



CAPITAL GAINS

BY TIMKELLY

How has your year been? To say this has been an interesting year is an understatement. As a business owner, no matter how well you plan, how much you work on the business, there is always something out there to kick you in the rear.

Before Covid, I could see what was going to happen to the economy by watching what was going on in China. I realised that if nobody is moving about in cars, there would be no accidents, no claims, no complaints, no engineering.

In short, that was me stuffed. So I made sure I had other income streams and, ironically, I had my best year ever with the following year only marginally behind. The expected dive in business did not occur, I just got busier and earned more profit.

Had I inadvertently designed the perfect business? If you can not only survive a pandemic but prosper, you must be doing something right.

NEVER SIT ON YOUR LAURELS

My tax year runs from April to March, I like to file my accounts ASAP to make sure I get rid of any liabilities like corporation tax and personal tax. Due to Mr Sunak changing rates on dividends two years ago, I took out a large sum of capital to avoid getting taxed at a higher rate. Relief last

year was half of the previous year, this year it is half again.

It was the correct decision tax-wise, but it left me with much lower capital than I like. But if you are growing and doing well, that's not an issue.

However, this year has been my worst trading year in a long time, with outgoing higher than income eating my capital.

My website traffic blew my mind, down from 20,000-30,000 hits a month, to fewer than 2,000. What the "effing" hell was going on?

My advice, make sure you aim have at least six months of working capital to cover your overheads.

SQUEAKY BUM TIME

I work very hard to make sure that I am everywhere. I constantly market my business in some form. But that is not a "cure all". Your only safety net during a downturn is capital.

I did spot what was going on early, and got more work in. Brilliant. Then I had three major clients either cut down on work or stop altogether. Not so brilliant.

I have normality back now, but this year have been tough. The toughest ever.

I wondered if it was just me? And what was happening elsewhere in the

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trade. So, I asked. In the real world of smaller independent repairers, care of the Refinishing Crew Facebook group, 96 participants responded as follows to a series of poll questions:

- 2%** Had to fold the business due to lack of profitability and I have left the trade

- 8%** We are barely surviving; we do no marketing nor invest in our business

- 4%** We are barely surviving even though we do marketing

- 22%** We have had a consistent year, neither improving nor declining; we do no marketing or business training

- 1%** We have had a consistent year, neither improving or declining; we do marketing and business training

- 2%** We have had a reasonable year with a slow margin of growth without marketing or business training

- 4%** We have had a reasonable year with a slow margin of growth with marketing or business training

- 9%** We have had a good year, with good growth and profitability without making changes to the business

- 28%** We have had a good year, with good growth and profitability while making changes to the business

- 13%** We have had our best year ever, making the most profit

- 2%** Good year for growth, profit smaller than expected