

THIS TRANSCRIPT IS ISSUED ON THE UNDERSTANDING THAT IT IS TAKEN FROM A LIVE PROGRAMME AS IT WAS BROADCAST. THE NATURE OF LIVE BROADCASTING MEANS THAT NEITHER THE BBC NOR THE PARTICIPANTS IN THE PROGRAMME CAN GUARANTEE THE ACCURACY OF THE INFORMATION HERE.

MONEY BOX LIVE

Presenter: VINCENT DUGGLEBY

TRANSMISSION: 3rd JUNE 2009 3.00-3.30 RADIO 4

DUGGLEBY: Good afternoon. This Money Box Live is about self-employment and running a small business in what, to say the least, are challenging economic conditions. Maybe your profits have all but disappeared, or you've been turned down for a bank loan, or had to lay off employees. On the other hand, evidence suggests there are plenty of people looking for an opportunity to start up a new venture, having perhaps been made redundant, and are looking for advice on how to go about it. Either way, we've an experienced panel ready to answer your questions, including the Chairman of Business Banking at NatWest and RBS. 03700 100 444 is the number to call. Have you spotted any of those green shoots of recovery or are you still struggling to pay your bills - not least business rates, VAT and national insurance? While invoices to larger companies remain unpaid for months. In November last year, the Government set up a Business Payment Support Service which can offer advice on phasing payments over a longer period without penalties. If you've tried it, we'd like to hear your experience. At times like these, cash flow is the key to survival. Hence the importance of bank finance and the Enterprise Finance Guarantee Scheme. Then there's credit insurance and the Budget measure which allows business to reclaim tax on profits made in the past 3 years. A good deal to discuss, as always prompted by your questions. And with me in the studio: Peter Ibbetson, Chairman

of Business Banking with NatWest and RBS; Ed Harber, Adviser with Business Debtline; Chas Roy Chowdhury, Head of Taxation at the Association of Chartered Certified Accountants; and Stephen Alambritis from the Federation of Small Businesses. 03700 100 444 is the number. Miles, you've got the first call from Kentish Town.

MILES: Yes, hello.

DUGGLEBY: Hello.

MILES: I'm a keen photographer, I suppose you could say semi-professional. I'd like to turn pro, so I was thinking of staging an exhibition and in conjunction with that producing a book to go with it. Any grants or funding available for that kind of one-off type event?

DUGGLEBY: So you want to ratchet up your activity? Effectively you want to become ... instead of being a semi-professional, you want to become a full-time professional photographer. Is that right?

MILES: Yes, that's it exactly.

DUGGLEBY: Okay. Well that's a start-up situation, so I'm going to bring in Mark who's just a few miles down the road in King's Cross. Mark, you also want to start up?

MARK: Well yes, indeed. I've been unemployed for over 6 months. I am a professional, mid-40s, and an opportunity has come in to become self-employed taking several contracts which wouldn't be enough to be full-time but together constitute enough for me to make a living.

DUGGLEBY: What trade are you in?

MARK: Communications and heritage basically. Also the creative side. Not necessarily photography though.

DUGGLEBY: Okay, so both these businesses, obviously they're not manufacturing businesses. They're essentially ... You're professional people. So the climate for setting up a new business. Who wants to start with that? Let's try with you, Stephen?

ALAMBRITIS: There's always a good climate for setting up in business. Despite the recession, there are gaps left behind by those companies that go under. And according to statistics, Miles and Mark will be joining another 500,000 people who will decide to go it alone this year, set up their own business, and therefore it's important that both Miles and Mark know what they're doing, know their niche, see what their positives are and put down as much on paper as possible, talk to as many people as possible. And for me, the first port of call would be your local Business Link but also your trade associations like the Federation of Small Businesses, your accountant and your bank.

DUGGLEBY: Okay, well let's start with the banking. Peter?

IBBETSON: I mean I agree with Stephen. The real key here, Miles and Mark, is preparation. You know make sure you've gone through all the work that you need to, to make sure you're going to make some money out of this. The banks are absolutely open for business at the moment. They are there for people like yourselves to come in and talk to us.

