

Solid Ledger Limited

Financial FAQs for Beauty & Fashion Professionals

Your expert companion for bookkeeping, compliance, planning & growth.



SOLID LEDGER

Financial FAQs for Beauty & Fashion Professionals (Detailed Guide)

Income & Profitability

- **Q: How do I know if I'm really making a profit after all my expenses?**

A: To determine if you're making a profit, you must track both your income and expenses accurately. This involves recording all sales from services and products and subtracting all business-related costs, such as rent, supplies, wages, and taxes. The remaining amount is your net profit. Use accounting software or a spreadsheet to regularly compare your total income against total expenses. A monthly profit and loss statement can help visualize where your money is going and whether your business is profitable.

- **Q: Why does it feel like I'm busy but still broke?**

A: Many beauty and fashion professionals experience this because being busy doesn't always mean being profitable. It's possible that your prices are too low, your expenses are too high, or your time is being spent on services that don't generate enough return. It's important to evaluate your pricing, cost per service, and how much time each appointment consumes. You might need to increase prices, cut unnecessary expenses, or focus on high-margin services.

- **Q: How much should I pay myself as a salon owner or freelancer?**

A: You should aim to pay yourself a reasonable and consistent amount, typically based on your net profit. Avoid taking random draws from your business account. Instead, determine

a fixed percentage of profits that you can afford to pay yourself while leaving enough for taxes, savings, and business reinvestment. This helps create financial stability and discipline.

- **Q: How do I set my prices to ensure I'm covering costs and making profit?**

A: Start by identifying all direct costs (products, tools, time) and indirect costs (rent, utilities, marketing). Add your desired profit margin on top. Research competitor pricing in your area and adjust based on your unique value. Don't undercharge—your pricing should reflect your skill, quality, and service experience. Review prices annually to ensure profitability.

- **Q: How can I increase my income without burning out?**

A: To earn more without working longer hours, you can: increase your prices strategically, upsell products or premium services, reduce low-profit tasks, and improve operational efficiency. You can also generate passive income through online tutorials, retail products, affiliate programs, or digital downloads. Automating bookings and client reminders can also save time.

Bookkeeping & Records

- **Q: Do I need to keep receipts for every little thing I buy for the business?**

A: Yes, it's essential to keep receipts for all business expenses, even small ones. HMRC requires evidence to support your expense claims, and having receipts helps ensure you don't

miss out on deductions. You can store them physically or use apps to scan and save them digitally.

- **Q: How do I keep track of cash and card payments separately?**

A: Use a bookkeeping system that allows you to categorize payments by type (cash, card, online, etc.). This ensures transparency and makes bank reconciliations easier. Regularly count your cash, compare it with sales records, and ensure everything matches your bank deposits.

- **Q: Can I use my personal account for business transactions?**

A: While it's possible, it's not advisable. Mixing personal and business finances makes it harder to track profitability, manage taxes, and can trigger red flags in audits. A dedicated business account keeps your records clean and professional.

- **Q: What's the best way to track my product sales vs services?**

A: Set up separate income categories in your accounting software. This allows you to monitor which part of your business is more profitable and helps in inventory and resource planning. Many beauty industry-specific POS systems have this feature built-in.

- **Q: How do I track inventory without it taking up all my time?**

A: Use simple inventory software or even a structured spreadsheet. Update stock levels weekly or monthly. Automate where possible by using barcode scanning, stock alerts, and sales tracking to avoid over-ordering or stockouts.

Taxes & Legal Compliance (UK-focused)

- **Q: Do I need to register as a sole trader or limited company?**

A: A sole trader is easier to start and has fewer admin duties, but a limited company offers liability protection and potential tax benefits. If you plan to grow or take on significant risk, consider forming a limited company. Speak to an accountant to decide what's best for your goals.

