nationwide.

LEWIS: ... which of course is very useful for people. That is very interesting. And you can get a reader's ticket very easily there now, I believe, too. Okay thank you very much for that suggestion, Amy. We're going to another call now. Liz is in Woking and she has a question.

LIZ: Oh yes hello.

LEWIS: Hello.

LIZ: I wonder if you might be able to help me. As a small business, I have to hold some money in my account for tax VAT and lean times and things, but the interest rates at the bank are very low and I just wondered does anyone offer sort of the equivalent of a managed fund that I can invest in to get a better return?

LEWIS: Yes Liz, it's an interesting question. I must say when I started in business, I always had my 'sleep at night' account, I call it, where I put money for my tax. I didn't care it didn't earn any interest, but I knew I could pay my tax bill. So Elaine, is there anywhere you can safely put money because the last thing you want is a stock market crash just before you have to pay your tax bill?

CLARK: Absolutely. Now you're probably asking the wrong person here because as

an accountant, I am risk averse and I would never want to risk my tax or VAT money because the taxman won't be very sympathetic if you don't have it to hand. So yes, I agree with you, you know the interest rates are very low; and you know, apart from a deposit account, I mean obviously what you've got to be careful of is having access to the money when you need it to settle those bills. And I think that is something that I personally don't know of anything that you can invest in. Hopefully Amanda might be able to help us.

LEWIS: Yeah Amanda?

MURPHY: I think for the purposes of this, that you really are looking at maybe putting your money into longer term bank accounts where you have a certainty as to when you're going to use it. The really important thing here is you want to make sure that you're minimising any costs or any break costs to you and that you can get your hands on your money when you need it. My suggestion is come down, speak to your local branch manager. They will have a good conversation with you about your needs and how we can best meet those.

LEWIS: I must say though, forgive me saying this but HSBC does pay pretty derisory rates on some savings accounts. 0.05% on one of them, I know.

MURPHY: I think you know there's a series of rates we can pay depending on how long you can lock your money up for. The corollary to that is it's never been a better time to borrow money because rates are very, very low in the market.

LEWIS: Well that is absolutely true. So you would say, and Emma would you agree with this, safety over the possibility of earning a bit of return on it because that's not what it's about?

JONES: Absolutely right. And this is the thing – cash flow can kill a business; it can also help a business. And back to your point, Paul – the kind of amount that you leave that makes you sleep easy at night, I would just say it's better to keep it in that account so that when the taxman calls, you know it's there.

LEWIS: Okay.

CLARK: But well done, Liz, for saving for the tax.

LEWIS: Yes. *(laughter)* Yes you're getting a gold star for that, Liz, but not the idea of investing it. Thank you very much for your call and I hope you manage to sleep at night at the start of your business. We're going to take an email now from Richard. He says - this is a very controversial topic – 'I would like to know if there's any way to reduce the time large businesses take to process invoices and payments. I've been advised to use a credit card as my working capital while payments clear. Sixty to 90 day terms some of my clients demand is a form', he says, 'of usury and jeopardises my business regularly.' Well I'm actually going to start with Amanda. How soon do you pay your small suppliers, Amanda?

MURPHY: Well on average we pay within 40 days, and we processed over 200,000 invoices last year and the vast majority of those are paid within our commitment. And we're a big believer in this because we know that cash is king to small businesses. And I think that one of the conversations we always have with these small businesses is to make sure that when you're negotiating your terms of payment that you're very clear with your suppliers and buyers about that.

LEWIS: Yes so be clear, but also stick to what you promise. Emma Jones, is this still a problem because the government has tried or various, several governments have tried to get companies to pay within 30 days as a matter of routine, but they don't, do they?

JONES: It's a huge problem. I think it's outrageous the situation that some big businesses are putting their suppliers through at the moment. You just mentioned, Paul, in the introduction 60 to 90 days. Mars a week ago said that they have now gone on 120 days standard in payment. We have had big companies, who I will not name, come to events and say for the luxury of us buying from you, small business, if you want to be paid in 30 to 60 days, you pay us for the luxury of paying that. On the other hand, Fujitsu pay all their small business suppliers within 10 days. We are in big conversations with Fujitsu and something called the Institute of Credit Management to enforce that companies pay. And it's interesting and it's great that Amanda mentioned that HSBC pay on average 42 days, and I'm sure that's the case. The other

issue for small businesses is that payment comes once you've got the purchase order number or the vendor code that you need. Even getting that number can take up to 2 months and then the 42 days comes beyond that. It's an unacceptable situation at the moment.

LEWIS: We all agree it's difficult, but is there any way to reduce it? Elaine, I mean is there anything ...?

CLARK: I'm afraid there's not really and the government needs to put its money where its mouth is and actually start paying its suppliers within the 30 days. I mean personally you know I'm for a scheme whereby large businesses would pay into escrow – the type of scheme that a website like PPH use. So you raise an order. That money is put by the customer into escrow. When the service is successfully delivered, the money gets released.

LEWIS: But of course businesses resist that ...