DUGGLEBY: Have you increased your lending in the last few months since the

Government started putting pressure on?

IBBETSON: We've grown our lending year on year on year. I mean this year, just in Royal Bank and NatWest, we've lent over £10 billion to the SME sector, so we are absolutely open for business. And you know we have 1.2 million businesses that bank with us and we intend to keep them and grow more. So the banks are there to support you. But the real key you know is that if you're borrowing money from the banks, you do need to show us how you're going to repay it. That's what I say when I'm talking about preparation, cash flows. They're the important things.

MARK: Can I just come in a moment, please?

DUGGLEBY: Indeed.

MARK: I'm actually not looking to borrow. My main question is how to manage coming off benefits because I actually did successfully start a business up in the 90s during the last recession and benefited from the Enterprise Allowance, which allowed me to continue to claim housing benefit whilst I was starting up a business.

DUGGLEBY: Okay, well Ed Harber's here on that very subject.

HARBER: Well to be fair, with housing benefit it's means tested, so at the end of the day it's going to come down to what you're getting at that time as well as council tax benefit is going to be the same. The advantage to then top up is going to be the working tax credit situation. If you're working 30 hours a week and earning under £16,000, you can claim the working tax credit top up from HMRC. So it really depends on what you're earning, but potentially you could keep on claiming both the means tested benefits until your income

does start to come in.

MARK: So just to clarify that. If my net income - obviously after business deductions - is under £16,000 in the first year, I could get working tax credit. And in addition to that, basically with housing benefit, as I understand it, you can put it in what you believe to be ... Because what one's earning is not one's income because that's a business income and you have to look at the overall costs of the business and then work out what the net is, one has to ... My problem is that I've looked at this and there doesn't seem to be any official guidance as to how self-employed people can calculate what housing benefit they may be entitled to.

HARBER: Well the thing is looking forward, you do have to do looking at accounts. And you won't be able to create those to start off with, so they'll go usually on a short-term basis with you and you have to go back to them with any changes that have occurred.

DUGGLEBY: Chas, there is of course a procedure you have to go through. Once you start in business, you've got to notify the Revenue and you've got to start getting into the machinery for settling up with income tax, VAT and all those sorts of things.

ROY CHOWDHURY: Well that's right, Vincent. You need to let the Revenue know pretty quickly, within 3 months, that you've started up a business. I think in Miles' case, he already has some sort of business, so he's probably in that situation. But what I'd say, even more problematic and vital is that you start keeping proper books and records for tax purposes, for preparing the accounts if you do need future funding from banks. And just make sure that at the end of the day, you're not in a mess; you're not too busy trying to run your business; you've jumped in at the deep end just trying to generate income without thinking of the consequences of HMRC and other areas that you need to deal with in terms

of government.

ALAMBRITIS: The Enterprise Allowance scheme was a unique scheme and yes Mark was right that you could claim benefits and still claim that money to help you set up in self-employment. There's 300,000 self-employed people who do claim tax credit, so Mark won't be on his own.

DUGGLEBY: Okay, we must move on now to Sharifa in Manchester. Sharifa?

SHARIFA: Hi there.

DUGGLEBY: Your call?

SHARIFA: Hello.

DUGGLEBY: Hello.

SHARIFA: Hi there. I was just wondering. We run a small business as cupboard fitters and handymen, me and my husband. We just want to know do we need to hold a business bank account by law to run a business? Do we need to because we're just paying charges and we don't really use the account?

DUGGLEBY: I think if you don't, you could run into problems. What do you think, Peter?

IBBETSON: Well I don't think you do have to have one by law, Sharifa, but I think you know having a business bank account gives you access to all the business advice that you

get from the banks, the support that you get from business managers, so it's common sense to have a business bank account. Quite aside from that - and Chas might want to comment on this - I think it's sensible to have it, so you can track your income for the tax purposes as well.

