**26 02 2025\_Transcription**

[Josh Keegan] (0:29 - 0:38)

Hey guys. Hello mate. Hey Grant.

Hey Jackie. Hi. Hey John.

You all doing good?

[Attendee 3] (0:39 - 0:40)

Wonderful mate.

[Josh Keegan] (0:40 - 0:57)

Good. Good. Just letting everyone get themselves in.

On time is late, but everyone is very much on time, which is good. Oh, now everyone's late after this, after this point. Hey Katrina.

[Attendee 1] (0:58 - 0:59)

Hi Josh. How are you?

[Josh Keegan] (1:00 - 1:01)

Yeah, good. Are you good?

[Attendee 1] (1:01 - 1:02)

Good. Thanks. Yeah.

[Josh Keegan] (1:03 - 1:16)

Good. Hey Sean. Hello.

Hello mate. Hey Francine. Right, we'll let the last few arrive.

Everyone good?

[Attendee 9] (1:18 - 1:23)

Hi Josh. Sorry. I'm five hours behind in my PJs, camera off.

[Josh Keegan] (1:23 - 1:26)

Don't you worry. Don't you worry. You do your thing.

[Attendee 1] (1:29 - 1:31)

Right. Just staying on time is late, just as we joined.

[Josh Keegan] (1:31 - 2:03)

Yeah, exactly. But no, I'll give you the benefit. I mean, on time is on time.

So you're, you're all right. I'm just going to let last minute or two just let everyone come in and I can crack on. Everyone good?

How is winter going for everybody? Who's ahead of where they want to be? It'd be very unusual for anyone to say.

I knew your hand might come up Grant. Go on. Christine, are you ahead of where you want to be in winter?

[Attendee 4] (2:04 - 2:05)

Sorry. I just came in.

[Josh Keegan] (2:06 - 2:07)

What was the question?

[Attendee 4] (2:07 - 2:09)

I'm just saying hi.

[Josh Keegan] (2:09 - 5:05)

He's just waving and excited. Who's behind where they want to be at the moment in the winter season? I probably am to be honest.

Yeah. That's part of the territory to be honest guys. It's a tough season.

It's difficult. Very difficult. Who's where they want to be?

Who's at the kind of 66% point for end of Feb? Anyone? No.

It's all about just bringing that winter in. It's not easy. It's pretty grueling.

It's pretty hard and it never seems to end, but you just got to do your best because it will be worth it. I think we will know that the benefits of doing it. It's just actually putting the trigger making it happen.

It's not an easy, easy thing to do at all. In this session, we're going to be diving into world class finance function as a follow up to the workshop we did on the program a couple of weeks ago now. So I've got a small bit of content for you.

Not too much at all. Just keep it nice and light. And then it's really going to be over to you guys to answer as many questions as you can to get the most out of the time that we have together to get basic.

Just make sure we get as much mentoring as physically physically possible. So I'll share my slides. And this is more just a reminder of what we did a couple of weeks back.

So I just grabbed this. So world class finance function. The whole concept here is if you want to build a profitable lucrative business, you need to really know your numbers.

You need to know what your numbers are. You need to have financial clarity. And this is the thing.

This is the one skill set you need to get fluent in so that you can really drive bottom line margin. And as discussed, the whole premise here is most entrepreneurs are building businesses which don't make any money. And the difference between those successful entrepreneurs that make really lucrative sums of cash in their business, they have the lifestyle they want, they buy the car they want, get the house they want, is they understand how to actually make money in their business.

And it all starts with this. So most entrepreneurs spend their life in businesses that don't make money. I've seen behind the scenes now of hundreds of hundreds of different companies seen in zero accounts.

I've seen how well or how badly people are doing. And honestly, what you see and what your perception of people based on their social media, based on the way they present themselves with the companies is often not a good representation of what's actually going on behind the scenes. And I'd say like it literally is two or three percent of entrepreneurs who I've seen and worked with and gone and seen behind the scenes who are actually the real deal, who are actually building businesses which which make money.

It's easy to scale a company that will pay you to work in it. But as soon as you actually want a business whereby you don't have a job anymore and you own a company which actually pays you and generates a healthy profit for you, that is just a different ballgame entirely.

[Attendee 3] (5:06 - 5:27)

Go on John, have you got a question? I have. Yes.

Without giving any details, Josh, were you surprised by what you saw? You had perhaps a suspicion, but was it just far greater than you you thought it would be? The amount of businesses who actually don't make money and they look successful.

You know, you probably know some of these people. Were you genuinely surprised at the size of the problem?

[Josh Keegan] (5:27 - 12:03)

Yeah, I'd say the ones that are really doing well tend to be the quiet ones. And the ones that are on social media tend to be the blazes and the dynamos. And blazes and dynamos aren't particularly good at this.

