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## **MONEY BOX LIVE**

**Presenter: VINCENT DUGGLEBY**

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**DUGGLEBY:** Good afternoon. This Money Box Live is for those of you running a small business and perhaps finding it difficult to keep going with little or no growth in the economy; rising overheads, especially fuel costs; customers who won't pay up on time; rent and business rates; employment laws; and, most important, access to loans from the banks. The Budget did address some of these problems - the National Loan Guarantee Scheme, for example, and further reductions in corporation tax. Unfortunately it won't affect many small businesses which operate as sole traders. But what seems to have been largely overlooked is a proposal by the Chancellor to introduce a simpler cash based system of income tax for small business. We'll talk about that in a bit more detail later in the programme because it's important for those with a turnover of less than £30,000 or who are not VAT registered. You have a chance to make your views known during the 12 week consultation period, so make the most of it. Is now a good time to set up on your own? It certainly won't be easy, but for many it's that or applying for jobs where competition is intense. But you have to be realistic. You need a sound business plan, hopefully some start-up capital and enough cash to support yourself while you get established - not forgetting the daily routine of bookkeeping, quotations and invoicing and keeping the right side of HM Revenue & Customs. You'll need all the help you can get, especially when it comes to growing the business, moving to larger premises, taking on employees or perhaps an apprentice. So now is your chance for some advice from my guests on Money Box Live. Iestyn Davies is Head of External Affairs at the Federation of Small Business; Jim Henry is an adviser with Business Debtline; Michael Warburton is Senior Tax

Partner with Grant Thornton; and Peter Ibbotson is the Small Business Chairman at NatWest and Royal Bank of Scotland. (*mobile phone*) And that was a phone going off, which is now going to be switched off while we talk to Riff in Birmingham.

**RIFF:** Good afternoon, hi.

**DUGGLEBY:** Hi.

**RIFF:** Yeah, I've got a question I hope I can get some help with. I've been unemployed for a long time now. I've had some health issues and I've been on variously incapacity and now I've moved to ESA. But I'm actually looking to start my own business now because I think that's probably the best way of getting back into work.

**DUGGLEBY:** Doing what?

**RIFF:** Marketing essentially, B2B business marketing.

**DUGGLEBY:** Right.

**RIFF:** And you know I've got a business plan and I've had various advice from you know various business organisations. There's quite a good Business Link in my area. Even my bank said that you know I've got all the boxes checked, etcetera, but there is no funding out there for me to start up with.

**DUGGLEBY:** Alright, well that's quite enough for me to put to Peter Ibbotson. It looks as though he's doing the right thing, Peter?

**IBBOTSON:** Well yeah, Riff, you are doing the right thing - you've got a business plan, you're taking the right advice from Business Link - and if the bank say you've got all the boxes checked, then I'm sort of scratching my head a little bit as to why you're not getting any funding. One thing I guess that I would just ask you to dwell

on. People think that banks can lose a lot of money before they're in trouble themselves, but in fact just bear in mind that for every 100 loans that the banks make, the banks can only get it wrong one time out of 100. Now what that says is when you go to the bank to borrow money, make sure you are you know in the 99. Make sure you've got a very clear cash flow forecast that's realistic. Make sure you can demonstrate to the bank how you are going to repay them. That's the critical thing. But if you've taken the right advice, if you've got the business plan there, if the bank's saying you've checked the right boxes, then you ought to be having a sensible conversation with them about being supported.

**DUGGLEBY:** Iestyn, what's going wrong here?

**DAVIES:** Well it's a difficult time out there for anybody who's looking to get finance from the bank. So, first of all. I would say, Riff, don't take it personally; there's a lot of people in the same situation. But in many ways businesses first start off obviously by getting finance and capital from friends or family members going to the bank or the ...

**RIFF:** *(over)* I have.

**DAVIES:** You have? Good.

**RIFF:** I have got some from that, you know. And I'm not actually after a huge amount. It's just you know I haven't been able to meet my operating costs for ... Well I'm going to need about 6 months before I can actually get some cash coming in.

**DUGGLEBY:** That's very good thinking. Yeah, I wouldn't quarrel with that at all.

**DAVIES:** I think it's a question of looking at Plan B - what other institutions or organisations have forms of perhaps micro credit or finance for business available - and just casting your net that little bit wider and making sure that some of the things obviously that we at the FSB have called for, which is this much more peer to peer

based way of lending that are already out there and actually are on your radar. And it might take a little bit longer to find them, but you might find it a bit easier to get finance from them.