ROY CHOWDHURY: Yeah, I think it's very important that you actually have a business bank account because you want to keep it completely separate, your business income and expenditures completely separate from your personal activities, so that you can actually show the tax man what you've been doing, you can prepare accounts more effectively. You can then take the deductions you're entitled to for your business and pay the right amount of tax.

DUGGLEBY: Have you got an accountant now, Sharifa?

SHARIFA: No, I do that kind of thing.

DUGGLEBY: Ah!

SHARIFA: It's a small business really. We don't really earn that much and whatever it is we put in the business account, it ends up being you know just deducted as the charges for the account and we really don't seem to get nowhere really.

ALAMBRITIS: Well if you're a new business, you know the bank may be able to offer you free banking for new small businesses. The danger is that if your business *does* take off, you slide into a situation where really the more professional you are from the start, the more the likelihood is that your accounts will be bang up to date and you'll be able to sleep much easier. It's always best to start off with a business account if you're running a

business.

DUGGLEBY: Peter, you're obviously in a situation where you have to take on businesses that *are* small. They have very few resources. How can you kind of nurse them and grow them?

IBBETSON: Well, as Stephen says, you know this is why we provide businesses starting up with us with free banking for the first year or two, and all the banks do this to help businesses get into that run if you like. But you know we're there to support the businesses and it's very valuable having a business manager that you can call on to ask for advice. That's all part and parcel of having the business bank account and you should really have one.

DUGGLEBY: And I mean I get the impression, Sharifa, that you're sort of saying well what value are you going to get. If you're not a very big business, are you going to get value for money by getting into a relationship with banks or accountants or anybody. Is that your problem really; that you think you're too small?

SHARIFA: Really our problem is just that we're trying to stay you know like debt free and paying less interest - you know trying to pay out less because we don't earn that much.

DUGGLEBY: Yuh.

SHARIFA: So we're trying to you know look into the options that try to reduce our outgoings and we looked into the business account but we don't really use it and don't even need it really.

ALAMBRITIS: Well, Sharifa, what you could do is go to the British Bankers' Association website - bba.org. They have a bank account comparator and there may be a bank there that does free business banking and the Co-op is one such bank. So just shop around and see what you can get.

SHARIFA: Thank you very much for your time.

DUGGLEBY: Okay, indeed, and thank you for the call. Joe in Rochford, your call?

JOE: Hi, good afternoon. We've got a problem with ... We hold a support contract for an IFT and we have great difficulty in getting our invoices paid on time. Now if I say that we are waiting for April's payment now and we're in June and it should have been paid before this. And I mean there's a whole communication issue here because they don't even offer us the courtesy of answering our emails unless they can tell us when we're going to be paid, so we don't even know they've got them. I mean they have, but you know the whole thing is ...

DUGGLEBY: *(over)* Okay. Late payment of course is a constant bugbear of small businesses. So, Ed, can you offer any possibility of getting things speeded up?

HARBER: Well you've got two major problems with it. Firstly, you know if you do push them too much - if they're larger, they're your main person you deal with, they may just simply walk away, and that's always the difficulty you do have with dealing with somebody. But if you do want to sort of push, simply you can do it all yourself. You know you send them a pre-legal letter to say seven days before you may go to the county court. The county court process is very simple. If you do want to look at doing that, there's actually a good factsheet on issuing a small claims on the Business Debtline website, which

is just bdl.org.uk, and that will explain the whole county court process that you could go through if you wanted to get the money. But once again that does potentially cause problems if you wanted to use this person again.

ALAMBRITIS: There is of course the option of looking at the website of the Institute of Credit Management. There's a code of practice urging large companies to pay on time. My organisation, the Federation of Small Businesses, wants to hear about large companies not paying in time. We want to issue them with ASBO's. It really is not nice that you are not getting paid for an order that you have satisfied. The other thing is despite all the talk of Members of Parliament, they can actually make a difference; and if your MP writes a letter to the company that owes you money, that could actually shift them and you could still keep the business.

DUGGLEBY: Just a word from you, Chas, on the question of bad debts. If you don't get a debt paid, at least you can make sure you don't pay tax on profits that haven't been earned.

