

The best sources of information on this issue are the Federation of Ophthalmic and Dispensing Opticians' website at: www.fodo.com and regular articles in the optical press.

Capital gains tax

Capital Gains Tax (CGT) is charged to individuals who are disposing or selling capital assets. Sole traders and partnerships are treated differently to limited companies.

Although it may seem a long way away, there will come a day when you want to sell your business or to pass it on to a family member. Remember that there is also tax liability to be paid on the profits you make on the sale of your assets. There are ways around the severity of CGT and the sooner you start to investigate them the better. As an example, under certain circumstances some business owners may benefit from 'taper relief'. This was introduced in 1988 in an attempt to reduce CGT liability on sole traders and partnerships and to encourage long-term investment.

In all of these areas of taxation, your accountant's advice will prove to be not just invaluable but also worth the fees. Interest on late payment of corporation taxes can be as high as 6.75 per cent and a persistently late VAT return could end up costing you up to 15 per cent.

You can find information and help at the HM Revenue & Customs website <http://customs.hmrc.gov.uk>

NEGOTIATING

For many people the concept of negotiating is new and can be a daunting prospect. However, it is an essential ingredient in business survival and these days the reality is that most suppliers realise the initial price they quote will not always be price they are prepared to settle for. It is also worth mentioning that price is not the only factor that you should be negotiating; consider the benefits of faster delivery, better credit and indeed a more favourable returns/exchange policy.

By using these other areas you may well be able to create terms that benefit you far more than a simple reduction in cost price.

One of the keys to negotiating is to reach a mutually winning situation rather than a resolution that you are happy with but your supplier is not. Remember that good working relationships with your suppliers will need to be maintained at all times and if they feel at the end of negotiating there is no upside for them they will not want to deal with you in future.

Seek to understand their side as well as your own; what will make them want to reduce the price or increase the credit terms? Maybe they would need you to offer window display space or maybe they

will want you to feature their product in your next advertisement.

The negotiation of prices and terms is relevant to all areas of your business, including product, equipment, stationery and even services such as banking facilities or maintenance contracts – even your window cleaner should be prepared to discuss terms. Once again you will find that the more knowledge you have, the more equipped you will be to get a more favourable deal.

CASH FLOW: HOW TO SURVIVE

Second only to shop fitting, the biggest cost that most start-up practices have to face is for their equipment. Therefore, your skills as a negotiator need to be polished and ready to be used even before you open your doors.

There are many ways to deal with the cost of equipment, but regardless of how good the deal is, the bill usually has to be paid during the early stages of your new business's trading life.

You will find that most equipment suppliers offer you a credit facility. However, as with most things there is an alternative. First, in the same way as you could buy a new television from your local electrical superstore and use their own credit facility, it may be more beneficial to opt to buy equipment on a credit card that gives you a better rate of interest.



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