They're not. They're very good at making sales. They're very good at making the tools ring.

They're very good at growth, talking a good game, marketing. But then they're not the best then, unless they get teams and they build people around them to help them. They're generally not the best then turning that top line revenue to bottom line profit.

The most successful entrepreneurs I've met are the ones who are quite quiet. They're very understated. You know, and then you just kind of learn a little bit about the company.

You go behind the scenes, you go, wow, you've created something that's really incredible here. Really, really special. And it does tend to be people as well that have been screwing away at business for, you know, five, six, seven, eight years.

You know, they've been doing this for a good amount of time as well, because as well, like an observation would be, there's no kind of quick, there's no quick, there's no get rich quick. It takes time to actually build a really profitable and sustainable business. As I said, plenty of entrepreneurs I've seen are able to put food in the fridge, are able to pay them, you know, to take what's left over from profit and make a decent living like that.

But very few can kind of get to a place like what Dan's got to be in the chairman where, you know, he's getting paid more than ever to work less than ever. And that's where we want to aspire to and where we want to get to. So the aim of the game is finance driven business, not business driven finance.

The whole premise, and I really want to explain this quote to make sure you're really clear on it, is if you just want to turn up and just do business and just keep making sales, keep trying to grow, keep trying to win new clients, keep trying to put your prices up, keep trying to recruit team members. That is by definition, it's not a finance driven business. That's you just feeling your way through and making the best decision you can with the information that you have at that point in time.

But that will not necessarily yield a profitable, successful business for you. What will is when you start to have a finance driven business. So where you decide what you want the financials to look like.

Right, I want my margin to be a minimum of 30%. I need to take a minimum of 10 grand a month out of this business and I want to get paid five grand a month to actually be the director of this business. I want to hit a minimum gross margin of 80%.

I want to make sure our overheads never go over 12,000 pounds a month, whatever it may be to you. That's where you make the decision as to what you need your business to look like and you build the business around those decisions. You make assumptions, you make characteristics, you make criteria that your business must hit and you build the business around that.

So rather than feeling your way through and just trying to model something together that you hope works, you get really strategic, you know exactly what you want it to be and then you build the business around that. It's two very different ways. Most entrepreneurs are business driven finance.

They turn up, they make sales, they keep cash income through the door, they check the bank balance and it's all just about progress and moving stuff forward. That's fine and we want that execution. But before we have that execution, it's zoom out.

What does this business actually need to look like financially? And then you go ahead and build it and build it into existence. So the whole concept is you work out the financials of the business first.

We're going to do a bit more around business modeling at the next workshop on the program. But really, in order to make sure you're monitoring, measuring that business model and monitoring, measuring your progress, you need what's called a world class finance function. And we took you through the six steps at the workshop.

So the first is just the aim of the game. What does it actually look like? It's real time information, not out of date data.

It's having your accounts within the 10 working days following the previous month. It's not spotting decisions. It's not doing the work yourself.

Systems and software. So the actual accounting system you need to actually run your business. And I always recommend Xero personally.

You want to move away from spreadsheets. And I guess if you are using Sage or QuickBooks, absolutely cool. My personal preference is Xero, but the main criteria is you have an accounting system and you have any integrations you might need with that accounting system.

And the biggest sentiment there was just make sure that if you are going to integrate things, that you don't overdo it, because some integrations sound good in practice, but in reality, they can create a lot of mess and a lot of work if you're not careful with what you actually decide to integrate. The third was in the four professionals. So every finance function needs four professionals.

And we put this in place now with businesses, with people literally buying their first or second property, you know, with revenues less than £50,000 up to our biggest clients, probably around about £6 million worth of revenue, a group of companies, about £6 million worth of revenue. We put this in place across all those different models. And this four professionals model 100% works.

So you have your finance assistant, you have your bookkeeper, you have your finance manager, and you have your tax accountant. So you need to get those four professionals in place. Then need the three pillars.

So there's three statements you need to look at each and every month. That's your past, which is your profit and loss, your present, which is your balance sheet, and your future, which is your cash flow forecast. And then have my house, which is then how you run this whole thing to make sure it's all systemized and all of it works.

And I've actually got a demo of my house for you guys that want to see it and be taught through it, because I was thinking today, like, what is the, like, if you just see one of these things in winter, what would it be? And I'd say building my house would be the one. And then finally, the monthly milestone is having a high value finance for you once every single month.

So as you review how you're doing, how you're getting on and checking in with progress. And this isn't, you know, we're not having a monthly milestone, a monthly finance for you to just spot errors. Of course, you might spot some errors, but ideally, we want to whittle them down at the minimal.