ROY CHOWDHURY: Well that's right. You can have specific bad debt provisions, so you then don't pay corporation tax or income tax, whichever your business pays. But also if you're small enough to be on the VAT cash accounting system, you don't then pay for that. You only pay when you pay an invoice. You only account for the VAT when you receive payment, so that might be beneficial. Speak to your accountant about that if you're on the better VAT system.

DUGGLEBY: Peter Ibbetson?

IBBETSON: Joe, we can't make your contractor pay the bill to you on time, but what we

can do is help you if you have a cash flow problem. And many, many businesses at the moment are finding that their debtors are taking longer to pay them. We as banks are absolutely alive to that and we're ready to help businesses in that situation. But if there's one plea, please come and talk to us early about this. Don't wait till the last minute.

DUGGLEBY: Are you finding it is an increasing problem ...?

IBBETSON: *(over)* Oh absolutely.

DUGGLEBY: I mean in your experience, how far have debts been pushed out? I mean average from say 3 months to 6 months or what?

IBBETSON: You know you hear cases of 30 days to 75 days. You hear cases of 1 month to 3 months. You hear all kinds of cases. And this always happens in a downturn: debtors do take longer to pay. And you know all I can say is that the banks understand that, we're there ready to help. The Government's brought out the Enterprise Finance Guarantee Scheme. That is there to help business as well who've got liquidity pressures largely because debtors are taking longer to pay. But do come and talk to us early.

DUGGLEBY: Stephen?

ALAMBRITIS: We need to get to a stage where paying late can be a criminal offence, which it is in France. If you issue a cheque, you know it's going to bounce, then the police can knock on your door. We really need to address this issue. At the moment small businesses like Joe's are owed on average £30,000 outstanding - money that should be in their coffers, not in the coffers of the large companies who should know better. But do go

to the Institute of Credit Management and see what advice they've got.

DUGGLEBY: Okay, Lesley in Canterbury, your call now.

LESLEY: Hi. Hello.

DUGGLEBY: Yes, we're here.

LESLEY: Yes, okay. I've got a £550,000 bank loan, which we took out a couple of years ago, and my bank manager is trying very hard to get me to fix the rate of interest with a cap or a collar or some such thing. And I just wondered what you thought about these or whether they're just another means for the bank to make a bit of money for themselves?

DUGGLEBY: I'm going to ask you which bank it is just because we have a banker in here. So which one is it?

LESLEY: It's NatWest.

DUGGLEBY: *(laughs)* Okay. Well bad luck, Peter.

IBBETSON: No, *good* luck. This is one of our clients. We're very, very happy to talk to our clients. *(Lesley laughs)* Look, Lesley, there are three things you can do with your interest rates. One is you can run your interest rate at a variable rate, so that's x% over base rate or over libor. The second thing you can do is pay a fixed rate. The third thing you can do is have a mixture of both. I suspect what your manager is telling you at the moment is because fixed rates are historically low at the moment now is a sensible time to fix your rate. And you know frankly I would tend to agree with that and if I was borrowing a large

amount of money, I ...

LESLEY: *(over)* But if I can interrupt you. He also told me this when we took the loan out, which was 2 years ago, when he wanted to fix it at 6%.

IBBETSON: Yeah. Well of course the problem is we never know the answers and we've all got to make decisions and sort of jump ...

LESLEY: And I'm glad I made the right one.

IBBETSON: Well well done you! The third thing is the mixture and I think that's perhaps what he's talking to you about. There are various methodologies that you can use - for instance caps and collars, which I think you've mentioned. And what the cap says is the interest rate won't go over a certain level; and when it goes over that, you don't pay that new level, you just pay what you're capped at. And the collar is one where it says it doesn't go over a certain level or it doesn't go below a certain level, so you pay the amount that's in the middle. But I think the decision you have to make is you know ask the manager why he's saying that now and look at your cash flow with that, and if the fixed rate within your cash flow makes sense then I can see the logic in why he's saying that to you. But at the end of the day, it's your choice. And, as you say, last time you said, "I'm going to stay variable" and you made the right call.