**DUGGLEBY:** Jim Henry?

**HENRY:** Riff, I mean ...

**RIFF:** (*over*) I have looked in that area and, frankly, I've not really found too many people who are actually you know willing to entertain it. You know there's a few people who will have an initial conversation and there are some websites that look nice and shiny out there, but they're not seeming to be too helpful when it actually comes to saying yes. Does that make sense?

**HENRY:** If I could come in there, Riff. What I would suggest is there's an organisation called the Community Development Finance Association. They've got a website ...

**RIFF:** Right.

**HENRY:** ... that you can log into and you tell them what you're looking for, and hopefully they may be able to come up with something. It's worth a shot.

**RIFF:** Thank you.

**DUGGLEBY:** And, Mike, you're shaking your head, but obviously once the business gets established then of course the Revenue take an interest in it and will want to know what you're doing?

**WARBURTON:** Yes, you obviously need to inform the Revenue when you start. Just a thought that I had there. That in the first 6 months you're saying you won't have a lot of cash coming in as you're building up the business, and it may be that you

generate a loss in the business for that period. Just bear in mind that if you do do that, you're allowed to set that loss against your previous earnings. Were you earning under PAYE before, recently?

**RIFF:** Yes, but I mean I haven't worked for about 4 years now.

**WARBURTON:** Oh I see. No, it's a 3 year limit to the carry back. But that's a shame.

**DUGGLEBY:** But otherwise for people setting up a business normally?

**WARBURTON:** A lot of people who are in work cease work for whatever reason and then start up in self-employment, and there is this special provision where if you make a loss you can then carry that back and get back money that you've paid, tax you've paid under PAYE.

**DUGGLEBY:** And I think one final point, Peter, just briefly, and that is that if you don't get it from one bank, then go to another because you're not all the same, are you? Or are you?

**IBBOTSON:** Yeah, Riff, I mean one thing I was going to say is has the bank said to you why they've said no?

**RIFF:** Well I mean, as you can imagine, you know my credit rating isn't the healthiest after 4 years on benefits, you know, and there have been some slips and bumps in the road along the way, and I think you know they are just being I suppose overly cautious.

**IBBOTSON:** Well do shop around.

**DUGGLEBY:** Yeah, I think shop around. Well thanks for introducing the subject on a generally wide ranging discussion and that will be very helpful I think for others of

you who are thinking of taking the plunge, and let's see what we can do now for Will in Shipton-under-Wychwood. Will?

**WILL:** Oh hi there. Yeah, I'm a self-employed plumber. I've just been off for 6, 7 months. I had an operation and I'm just getting back to work, and I've got a lot of work lined up. But I haven't got a vehicle and I need some more training, so therefore I'm after credit, which I'm finding impossible to get because I can't open a business account. My credit score has dropped a little since I've been off and obviously not putting in regular amounts. And I tried to open a business account because I've got a new accountant and she's going to sort me out, hopefully, and they wouldn't open it because my credit score is good and not excellent. I've got an outstanding 6 year old debt that was defaulted upon, but which I satisfied 6 months ago. It's 3 months to maturity, so it won't be off for my credit record for 3 months and I think that's what's holding me up obviously.

**DUGGLEBY:** Well let me just check that because, Jim, can you confirm that that could be the problem?

**HENRY:** It could be. Just to confirm that defaults are there for 6 years before they disappear. But the other thing that you could try is from the RBS Group, NatWest. You could try a Foundation Account, but it's just a basic business account.

**WILL:** Right.

**DUGGLEBY:** Who are you with at the moment?

**WILL:** I'm with Lloyds at the moment. I've just got a personal account with Lloyds.

**DUGGLEBY:** Lloyds, right. And Lloyds are saying they can't carry on with your business account. Is that what they're saying?

**WILL:** I haven't got a business account. I've just got a personal account with them.

**DUGGLEBY:** Well because you will be required, you should be required - I think I'm right in saying, Peter - you will be required to have a business account?

**IBBOTSON:** Yeah, I mean if you're running a business, Will, you should be using a business account.

**WILL:** Yeah, absolutely.

**IBBOTSON:** And you know Jim gave us a nice plug, so I'll sort of reinforce the plug. You know NatWest and Royal Bank do have a Foundation Account, so yes you can go along to NatWest and Royal Bank and they will open a bank account for you.