CLARK: Absolutely.

LEWIS: ... because they want to have this as a form of free credit.

CLARK: Yes it is.

LEWIS: I mean 120 days, that's a lot of free credit from small companies that can afford it less.

JONES: And just to come back on that. So there are things happening which is in a positive direction. So the government a couple of weeks ago, the Queen for the first time ever in her speech introduced the Small Business Bill. Prompt Payment is the main plank of the Small Business Bill.

LEWIS: And that will make it a law that you have to pay within a certain time?

JONES: It has strengthened the Prompt Payment Code which big businesses have to sign up to. What there isn't is then the naming and shaming of companies that are not complying with that. Again an issue here is small businesses do not want to come

forward and name the issues they're having for fear of losing the contract. So what we're looking at – working with the Institute of Credit Management to see how we can solve this clear issue that there is – is can there be a single supply database where everyone who wants supply information can go onto that. And similar to what Elaine was saying actually, one fund where it's a government backed guaranteed fund and that's where the small businesses could get the money from.

LEWIS: And you could have some sort of comment or you could have long they promised to pay and how long they're actually paying and you could go and look them up.

JONES: Absolutely that.

LEWIS: Briefly, Amanda, because we've a lot of calls.

MURPHY: I think small businesses can also help themselves. They can make sure that their invoices are really clear, they're accurate and they're sent in in a prompt fashion. Because sometimes the delay in payment comes because small businesses haven't actually got all the details there, and I think if we can take away any excuses for non-payment, that really helps.

LEWIS: Yes. Though I must say in my experience big businesses often want an awful lot of things – as you say an order number, a payment number, and you get a bit lost after a while. Anyway we'll leave that to one side. But the simple answer to your question, Richard – is there any way to reduce the time – probably not at the moment ...

CLARK: No.

LEWIS: ... but a lot of people are working on it. Thanks very much for raising what clearly is a very contentious issue. Sebastian is in London. Sebastian, your question?

SEBASTIAN: Yes my question is I'm a small business and my tax is due. Would I pay tax on the materials that I'm paying for as well as my profit or would I just pay for the profit?

CLARK: Sebastian, income tax is levied on profit when profit is defined as income minus costs equal profit. So the costs are allowable costs - you know anything that you've incurred wholly and exclusively for the business – so you will pay income tax on your profits. Bear in mind that you may also pay something called Class 4 national insurance on your profit as well if you're self-employed, which often catches people out.

LEWIS: And Sebastian, can I ask you, I mean do you do your own accounts and you list what your income is and what your expenses against the business are?

SEBASTIAN: Yes, yes I do. I've just started. It's my second year of trading. My first year, I had an accountant do things for me and she said to me that I have to go PTY Limited because I've made my threshold.

LEWIS: What does that mean, Elaine?

CLARK: Going limited, there is no regulation which makes you have to go limited. That is a personal choice, Sebastian, so there isn't anything that says over a certain amount you have to go limited company. When you're self-employed you either operate as a sole trader, which is an unincorporated business, or you set up as a limited company. Limited is slightly more complicated, not too much, and it can be operated along similar lines. But as a limited company, you pay corporation tax. Again that's on profit, which is income minus costs equal profit.

LEWIS: And then of course if you take dividends out of the company, you have other problems. I mean for small traders, isn't it best just to be a sole trader and forget all those complexities?

CLARK: It depends on the level of profit, but it doesn't need to be that complicated. It is quite easy to explain.

LEWIS: But you kind of need an accountant if you do that, don't you? No?

CLARK: Not necessarily. You can do it yourself.

LEWIS: Right. So, Sebastian, I think the answer is you can deduct the materials and

everything else you spend on your business as an allowable expense and then it's just the profit that's taxed. Does that answer your question?

SEBASTIAN: Yes it does. If I can be a little cheeky and ask just one more question. So, therefore, because I've just started up - I have very high tool costs and things like that and vehicles – I can deduct that off from what I was paying on my tax?

ELAINE: The tool costs you can. The vehicles, it would depend on the nature of the vehicles. There's different rules for vans and for cars. If you want to drop me an email, Sebastian, I'll point you in the right direction of some information on that.

LEWIS: Okay. And there's a link to the websites of all our guests on our website: bbc.co.uk/moneybox. And can I just mention an email from Carol on that very question of a vehicle. She is self-employed. She's claimed a proportion, 'carefully calculated' she's said, of the use of that vehicle. If the business ends, what happens to the vehicle? Is half of it belonging to the business?

CLARK: No, not at all. As a self-employed person, there's no distinction between her as an individual and the business. She's done absolutely the right thing in calculating the proportion of the vehicle used for business purposes. At the end she just uses the car.

LEWIS: Okay. Thanks very much for the email, Carol, and thanks Sebastian for your question. Mike is next and he's in Devon. What's your question, Mike?

MIKE: Hi there, guys. Yeah I run a digital marketing company based in Devon. It's a limited company. And as I've grown over the past year, 18 months, more and more of my customers have asked me if I can become VAT registered. If I did do that, will I notice a drop in revenue as I kind of have to get used to all the new systems or ...

