

Money, money, money

It is no good having dreams of being self-employed without facing the fact that the financial side of it needs tackling. So there are questions which you need to answer before you start.

How much will it cost to set up a basic workshop/studio? Equipment, materials and 'the office' will cost something – how much for that camera, kiln or computer?

And if you haven't got the money where might it come from?

How much will you pay yourself? How much can you *afford* to pay yourself? How much do you seriously expect to earn in the first year? What will the cash-flow be like? Will you be spending more than you earn at first (quite usual), in which case how do you finance the shortfall?

Who will lend you enough money to get going? Banks? Building societies? Grants? Bursaries? Parents, aunts or uncles? You can't ignore this important point. Most small businesses fail because they are underfunded and poorly managed.

If you're no good with figures then get an accountant (at a cost) but don't leave it all to him or her, it may be too late by the time they tell you your going to be broke next week!

You'll need to get to grips with **capital allowances** if you are going to invest money in major equipment. The government allows you to set your business spending against tax (though not what you pay yourself in earnings), but when it comes to spending on major items, like a kiln, you have to work within a scheme of allowances set at no more than 25% in a year. In the early days, when you're unlikely to be into profit, you can roll over these allowances to a following year, so they're not wasted.