**WILL:** Okay.

**IBBOTSON:** Getting the funding is a bit trickier. So you know if there is a patchy credit history, that can be ...

**WILL:** *(over)* It's a 6 year old. It's not 6 months. I said 6 months. It's 6 years. Nearly out of date.

**DUGGLEBY:** Yes, we did take that.

**IBBOTSON:** Look, the thing is, Will, go and have a conversation with them. You know have a chat. But one thing just to think about is if you're looking for a vehicle, then don't just assume this is going to be an overdraft that you're going to be using. You know you can go and lease a vehicle, which is sort of like renting it. And that often for people who are starting up in business is the best way to go, so they're not investing a large amount of money, sort of £5,000, £6,000 to start with, but they're paying £150, £200 a month, and that's often the better way of doing it.

**WILL:** Oh yeah, yeah.

**DUGGLEBY:** I'm just going to add to the problem that you've had, Will, with an email from Barbara who says that her business was going along nicely. She'd been operating for 4 years, making a decent profit, and then she got into a dispute with one of her suppliers and she lost £30,000. And she's asking the question about again dealing with the bank. She's gone to the bank and you know they won't carry on running her account the way she's used to and she's wondering what to do. She says, 'They don't seem to take any notice of the financial detriment I suffered as a result of this unfortunate event. I don't feel confident to contact the bank again.' Peter?

**IBBOTSON:** Well look 'confident' is the word there, and 'confidence' is the word I keep talking about with people - whether it's investing to get us out of the down cycle, whether it's confidence in your ability to go and talk to the bank. Do be confident and go and talk to your bank. Have that conversation with them. Look, it is difficult when you've lost a big account or you've lost money, so your accounts do go into loss. You know you may have made profits for 2 or 3 years, but then you've had a loss. Then what you've got to do is just get the bank to understand that things are turning around and give them some evidence of that. So go and talk to the bank is the best thing I can say.

**DUGGLEBY:** Again I mean a business loss - yes, I suppose, Mike, you can allow it against tax in future years, but is that what sinks a business that's possibly ...?

**WARBURTON:** Sadly if you have a big customer goes down - that's £30,000, £35,000 that's not sitting in your bank account and you can get a chain reaction of these things. The banks have been very supportive actually. In the downturn that we've had, banks have been much more supportive than they have in past recessions. But, nevertheless, there is a knock-on effect if you're not careful, and through maybe no fault of your own at all, it can be very hard for the business.

**DUGGLEBY:** Iestyn?

**DAVIES:** Indeed, I mean poor cash flow kills businesses - there's no secret to that fact. But again I think it's a question of actually going to your existing bank, going to

new potential sort of banks and saying this is the predicament, this is the situation, here's my books, here's what my plan is, and hoping that you find somebody who is willing to take an element of risk. You know risk is shared on both sides when it comes to banking. You know there's skin in the game for the bank and also for the small business as well. So the quality of the relationship is key, so speak to your friends and family who are small business people and find out where you know the good business banks are and shop around.

**DUGGLEBY:** But have courage I think is the message, yeah. Right, we've got a couple of calls on trading internationally or trading abroad. First David in Norwich.

**DAVID:** Hi there. Am I on?

**DUGGLEBY:** Yes you are.

**DAVID:** Hi there. Yeah, my thinking is about currency accounts. I'm a seed business. I employ one person here in the UK. I've got a couple of people in China and relationships in Costa Rica, China, Holland, Poland, other places. I have a sterling account with Lloyds and a euro account with Lloyds and a dollar account with Lloyds, but the currency accounts are very, very difficult to deal with. On the euro account, for example, I have euros, but the only way when I'm travelling that I can get euros out is to use the sterling account to take euros while I'm travelling rather than the euro account, which is nicely loaded with the euros.

**DUGGLEBY:** Okay, I've got the point, David. I'm going to interrupt you there because Natalie in Swansea has got a very similar problem. Natalie, you've got a problem with euros?