LESLEY: Yeah, I think the thing that I find difficult to un... It seems to come at a price. It's not like a domestic mortgage where you know exactly it's so much percent and that's it for a couple of years. There seemed to be an insurance policy involved and so you couldn't just sort of take a gamble whether the interest rate was going to go up or down. There were

other expenses involved as well.

IBBETSON: Well the way the banks deal with this is that if you do a fixed rate with us, we then go in the market and max that fixed rate off with something else. That's why there's a cost that comes through you, because we have that cost ourselves.

DUGGLEBY: Chas, your comment?

ROY CHOWDHURY: The only thing I say as an accountant is this. Check in terms of with your accountant what their view is. Interest rates are low, variable rates are low, but then fixed rates I think may have some way to go to drop and I think you just need to make a decision when to jump in to fix it before it starts rising in the long-term, which could affect your business. So I think it is a difficult choice and maybe your NatWest adviser is being suitably cautious. But I think it's a difficult choice and it's one you need to make at the right time. And obviously if you're on a variable rate, you can then jump into fixed rate much more easily than if you're fixed in, if you're tied in for some period. So be careful. Get holistic advice from your accountant, other people. Look around on the Internet and then make your decision.

DUGGLEBY: Lesley, you've fallen on your feet slightly here because I can see you're going to go back to that branch manager wherever he is. And before you have word, just say that you've spoken to Peter Ibbetson on Money Box Live and I think you'll find that you'll get the best possible service that you've ever had if you do that anyway. *(laughs)*

IBBETSON: I'm sure you'll get the same quality service you've always had. *(Laughter)*

DUGGLEBY: Alright, the next caller is Jonathan in Essex. Jonathan?

JONATHAN: Hello. I've got two questions for you, if I may. One is I use my private car for business use. How much per mile can I claim for the last tax year: 08-09?

DUGGLEBY: Chas?

ROY CHOWDHURY: Well it's 40 pence if you're using it ... That's the amount that the Revenue allow you. You can actually adjust that by making a personal claim. Are you talking in terms of it's a business asset ... also privately?

JONATHAN: *(over)* No - not at all, no.

DUGGLEBY: Just mileage?

JONATHAN: Just mileage.

ROY CHOWDHURY: It's 40 pence a mile.

JONATHAN: It hasn't gone up for several years then?

DUGGLEBY: You can say that again. It hasn't gone up for about, goodness knows, 20 years or something.

ROY CHOWDHURY: Well the Government's view is that they want people to use vehicles less, or more efficient vehicles, and that's the way it's been stuck for some time. But, as I said, you can actually go to HMRC and specifically say that it's costing you an

extra amount, but then you have to go through hoops of having that agreed.

ALAMBRITIS: Chas makes the point of wanting people to use their car less, but a car is an essential tool of the trade for small businesses and it's not fair for the Government to keep it at 40p. And we have argued with Government over the years that this should be looked at regularly because trade relies on the movement of goods, labour, and that means cars and vans and the Government should look at this.

DUGGLEBY: And your second point, Jonathan?

JONATHAN: For this tax year, how much can I earn before I have to pay class 2 national insurance?

ROY CHOWDHURY: Okay, you have to earn £5,075, which is below the personal allowance, before you start paying class 2 national insurance.

DUGGLEBY: But there is another thing which you might not have thought of. Ed, when you get on businesses that are only earning small amounts of money - again we've touched on this possible tax credit.

HARBER: Just one thing about the national insurance. Just be aware though if you do exempt yourself from those national insurance class 2's, that stops any contributions towards incapacity benefit if you were injured or sick and it also stops any contributions towards your state pension as well.

JONATHAN: I've already got enough years for state pension.

HARBER : No problem at all then. And then, just as I was mentioning on a previous call about working tax credit. If you're doing 30 hours a week, earning roughly under £16,000 gross, then you can get a top up on the earnings that you're actually getting at the moment from your business.

JONATHAN: I've got a pension though, so I would be above that limit.