LEWIS: Elaine, I think this is you again. There is a limit where you have to register, isn't there?

CLARK: Yes, yeah that's right. It's 83,000 is the ... **(Please note that the current VAT registration threshold is £81,000 and the de-registration threshold is £79,000).**

LEWIS: Turnover.

CLARK: That's right, turnover, VATable turnover. What a peculiar request that your customers want you to register for VAT. That's one that I don't often come across. I would assume that these customers can claim the VAT back themselves. So, therefore, VAT is a tax that's added onto turnover. You put it on your invoice, your customer claims it back, and the only people that benefit really are the Government. You know the end consumer ends up paying the VAT. So if you're selling to people who are registered for VAT, there shouldn't be any implication in terms of dip in revenue or anything like that. What the implication will be is that you have to be very accurate and up to date with your accounting because you'll have a quarterly VAT return to do. But you might want to look at things like the flat rate VAT scheme depending on you know ... I see you're digital marketing. It depends whether you're got an office and all sorts of things like that or whether it's just you, Mike.

LEWIS: But the flat rate scheme is very good if your turnover's below ... I can't remember the limit, but it's quite high isn't it - £200,000 or something? **(Please note that you can join the Flat Rate Scheme for VAT and so pay VAT as a flat rate percentage of your turnover if your estimated VAT taxable turnover - excluding VAT - in the next year will be £150,000 or less. Once you join the scheme you can stay in it until your total business income is more than £230,000).**

CLARK: Absolutely. Yeah you can register if turnover's about £150,000. Can't remember the exact figures offhand.

LEWIS: And then you have to deregister if it goes over ...

CLARK: About 200 odd thousand.

LEWIS: And that means that instead of working out all the VAT you claim back and all the VAT you collect ...

CLARK: Absolutely.

LEWIS: ... you just pay a flat rate depending on your business, which is much easier?

CLARK: Yeah you pay a flat rate based on your sales plus VAT.

LEWIS: And I suppose in Mike's case, if the people he's selling to can claim it back, it's not going to affect them?

CLARK: That's right.

LEWIS: He charges them £1,000 now. He charges them £1200 in future. They claim £200 back. It's the same thing.

CLARK: Absolutely. It just seems a very peculiar request, but you must have some nice customers, Mike.

LEWIS: But Mike, once your turnover goes above £83,000, you have to register. You have no choice. **(Please note that the current VAT registration threshold is £81,000 and the de-registration threshold is £79,000).**

CLARK: Yeah.

LEWIS: I hope that's helpful, Mike?

MIKE: Yeah that's great. Thank you very much.

LEWIS: Good, okay. And we've got a question from Glen in Hampshire. Glen, your question?

GLEN: A very good afternoon to you. You have already briefly touched the purpose of my call. I work within the IT line of work and about 2 years ago started work as a subcontractor to a big company. Now I reactivated a limited company that I used years ago. But since doing this, I am beginning to wonder whether really I made a mistake with this as there seems to be a lot more complications now with the RTI software. I seem to be prone to corporation tax, etcetera. I'm wondering whether I should have really gone as a sole trader?

CLARK: Well I think ...

LEWIS: Elaine?

CLARK: Sorry, I assumed it was for me as the accountant. *(laughter)* I think it very much depends. What we often find in the IT industry is that some organisations won't

actually give you a contract or take you on as a sub-contractor unless you are a limited company, so I would be careful of that before ... You know that's your main thing – that you can still get the work. The second thing is then I would look at the level of turnover that you're achieving, the level of profit, and work out which was best, and I don't really have that information. But yes, I take your point, it can be complicated, but there are good accountants out there who should be able to help you for a not unreasonable price.

LEWIS: Okay, thanks very much for your call, Glen. I'm going to just give our other two guests a little bit of ... 15 seconds at the end of the programme. *(laughter)* We've had an email about CDFIs, Community Development Finance Institutions. Emma, very briefly, are these another alternative to the bank? Should people be going there?

JONES: They are. And this is the interesting thing. I think the media would give you the impression that small businesses can't access funding at the moment, but CDFIs are another alternative source of funding. If you get turned down by your bank, you can turn to a CDFI.

LEWIS: And Amanda?

MURPHY: I think you know from our perspective we welcome all increased level of competition. What's good for the customer is ultimately good for us. Banks are eager to lend. Competition has never been better, so customers are in the strongest position for years.

LEWIS: Okay, we are going to have to stop it there because we're running out of time. Thanks to Amanda Murphy from HSBC; Emma Jones, Founder of Enterprise Nation; Elaine Clark from Chief Accounting. And thanks to you for all your calls and emails. It got busier and busier as we approached the time, as it always does. More on our website, bbc.co.uk/moneybox, where you can listen again and, as I said, in a few days read a transcript. I'm back at noon on Saturday with Money Box and Lesley Curwen's here to take more of your calls on Money Box Live next Wednesday afternoon. The subject: holiday rights and money.