**NATALIE:** Yes, that's right. I've got a small science based business which operates mostly within the Eurozone, so a lot of the money I have coming in is coming in as euros. I have actually got a euro account and a sterling account with RBS, but what I find is that whichever account it goes into, if I'm transferring it for example from the euro account to the sterling account, what I find is that the rate of exchange I get is the

rate that the bank would be offering for you know we buy currency rates, which means that it's actually quite a lot different from whatever say the rate is that day. So you know I might be getting something like 82p to the euro and the rate that day might actually be more like 88.

**DUGGLEBY:** Okay, I'm going to interrupt you there because you've both raised an important point. We've got somebody from NatWest here, Peter Ibbotson. Peter, I guess in this case there's bad communication for starters, but you know increasingly businesses are being told look, don't concentrate on the domestic market; go international. We've got a couple of very good cases there. I should have thought you people ought to have some really good business advisors who say right, let's sit down and sort it out.

**IBBOTSON:** And we do. And you know David and Natalie will be talking to trade finance people I guess at the moment because they have got currency accounts. David, I guess yours is actually more complicated than Natalie's, I think ...

**DUGGLEBY:** With China and all that involved.

**IBBOTSON:** Yeah with China and Costa Rica and Poland. They are more difficult areas. But you are running your dollar and your euro account. I mean I think what you were saying was you find it difficult to get the currency to go abroad with.

**DAVID:** That's a small issue.

**DUGGLEBY:** And the charges as well that are involved, you know.

**IBBOTSON:** Yeah. Getting the currencies - I understand what you're saying there, but you should be able to get those from a bank if you're ordering them.

**DAVID:** But that's not the point. The point is that if I've got euros, why can't I use the euro account exactly the same way as the sterling account? At the moment I get a

paper statement once a month telling me how many euros I've got. I can't do it online, I can't pay online, I've got to fill in papers. It's like not one century ago, it's like two centuries ago.

**IBBOTSON:** Right, so what you need to do - and maybe you've done it already - but what you need to do is speak with the trade finance person that you interface with.

**DAVID:** *(over)* I have. I'm actually thinking of opening a Dutch bank account because that seems to be the best way.

**IBBOTSON:** Sure. Well I mean the best thing I can say is go and speak to the guy at Lloyds and sort of tell him that this is what you want. But if I could just focus on ...

**DAVID:** *(over)* I have every meeting for several years.

**DUGGLEBY:** I mean your point is taken, David. I mean you know bear in mind we've got a lot of listeners to this programme and they will probably support your contempt, but let Peter just sort of have his say and then we'll see what the website says.

**IBBOTSON:** Yeah and Natalie, it's a similar sort of issue. You know you've got to speak with the bank and say exactly what you want there. But the one thing I just want to pick out is whether you're hedging because frequently what sinks a business or gives a problem to a business that's trading abroad is that they end up, their business being run in a foreign currency or the foreign currency being a material impact into the business, and they've not hedged it at all. So in your case, Natalie, if you're getting euros coming in, presumably you're pricing whatever you're doing in sterling maybe several months before you actually run the business and get the income coming in? So are you talking to your bank about putting a hedge in or forward currency rates, things like that?

**NATALIE:** Well I actually quote my prices in euros, so you know I'm quoting to the

companies that I do the work for in euros.

**IBBOTSON:** Right, but are you at the beginning of that when you're quoting in euros, are you then fixing what your exchange rate will be for when those euros come back to you?

**NATALIE:** No, I haven't done that.

**IBBOTSON:** Then that's what you should be talking to your trade finance adviser about.

**NATALIE:** Right, but ...

**DUGGLEBY:** I want to bring in Mike Warburton here because this is quite a complicated sort of accounting problem, isn't it, when you're dealing with different currencies - working out what the profit in sterling is?

**WARBURTON:** Yes, I mean obviously for UK tax purposes, you have to convert that back into sterling terms. Very big businesses often have accounts in ...

**DUGGLEBY:** *(over)* Sure, but this is small business.

**WARBURTON:** But for small businesses, you need to account in sterling terms. I've got to say I'm thoroughly encouraged by the fact that we've got David and Natalie on here as small businesses being so active in the overseas market.

**DUGGLEBY:** Absolutely.

**WARBURTON:** It's exactly what we need, so congratulations to both of you. And I know the Government are very, very keen to encourage this. So yes it is a concern that you're having difficulties in doing what everybody at the Government wants you to carry on doing. I mean the accounting, you can get sorted out. At the year end, your

account converts back to sterling.