HARBER: Potentially yes, that would be income that would be included. It's all incomes.

DUGGLEBY: Okay, we've got an email come in from Manchester. Toni wants Peter Ibbetson to answer this question. She says: 'The bank loans are expensive, but I'm being asked to sign away part of the company. Should I default for some reason?' Now I imagine this is sort of taking security on something or other. I'm not quite sure exactly what it means, but what's the procedure there Peter?

IBBETSON: I think there's two points here to make. One is on bank loans are expensive. Actually bank loans are the cheapest they've been for decades and I think it's really important to get that message over. If we just look at bank loans, margins have gone up slightly over the last year, but because base rate's fallen, on average we were charging a year ago on average about 7% for our loans. Now businesses are paying just under 2.5%. So loans are much, much cheaper than they've ever been before. That's important to get over. But let me just concentrate on the security for a minute. If we lend to a company, it's absolutely right that the directors should share in the risk with the banks; and if you've got to give them a guarantee, it's right that you should share in the risk with the banks and the Government. So that's absolutely normal and for years and years and years, as we've lent money for viable businesses - that's how we lend the money, the businesses have to be viable - we always take security when we possibly can. Nothing's changed there. But we

never actually go for it. We work with viable businesses and that's what we look to support and that's the most important thing.

DUGGLEBY: So, Chas, should Toni be worried about this?

ROY CHOWDHURY: I think you just need to be very careful that you actually plan ahead because one of the situations that you've got in your line of work is that you could be suddenly you need more cash and you need to back them up with proper financial statements, accounts. So just be prepared if you go into the bank that you've actually been fully up to date with everything on that side.

DUGGLEBY: Because you often hear people you know who put things at risk which they suddenly didn't realise were as risky as they thought. You know people are always worried about losing their homes, that sort of thing.

ALAMBRITIS: Yeah, it's one of the trials and tribulations in the UK, running a small business, and that is sometimes the banks may ask for an arm and a leg. But I do agree with Peter. Over the last 3 months, the banks have been more forthcoming, have been open for business, have given money to small businesses, especially under the Enterprise Finance Guarantee. I think one of the issues that the members of the FSB are raising is the little collaterals, the hangers-on around the edges - that's the audit fee, the arrangement fee, the review fee - and that's what a lot of businesses are talking about and I would urge Peter to look at that. But certainly 2.5% is very attractive.

DUGGLEBY: Okay, Rosemary in Fulham, your call now.

ROSEMARY: Yes I'm very concerned, as I'm sure a lot of other people are, about our

small local shops going down. And one of their troubles is of course, chief trouble is high rent and high council tax, particularly in London.

DUGGLEBY: Business rates, you mean?

ROSEMARY: Yeah. And I discovered that there was a small business rebate on council tax and I've discovered our local shopkeeper didn't know about it, and I got onto the council and discovered this amazing thing - that he was not eligible for it because his rent was too high.

DUGGLEBY: Okay, Stephen?

ALAMBRITIS: Yeah, I think it's the rate relief you're talking about, Rosemary ...

ROSEMARY: Yes, that's it.

ALAMBRITIS: ... and yes where the rateable value is too high, then the business may not qualify for rate relief. But there's £400 million begging on rate relief, so keep asking. My organisation is asking for the rate relief to be given automatically to businesses.

ROSEMARY: Yes.

ALAMBRITIS: Now if the shop is struggling ... We want to keep trade local, we want to keep our small shops. If the shop is struggling, there is also hardship relief ...

ROSEMARY: Oh!

ALAMBRITIS: ... against business rates, so go back to the business rates department of the local town hall. The other thing, given the recession and the downturn, is possible appeal against the rateable value, so that the entrepreneur reduces the rateable value of the premises and therefore may now qualify for rate relief. Although I don't know about the timings. There may be some issue there. So it's rate relief, it's hardship relief, and then there's the possibility of reducing the rateable value. But don't go into the hands of a rateable valuation appeal cowboy. Be careful. Get someone who doesn't ask for all the money upfront.

