



HOW TO – Manage Your Accounts

It is important to keep on top of your accounting for a number of reasons:

- You are required by law to file your accounts at the end of each accounting period (year).
- To understand your business performance.
- To understand how much you can pay yourself.

Our Accountant

At the Football Fun Factory we have a recommended accountant, Chris Eggar, whose fees are as follows:

- £600 + VAT per year – For his accounting services and filing your accounts
- £75 – For running your payroll

Other accountants are likely to charge you at least double this figure and many charge by the hour which makes it difficult to budget for how much managing your accounts will cost each year.

One reason we have secured such a good rate with Chris is because of the arrangement we have with him that limits the amount of work he has to do. We achieve this by using Xero, an accounting platform that you will manage to reconcile your business transactions. We will provide you with full training for how to use Xero. We also limit the contact that he has directly with our franchisees by supporting you in-house with any accounting queries. Should we not be able to satisfy your query, we would then approach Chris on your behalf so that he has one main point of contact rather than being in contact with all of the different franchisees.

However, if you do wish to speak with Chris directly or discuss a private matter you are of course able to do so.

Xero Accounting Platform

Xero is a fantastic platform that links to your Starling bank account. We will train you in reconciling the transactions so that Chris can work with you to file your accounts. Having your Xero accounting up to date will also give you live data regarding your business performance as Xero produces reports such as your revenues, Profit and Loss and your Balance Sheet.

Paying Yourself

At the Football Fun Factory the recommended way to pay yourself is through a combination of a small PAYE salary and dividends. This is the most tax efficient method of paying yourself a salary and is also flexible, meaning that you can pay yourself varying amounts each month.

Once Chris has set up your payroll system he will advise the amount to pay yourself each month (which at the time of writing is around £794, but may vary from person to person depending on your individual circumstances). This will keep you under the tax-free threshold. Your remaining salary can be paid in dividends, which are the profits from your business.

Over the first few months you can pay yourself using the franchise fee investment that you made, which you can claim back tax-free as long as you followed our instructions when paying your franchise fee.

Your franchise fee is classed as a 'Directors Loan' as it is from your own personal funds and this means that you are effectively lending the money to your business. Over the first few months you can then withdraw amounts totalling your level of investment, for example for a franchise fee of £5, 000 you could then pay yourself:

- £1,000 over 5 months
- £2,500 over 2 months
- £, 1, 666.66 over 3 months
- Or any other payment schedule totalling £5, 000.

You can pay this amount alongside your PAYE scheme. So in month 1 you may choose to pay yourself your small PAYE salary amount (as advised by Chris Eggar) plus £1000 or whatever amount your choose. It is important to process these payments as separate transactions and it is as simple as making a bank transfer from your business account to your personal bank account. For example:

- £794.66 – Bank transfer (PAYE salary)
- £1, 000 – Director's loan repayment

You can continue paying yourself in this way until you have reclaimed your entire franchise fee (in this example, £5, 000).

Once you have repaid your Director's Loan you will need to declare a dividend to take more than your small PAYE salary each month from your business. It is therefore advisable to try to make the Director's Loan repayments last as many months as possible to build up the profits within your business.

Once you need to delcare a dividend for your business in order to pay yourself, you will need to contact Chris Eggar to ask him to do this for you. Your Xero accounts will need to be up to date so that he can look at your profit and loss account and declare a suitable amount for a dividend.

Once a dividend has been declared you can then take any amount each month until the full dividend amount has been paid. For example, a dividend of £10,000 is declared means that you could take:

- £1,000 per month in dividends over 10 months
- £2,000 per month in dividends over 5 months
- Or any other payment schedule totalling £10,000

We recommend asking the accountant to declare a dividend in good time before you have used up the dividends that have been previously declared.

Whilst the above may sound complicated, it is very simple once you fully understand it. If in any doubt please contact the FFF Management Team for clarification.

Dividend Tax

Dividends are taxed at 7.5% after the first £2,000, which is tax free. For example, if you pay yourself £10,000 in dividends:

- The first £2,000 is tax-free
- The remaining £8,000 is taxed at 7.5%

Therefore the total tax payable would be £600.

If you require further clarification about dividend tax please contact the FFF Management Team or your accountant.