**DUGGLEBY:** Thanks for that call. It really prompted me to ask you, Mike, about this consultative document, this small business tax proposals which I've had a look at, and I must say it seems okay in theory but it is for very small businesses. This is £30,000 turnover ...

**WARBURTON:** *(over)* Well actually you say £30,000. Yeah £30,000 was the figure that was recommended by the Office of Tax Simplification. This has come out of the Chancellor's appointment of the Office of Tax Simplification - how can we improve the position for a whole range of people, including small businesses - and they've come up with this proposal that we can have a simpler basis where you essentially have cash accounting: you cash in, cash out, and you pay your tax on the basis of that. And the Chancellor's proposing to go further than the £30,000. He's going up to £77,000, which is the same figure as the VAT threshold. So the answer is that for VAT purposes, you probably aren't registered for VAT at that level, although you could be; but the point is it's the VAT threshold, so even if you are VAT registered, you're probably on a cash accounting basis for VAT. The whole system here is a thorough simplification of the way accounts are produced. I think it's a very good document. I've read it right through and I think it's a great idea.

**DUGGLEBY:** I'm not very keen on the levels of expenses you can claim for home as business ...

**WARBURTON:** Yes ...

**DUGGLEBY:** You know they're suggesting you can run a business from home for about £190 a year.

**WARBURTON:** These are only proposals. It won't come in for a year, Vincent, and ...

**DUGGLEBY:** I'd have thought it should be about three or four times as much.

**WARBURTON:** Yes, I suspect that the ... I mean the motor expenses they allow - 45p a mile - I mean that's what everybody has and it's a standard motoring expense. The allowance you get for use of home as office look low, but this is consultation.

**DUGGLEBY:** And just a quick word from you, Iestyn.

**DAVIES:** I think it's a good idea. I mean we've been pushing for simplification in terms of what it means to run a business, so obviously we're not going to diss this too much. But, as you say, the devil's in the detail and it's important that the small businesses via chambers, by the FSB or by their own networks actually contribute and say well yeah this is a good idea, Mr Chancellor, but we need extra relief or extra support in these particular areas.

**DUGGLEBY:** And no doubt you will be doing just that in your submission?

**DAVIES:** We certainly will.

**DUGGLEBY:** Alright we must move on, we've got a lot of calls coming in. So we will now move to Vicky in Manchester. Vicky?

**VICKY:** Hi there.

**DUGGLEBY:** Hello.

**VICKY:** Hello. My question is I'm currently running a small business. We've been trading for just under 7 months. And we've kind of got to the point now where we want to take on another member of staff and we're kind of a little bit ... we're not really sure how we can move forward with this in terms of funding. Because obviously say for instance we wanted to pay somebody an £18,000 a year salary, how much funding would we need you know to kind of take somebody on initially? And

are there any government programmes that would help us take on a member of staff?

**DUGGLEBY:** Right, I'm looking round the panel to see who'd like to tackle this. I suspect it'll be you, Iestyn, taking on an employee?

**DAVIES:** Yeah, I think the first thing ...

**DUGGLEBY:** Handholding I think here we need.

**DAVIES:** Handholding is very important and to proceed very carefully. I mean you're sharing your business and your day to day life ...

**DUGGLEBY:** (*over*) And you're taking on liabilities with an employee.

**DAVIES:** Exactly. Obviously make sure you've informed all the relevant people at the Revenue and make sure that you've communicated effectively. But also look at the wider costs. It's not just about taking somebody on. Is this person going to take you away from running your business? It's inevitable you're going to have an impact. So think of the wider opportunity costs as well ...

**DUGGLEBY:** (*over*) And you're going to need to understand employment law regrettably.

**DAVIES:** You are. And obviously if you're below a certain threshold, there are certain you know exemptions you have again, so just get all the advice to hand, spend some time thinking it through. When it comes to managing the cost, obviously think about whether this person's going to need some sort of trading ...

**DUGGLEBY:** Training.

**DAVIES:** ... training ... but also realising that because there are particular issues in employing people in different parts of the UK, there are very much regionalised funds

available as well. Here in Wales, for instance, there's a particular fund announced yesterday. Obviously the Deputy Prime Minister's announced some of his initiatives as well. So look beyond just your cash flow allowances.

**DUGGLEBY:** Peter?

**IBBOTSON:** Yeah, I think the question you're asking, Vicky, really is how much have you got to put aside to be able to pay someone £18,000.