- **Q: How much should I set aside for taxes each month?**

A: Set aside 20–30% of your monthly profits for income tax and National Insurance. If VAT registered, keep that amount separately too. This ensures you aren't caught short at tax time and can make payments on time.

- **Q: What expenses can I claim as a beauty/fashion professional?**

A: You can typically claim rent, business utilities, tools, supplies, uniforms, travel costs, professional subscriptions, and marketing costs. For home-based businesses, a portion of your home expenses may also be deductible. Keep clear records.

- **Q: When do I need to register for VAT?**

A: You must register once your turnover exceeds £90,000 over a 12-month period. Voluntary registration is also an option if you want to reclaim VAT on purchases. Make sure to file returns on time and adjust your pricing accordingly (speak to your accountant for necessary VAT adjustment).

- **Q: How do I handle taxes if I earn cash tips or side gigs?**

A: All income, including cash tips, must be declared in your Self Assessment tax return. Maintain a log of cash received. Failure to report cash income can result in penalties.

- **Q: Do I need to pay National Insurance if I'm self-employed?**

A: Yes. Most self-employed individuals pay Class 2 and Class 4 National Insurance contributions based on their profits. HMRC calculates these during your tax return submission.

Business Growth & Planning

- **Q: When is the right time to hire someone?**

A: Hire when you consistently have more work than you can handle, and when your profits can cover the additional wage and associated costs (pension, holiday pay, taxes). Start with part-time or freelance help if you're unsure.

- **Q: Should I rent a chair, work from home, or open a shop?**

A: Each option has pros and cons. Renting is lower risk and good for flexibility. Home working saves costs but may limit growth. A shop offers visibility and growth potential but comes with higher overheads. Choose based on your stage, goals, and customer base.

- **Q: How do I get funding or a loan for my business?**

A: Prepare a strong business plan, financial forecast, and proof of concept. Explore small business loans, government grants, or startup finance schemes. You can also seek support from credit unions or crowdfunding if banks decline.

- **Q: What's the best way to budget for slower seasons?**

A: Use historical data to identify peak and slow months. Save extra during busy periods, reduce stock orders, and plan promotions during off-peak times. A seasonal cash flow forecast will help you avoid surprises.

- **Q: How can I tell if a promotion or discount is actually profitable?**

A: Compare sales revenue during the promotion with your average. Subtract the cost of discounts and ensure you still cover your costs. If your margin shrinks too much, it may not be worth it. Use tools to track ROI on offers.

- **Q: What financial tools or apps can make running my business easier?**

A: Use apps like QuickBooks , Zoho Books or Xero for accounting, Fresha or Vagaro for bookings, and Excel or inbuilt budgeting tool of your accounting software for budgets. Look for tools that integrate with your bank and offer automation to save time.

Cash Flow & Expense Control

- **Q: How do I manage my cash flow when income is inconsistent?**

A: Build a buffer savings account, monitor weekly cash flow, and prioritise urgent expenses. Delay non-essential spending during low months. Offer incentives for early payments if working with clients who delay payment.

- **Q: Why do I run out of money even when business is busy?**

A: You may be overspending on inventory, running too many discounts, or facing delayed payments. Review all outgoing costs, collect payments on time, and ensure your pricing includes a healthy profit margin.

- **Q: What are the biggest expenses I should watch out for?**

A: Rent, staff wages, stock, and marketing are common big-ticket expenses. Review them regularly. Negotiate better supplier deals and don't over-hire before you're ready.

- **Q: Should I lease or buy my equipment/salon furniture?**

A: Leasing spreads the cost and may include maintenance, but it's more expensive long-term. Buying is cheaper over time if you have the funds upfront. Consider your cash flow and how often you update equipment.

- **Q: How do I control spending on stock and supplies?**

A: Track inventory, set reorder points, and avoid over-purchasing. Buy in bulk only if it saves money. Use one or two reliable suppliers and regularly review costs.