DUGGLEBY: An email come in from Neil in the Isle of Arran. He's running a landscaping business and he's got quite chunky contracts - one of £30,000, one £25,000. Touching on what we were talking about a few minutes ago, Peter. He's trying to get an additional facility, which is round about £30,000 to £40,000 to bridge him across the payment of these contracts, bearing in mind £25,000, £30,000. He said that it was approved okay, but the charge was £500; but after he challenged it, it was reduced to £250. And I hasten to add it's not your bank, it's another bank. But he's wondering whether there's any mileage, you know whether you can actually sort of really argue these arrangement fees and what sort of reception he's likely to get.

IBBETSON: Well I'm going to resist using the word 'argue', but I'll say always talk with your bank manager and you know what we're about with all our customers is relationships and we like to know you, we like to talk to you, and we like to do a fair deal with you. So always talk with your bank manager.

DUGGLEBY: Indeed. I mean these are quite big contracts - I mean £30,000 and £40,000. I imagine he perhaps does four or five in a year, so I mean you do need this bridging

finance. It's absolutely critical for the business.

IBBETSON: Well this is probably an overdraft you're talking about.

DUGGLEBY: Yeah, it is an overdraft.

IBBETSON: But I think it's worth saying that for the banks to support businesses, they have to be viable; but what we are seeing at the moment is quite a few viable businesses but businesses that don't have enough security to justify a standard bank commercial facility. Those are the businesses that are using the Enterprise Finance Guarantee. So any businesses like yourself, Neil, that are having difficulty getting the money in from your debtors, do talk to your bank manager about the availability of the Enterprise Finance Guarantee.

DUGGLEBY: I think what he's saying is what we were touching on earlier. It's the time ... He's really saying that everything seems to have moved on a month or two. The delays are coming in and that's what's hurting him.

IBBETSON: And that is hurting a lot of businesses. I mean those delays are, as Stephen said, you know creating great problems for many of his members.

ALAMBRITIS: Speed is of the essence, speedy responses. We know the banks are allocating all resources to get those speedy responses. The other thing that Neil is hinting at is that he's been asked to pay £500 and on negotiation it's down to £250, and he may feel for his other colleagues it would be nice to get commitments from the banks that their arrangement fees, especially for repeat business, are not so high.

DUGGLEBY: Indeed. Time for one more call. Rachel in Brixton.

RACHEL: Oh yeah, hi. I've just got a question about starting up a business. Can I offset the losses against PAYE tax and in another job?

DUGGLEBY: Okay, final one for you, Chas.

ROY CHOWDHURY: Okay, short answer, Rachel - I'm afraid you can't.

RACHEL: Ah!

ROY CHOUHDHURY: You're a start up, so you can't carry the loss back in the business. Each tax is individual, so PAYE is individual to income tax, corporation tax, whatever you're paying in your business. But what you should do if you have a problem in terms of cash flow - prepare the accounts, go to your bank to actually bridge the gap. And so ultimately you should then be able to become profitable and start paying tax rather than having losses.

RACHEL: Okay.

DUGGLEBY: And one final quick word. I'm dying to ask you, Peter, are the green shoots there?

IBBETSON: I couldn't possibly say. Up and down the country, I'm seeing different stories. In some areas, people are very confident; in other areas, less so.

ALAMBRITIS: There are seedlings. Seedlings are there and we'll have to wait for the

green shoots.

DUGGLEBY: Okay, many thanks. That's Stephen Alambritis from the Federation of Small Businesses. Before that, Peter Ibbetson, Chairman of Business Banking with NatWest and RBS; Chas Roy Chowdhury, Head of Taxation at the Association of Chartered Certified Accountants; and Ed Harber , Adviser with Business Debtline. Remember you can get more information on any of the issues we've raised during the programme on 0800 044 044, or our website, bbc.co.uk/moneybox. Don't forget to join Paul Lewis to catch up with the latest personal finance news in Money Box at noon on Saturday, and for the next few weeks Paul will be also taking your calls on Wednesday's Money Box Live.

PAGE

PAGE 19