**VICKY:** Well that's right, yeah.

**IBBOTSON:** It's probably one for Mike because you know you're talking about national insurance, employers national insurance and all those sort of things. And I know there are some schemes available in the more deprived areas. I can say that because I am a Mancunian and I'm not suggesting Manchester's deprived for a minute, but I know there are some schemes ...

**WARBURTON:** *(over)* Well the Government announced a plan. If you take somebody on who's previously been unemployed, there's a special plan where you can avoid paying the national insurance. This was something the Government announced. But in principle you're absolutely right, you need to inform HM Revenue & Customs because you need to operate PAYE. At £18,000 a year, you need to operate PAYE, get a tax code etcetera, pay the relevant national insurance. In terms of how much money you need, well I would think you know you probably need to know that you can fund 6 months worth of wages because ...

**VICKY:** *(over)* 6 months, right.

**WARBURTON:** Yeah, just as a rule of thumb, because there's always a time before they've done the work. The wages are paid, they've done the work and then there's a day before actually getting the money in from the customers. So you probably need to fund something like that sort of amount.

**DUGGLEBY:** Yeah and I would also just think through in your mind what would happen if this employee you know for example went off sick. You know what would you do? You've got to have almost a Plan B, Peter, just to make sure you don't land yourself with a huge liability.

**IBBOTSON:** Yes you have, but I mean let's not put Vicky off because you know if every small business in the country employed one person, we wouldn't have any unemployment in the country. (*laughter*) So you know you're doing a great job, Vicky, so don't let's put you off with that at all. But you're doing the sensible thing - you're looking at what the costs are - and I think you know Mike's been helpful in saying you know have the funding there for 6 months.

**VICKY:** That's really what I wanted the answer to, to be honest.

**IBBOTSON:** Yeah and I think that's sensible. And again share that with the bank, you know.

**DUGGLEBY:** And bringing in Jim. I mean you know again I'm probably being a bit pessimistic, but the sort of warning lights start to show you know and for goodness sake make sure you can afford it.

**HENRY:** Yeah, you know and plan for things like PAYE that you'll have to fund because it is collected aggressively, so you want to make sure that you can pay that on time, of course.

**DUGGLEBY:** And giving time off for training, that sort of thing.

**HENRY:** Yeah, absolutely.

**DUGGLEBY:** It all mounts up, you know the extra costs. I mean I would have thought you need to allow at least 50% more than the salary for starters just to keep an employee on the books.

**HENRY:** You can get some cheap software to do your PAYE calculations as well.

**DUGGLEBY:** That's another thing again - getting the means of keeping the books. Right quickly moving on. David in Borden, your call?

**DAVID:** Oh good afternoon. I'm ringing on behalf of my son. He's 19 years old. He's currently at an agricultural college studying forestry. He only has to attend two days a week and he's permitted to work the other three days in the industry and in the Easter holidays, which he's doing at the moment. He's got a job, but it has to be on a self-employed basis, and I'm wondering are there any grants available from the Inland Revenue or anybody for him to set up his business?

**DUGGLEBY:** The Revenue don't I think give any grants.

**WARBURTON:** Sadly there's no grants from the Inland Revenue. Did you say you're planning or he's planning to be self-employed rather than take on employment?

**DAVID:** Yes. I mean he's working at the moment on a self-employed basis.

**WARBURTON:** Yes.

**DAVID:** I was wondering if there was any funding around for him to buy things like chainsaw boots, the chainsaw, and other equipment and clothing he needs? That was the first thing.

**DUGGLEBY:** Well yes if it's to do with the business, clearly it becomes a charge on the business, so it's off-settable against tax.

**DAVID:** But are there any grants available for him to go and purchase those items at all from anybody? There used to be years ago.

**DUGGLEBY:** Well hang on a minute because the banks may have some, the banks do have some means of lending for ...

**IBBOTSON:** David, the only thought here and you know I don't know what your own circumstances are, but I think if you sort of look at your own circumstances and say are you able to fund him, so you know are you able to lend him a couple of thousand pounds to get the chainsaw and the safety kit and things like that.

**DAVID:** Yeah.

**IBBOTSON:** So you might feel that within your family, you want to do that. Now if you can't do that, then go and have a chat with the Prince's Trust because this is exactly the sort of thing that the Prince's Trust do. You know they help young people coming through who want to start their own business but actually haven't got any resources or access to any resources themselves. So have a look at the Prince's Trust and just see if they're appropriate for you.

