

Bright Business Bulletin

2019
April



Note from the editor

Welcome to Bright Business Bulletin the newsletter brought to you by Bevan Financial Management Ltd. The aim of the newsletter is to bring you interesting and relevant content on a monthly basis.

Speaking of (I hope) interesting and relevant content my book Bright Business Money is now available on Amazon, Kindle and the iBook store. It's all about helping business owners to master their finances so they can achieve the success they deserve.

Also a reminder that my app is available to download on Apple and Android - just search Fiona Bevan in the store.

Pooh quote of the month



Each month we look for inspiration from that great business guru, Winnie the Pooh.

Pooh made his mark in the 100 Acre Wood and achieved world domination through his clever

partnering of Disney (although my husband thinks he sold out!).

This is good advise from the very wise(?) owl - for anyone who is feeling they are drowning under business paperwork!:

"...Owl was explaining that in a case of sudden and temporary immersion the important thing was to keep the head above water..."

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Help with pricing

Pricing is a challenge to any business - get it wrong and you either earn too little or scare customers away

One of the most common problems I come across amongst SME business owners (and, in fact, businesses of any size) is deciding how much to charge customers for their products or services.

It's an important problem to solve as it can make a huge difference to how profitable a business will be. Price too high and you won't find customers. Price too low and you won't make money - and perhaps put off potential customers because you are too cheap.

You may well ask how can a product or service being cheap put off customers? Well, if you are advertising a high quality offering to customers, but pricing too low, they will not trust that it actually is high quality.

The place to start when reviewing your pricing strategy is with your costs. If you don't know with enough detail where the costs in your business occur - as a direct result of producing your sales or as overhead expenditure - you will not be able to price effectively.

As we know, to be profitable a business must at least cover its costs. So knowing all the business's costs will help to ensure that products and services are priced in a way that covers these costs.

Pricing is such a fundamental skill for all business owners, that I have decided it will be the topic for my first business owner masterclass on-line course - which is now available on the Qintil learning platform.

I have come to think that online learning is a great way of sharing expertise to a wide audience. The tools available to help create an engaging and effective learning experience are getting better and better.

If, like me, you have been in business for a long time and now feel you have want to share your knowledge with an audience wider than your immediate client base, how about having a go at creating your own online course?

Personally, I use a tool called Easygenerator. It is very easy to use and you can upload videos and audio files as well as the usual written content. You can try it out for free and see if you like the quiz templates provided and the format of the courses.

I have certainly enjoyed playing around with what I can produce for business owners who need inexpensive help in key areas of their business finances.



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Michael's Minutes

If you find yourself getting stressed at work taking a 15-20 minute brisk walk around the block will help. You will return calmer and better equipped to deal with the issue causing your stress.



Ask Jenny



Jenny is our financial agony aunt and is here to answer your questions.

Barney asks: "We are making very good profits but our bank balance does not seem to be as high as we would expect. What might be the reason for this?"

Jenny says: "There are several reasons why profits do not turn into cash in your bank account. The main three are:

1. Money owed to you by your customers. Sales you have made to your customers will impact on your profitability. However, unless you have converted the sales into cash, your bank balance will be lower than your sales would suggest.

2. Equipment you have purchased. If you have bought equipment (vehicles, plant and machinery, office equipment etc.) and paid for it with cash you will have a lower bank balance. Your profitability will not be reduced by the full amount of the purchase because your accountant will spread the cost over the months you will be using it (called depreciation). So, your profit might be reduced by 1/36 of the value of the purchase, whilst your bank will be reduced by the full amount.

3. Payments to you. Dividends and drawings are generally not shown as part of the profit and loss of a business. This means that any such payments will reduce the cash in your bank without necessarily reducing your profitability.

Other factors will include the impact of VAT and supplier payments, but these are the three key things to look out for."

Dates for your diary

Curious Conversations

Soon to return - watch this space!

Bristol Circle

I thought I would take this opportunity to recommend a group of lovely people I have found very interesting and useful to be a part of. Bristol Circle meets monthly are usually on the 2nd Wednesday of the month- just contact me if you would like to give it a try.

Back issues

If you have missed any prior issues of Bright Business Bulletin and wish to download a copy you can now do so from my website:
www.fionabevanfinancialmanagement.co.uk
Just click on the Bright Business Bulletin button.

Our community

Featured business... Xero

I don't usually feature a large business but with the launch of the new making tax digital initiative from HMRC I thought I would make an exception.

Making tax digital (MTD) is relevant to any businesses that are above the VAT threshold and means that they must now have digital VAT records - no more completing VAT returns on spreadsheets and manually entering data on the HMRC website.

Xero is an inexpensive subscription based, accounting platform that is MTD compliant and is very straight forward to use.



Xero is solely based online, which makes it particularly convenient for businesses who want to make sure that anyone who needs access to their information can do so quickly and easily. There is also a handy app which means you can upload expenses on the go.

You can trial Xero for free, so if you think it may be a useful tool in your business why not give it a go.

www.xero.com

Partner of the month - Rachael Wheatley

Rachael provides a virtual marketing director service to those businesses struggling to work out what their marketing strategy should be, but are not big enough to be able to afford, nor need, a full time marketing director. In particular, her straight forward approach helps businesses who offer professional and/or knowledge based services to have a clear picture of the strategies they should employ to reach their ideal clients.
rachael@bluegreenlearning.com

A special thank you to... Fiona Jones

Fiona is my lovely compliance and tax accountant and keeps me on the straight and narrow.

Tax has never been my stong point and having Fiona on my team means that I don't have to spend a lot of time keeping up to date with the minutae of tax rules.

It is important to have someone who proactively helps with these issues as the tax landscape is continually changing as the Chancellor attempts to balance the books.



This year the good news is that the threshold for starting to pay tax has gone up to £12,500 and the 20% band has increased by £3,000, so we will not have to pay tax at 40% until earnings reach £50,000. After the erosion of tax free dividends it's good to get a bit back.

www.grant-jonesaccountancy.com