Financial Goals & Future Planning

- **Q: How do I save for maternity leave, holidays, or retirement?**

A: Treat your savings as a fixed monthly expense. Set up standing orders to a separate savings or pension account. Use government schemes like personal pensions or ISAs. Plan early to avoid financial pressure later.

- **Q: What's the best way to separate business and personal finances?**

A: Open separate bank accounts and cards. Avoid paying for personal expenses from your business account and vice versa. Record any transfers clearly so you don't mix income or miscalculate taxes.

- **Q: How can I improve my credit score for business purposes?**

A: Pay bills on time, keep credit usage low, and avoid multiple credit applications in a short time. Check your credit report for errors and build a relationship with your bank for future financing needs.

- **Q: How do I plan financially for opening a second location or expanding?**

A: Start with a detailed business and financial plan. Ensure your current business is profitable. Estimate the full cost of setup, staffing, and initial losses, and build a reserve fund. Seek professional advice before expanding.

- **Q: Is it worth getting an accountant or bookkeeper, or should I DIY?**

A: If your business is small and you're confident with finances, DIY (Do It Yourself) might be fine. As you grow, hiring a bookkeeper can save time, reduce errors, and ensure compliance. A bookkeeper and an accountant can help you plan tax and growth strategy.



VIRTUAL FINANCE OFFICE (VFO) FOR SMALL BUSINESSES

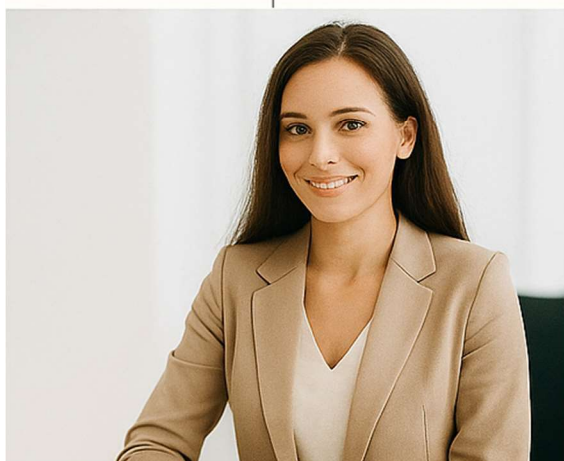
The Virtual Finance Office (VFO) is a remote, tech-enabled financial management solution tailored for small businesses. It combines cloud-based accounting, real-time reporting, and expert financial guidance — without the cost of an in-house team.

Management Reporting

Monthly or quarterly financial reports tailored to your business KPIs, including profit & loss, balance sheet, cashflow summaries, and budget vs actuals.

Cashflow Forecasting

Real-time visibility of your inflows and outflows, with dashboards and projections to help you plan with confidence.



Bookkeeping & Data Entry

We handle the accurate recording of all your financial transactions — including sales, purchases, receipts, and payments. We use leading software such as QuickBooks and Zoho Books to ensure real-time access, automation, and efficiency.



Accounts Payable (AP)

We manage supplier payments and recurring bills, ensuring timely submissions and accurate reconciliations. We also monitor aging reports to help maintain strong supplier relationships and good credit standing.



Virtual CFO Advisory

Strategic insights, financial analysis, and business advice on pricing, cost control, and profitability improvement.

Accounts Receivables (AR)

We help you stay on top of your invoicing and collections with ageing reports, automated reminders, and credit control support.

Payroll, Staff Expenses & Tax Compliance

We handle staff salaries, PAYE, pensions, and reimbursements using tools like BrightPay or QuickBooks. We also manage VAT, self-assessment, and corporation tax filings, ensuring timely HMRC compliance and streamlined reporting.

Thank You for Reading

Empowering Beauty & Fashion Professionals with Financial Clarity

At Solid Ledger Limited, we go beyond bookkeeping—we offer tailored financial insights, management support, and peace of mind for every beauty and fashion professional we work with.

Contact us to learn how we can help you grow your business with confidence.

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