

Setting up your own Practice

Members in Practice Morning

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The logo for the Association of Accountants and Taxifiers (AAT), featuring the lowercase letters 'aat' in a bold, sans-serif font, with a horizontal line through the top of the 't'.



Setting up your own Practice

Sourcing Finance

Use your Business Plan and Projections to work out how much Start Up Capital and ongoing Working Capital you will need. The funding will normally come from:-

Own / Family funds

Borrowed funds

Grant Aid



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Own funds – the easiest and cheapest solution

Whether borrowed or from savings, usually considered as capital NOT borrowed capital

If using own savings, keep back enough to cover 3 months (at least) drawings in reserve for emergency

If increasing mortgage or increasing your reliance on Credit Cards remember to include the increased servicing costs in your projections



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Borrowing from Family - Not without its problems

Whether as a gift or loan it is very rarely considered as borrowed capital by financial institutions

Very flexible if things get sticky – interest (if being charged) is usually easily waived and capital repayment holidays are easy to agree

Make sure that your family doesn't lend you more than they can afford to lose

Strongly consider putting a formal written agreement in place.....can save so much heartache in the long run

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Borrowing as a Business from financial institutions

The Credit Crunch has had an impact on the Banks' appetite to lend monies, but they are all keen to lend. Just a few pointers

- Regardless of amount sought, a robust business plan will most likely be required and will certainly improve the likelihood of approval
- Ensure that Capital borrowing requirements (e.g. for computers or vehicles) are funded by Loan over a term in line with the life of the asset and Working Capital (i.e. day to day funding) by Overdraft
- Be prepared to discuss Security if looking for more than £20-25k
- Be prepared to discuss alternate funding solutions – if only to say 'no thank you'

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Grant Aid / Government Assistance

A good deal of Grant Aid is Sector / location specific

Be realistic.....general use Grants are increasingly rare.

BUT, there is still a good deal of non-financial aid out there as well as targeted / match funded finance for things like training and mentoring

Use the search facility in the gov.uk site to source funding that may be available to you:-

www.gov.uk/business-finance-support-finder

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