**DUGGLEBY:** Probably a very good occupation to approach them with too because it involves arboriculture, if I've got the word right.

**DAVID:** That's right.

**IBBOTSON:** Yeah, the Prince would be happy, I suspect.

**DUGGLEBY:** I think yes. Okay, well thank...

**DAVID:** *(over)* And the Prince's Trust, are they non-repayable?

**IBBOTSON:** The Prince's Trust offer bo... They do grants and they do loans. But what you get as well, which is really important, is some mentoring. So again I don't know your own situation, whether you run a business or whether you know you've not got that sort of experience, but go and have a chat with the Prince's Trust.

**DAVID:** Alright. The other ...

**DUGGLEBY:** *(over)* Got an interesting ... No, I've got to cut you off there because I've got an email in from another tree surgeon and this is directed to Mike. He says it's very heavy and stressful business doing this work and he says can I get any allowance for the high calorie diet that I need?

**WARBURTON:** Yes, that's very interesting. I mean there was a case recently by a rugby player. And he was a prop, and the prop is the guy who takes all the weight in the scrum and he was saying he needed twice the calorific intake as most people. And I think that case went to court and he didn't win, unfortunately, so I'm not sure that the precedent there is very good. You get the standard allowance that you can get you know for normal people in business ...

**DUGGLEBY:** If you're away from home, you can claim for meals. Subsistence.

**WARBURTON:** Yeah, you get that. But, as I say, from memory here, our rugby player friend unfortunately he tried but failed, as I recall, for the extra calories he needed.

**DUGGELBY:** Briefly, Peter?

**IBBOTSON:** Yeah but just to emphasise that, you are able to claim for subsistence. So you know if you are away working like that, then you know you can get your lunch claimed for.

**DUGGLEBY:** Okay, one very quick question, but please Michael in London, make it quick and brief. Hello Michael?

**MICHAEL:** Hello. Yes, I'm Mike ..... I set up a global advertising agency 3 years ago and I heard about CDIS, which was announced in the Budget, and I'm interested in setting up three or four more new companies and wanted to understand how that

could help me.

**WARBURTON:** Well very, very briefly, I mean CDIS is an extension of the current Enterprise Investment Scheme designed to attract money into your business because the people who are investing get income tax relief on doing so, and this is really an extension to that principle. Haven't got time to go into all the details, but it's generally designed to help just the sort of business that you're looking at.

**DUGGLEBY:** And I want half a minute from you, Peter, on the National Loan Guarantee Scheme, which didn't actually come up in our questions but you wanted to have a quick word about.

**IBBOTSON:** Yeah, sure, and surprisingly it didn't. What so many businesses say is that the price they're paying for bank funding at the moment is well, well too high. Well in fact it's still pretty low. I mean the average price for bank lending is below 4% within NatWest and Royal Bank of Scotland Group at the moment. But what the Government has done is brought a scheme out called the National Loan Guarantee Scheme whereby they are helping the banks to reduce the pricing down. They don't improve the risk, so it's all a pricing thing. But there are some very, very good prices available because of that scheme, so go and talk to your bank about it.

**DUGGLEBY:** And 15 seconds from you, Iestyn, on that very subject.

**DAVIES:** It's a good idea, it's a good plan, but still shop around. At the end of the day you know loans are very much almost consumer products, so make sure you're getting the best deal from the best bank and it suits your business need.

**DUGGLEBY:** Okay and a final word from you just briefly, Jim.

**HENRY:** Just remember if you do get a loan from the bank under this scheme, the guarantee is to the bank, not ... You still owe the money.

**DUGGLEBY:** Okay, wise words there. And I'm afraid we've run out of time, but thanks to Iestyn Davies from the Federation of Small Business; Jim Henry from Business Debtline; Mike Warburton from Grant Thornton; and Peter Ibbotson from NatWest and Royal Bank of Scotland. Now you can get more information and check web addresses and things on the issues we've raised during the programme. First port of call is [bbc.co.uk/moneybox](http://bbc.co.uk/moneybox) where you can listen again, download a podcast, or raise issues for consideration in future programmes. In the meantime, don't forget to join Paul Lewis for Money Box at noon on Saturday. I'll be back same time next week taking your calls on savings and investment.