The finance view is all about strategic direction. It's about zooming out, checking in on where you're up to and deciding what changes and actions you can take to actually move yourself towards the plan you set yourself. So these are six steps.

So the question I've got for you guys, and this will very much steer the session today, is what are your blind spots? Which parts of this do you not understand? Which parts of this do you need advice on?

Which parts have you made progress on, but you've not quite nailed yet? And I know this is one of these topics which very few people have actually ever nailed. So there's going to be quite a lot of questions and quite a lot of blind spots around this.

I also know that people do feel a bit embarrassed by this at times as well, about the things they have or haven't done. So I'd welcome you guys to really make this mentoring session really high value, because if you've got a question, if you're not quite clear on something, or you've still got a burning query about how you actually put this methodology in place, I guarantee other people have as well. So if you want to raise your hands, we will work your way through.

And then I've got a demo of my house for you as well. Or if you've got a question you'd like the answer to, pop it in the chat box and we will work our way through. Catriona, you were first.

[Attendee 1] (12:06 - 13:05)

So my question is about the balance sheet. And it's just about understanding the balance sheet. I was wondering if it's possible at some stage, like in a future midweek mentoring or something, if it's possible to just go through a balance sheet and help us understand, unless, I mean, I might be the only person who doesn't understand this, but, you know, I'm new to business.

I do have a bookkeeper and a tax accountant. But, you know, I'm just on a really steep learning curve about the whole thing, as you know. So I'm becoming very familiar because I'm spending a lot of time on Xero and discussions with people.

But the balance sheet really is, you know, like you keep saying, you need to understand your balance sheet and that should be giving you the direction on a regular basis. And I hear you, but I don't know how to do that. Does that make sense?

[Josh Keegan] (13:06 - 20:16)

Yeah, of course. OK, cool. So, I mean, let's talk about now, who could honestly say that they just, they look at a balance sheet and they just get it.

They're like, look at it and go, yes, this is good. OK, Christine's shaking her head aggressively. Yeah.

Very few people have gone a little bit yet. Cool. So we start with like what actually is a balance sheet.

Let's talk about the three pillars. There's basically three reports you need to look at every, every single, every single month to give yourself full financial clarity on the business. And let's just go back to basics and build up from that, because this is definitely a topic which generally people need support and help with.

So the first is your profit loss and that's the past. And everyone, most people understand the profit and loss because it's very straightforward. You just start going, well, how much money am I making?

How much money is that property making? So you want, how do I work that out? Well, I look at my income and less, less my expenses.

And then I get a number at the bottom, which tells me my past profit for last month. Very simple, very, very, very, very straightforward. So that's your your profit.

And that's really, really important. However, there's a whole nother side to your business, because although, for example, when you have the P&L, the past performance last month, that's great, but that's been generated by assets. And it's also being leveraged by a liability because the property has generated that profit.

But you own that property and you have a liability on that property, which is a mortgage. So what then your balance sheet does is go, well, you know, the property was bought at a period of time. We have a mortgage on that property.

And although it's making profit in the business, that's on the P&L. In reality, it wouldn't really reflect the full business just to have a P&L because someone goes, oh, Katrina, I want to buy your your property portfolio for you. Show me the P&Ls.

You show me the P&Ls. Oh, that's great. So you're making, you know, a thousand pound a month for this property.

Great. I'll give you one year profit for that. Twelve thousand pounds.

You go, no, no, because that's just the profit. You know, the asset is worth a lot more. OK, well, what's the missing link?

OK, the profit is making a thousand pounds a month. But the assets and the liabilities are important because if you own an asset, you need to state them to show your wealth. So this is where the balance sheet comes in.

To make a balance sheet really simple. You know, if you have assets at the top, an asset would be owning a property, a liability at the bottom. That would be a mortgage, for example.

So if I have a property worth £300,000 and have a mortgage on there for £150,000, the asset would be £300,000. The mortgage, the liability would be £150,000. And then the balance element confuses people.

But all it's doing is going, well, if I take my assets minus my liabilities, what is my net wealth? My net asset value is called. So, you know, the net wealth on that scenario would be £300,000 minus £150,000.

So I've got £150,000. So that paints a really true picture of the business, because actually, if you sold your business, what would it be worth? Well, it wouldn't just be worth the profitability that you're creating.

It would also be worth the actual the value between the assets minus the liabilities. So if you just go back to basics, what actually is a balance sheet? All it does is shows you anything that the business owns or controls, which is going to give you a future economic benefit.

So owning a property is going to give you future benefit or anything that the business owns or controls, which basically would result in future economic loss. In this case, it would be a mortgage because it's a liability. So that's like the basics, assets and liabilities.

Does that all make sense so far? So from that perspective, I mean, when we're looking at balance sheet, all you might be doing on that front is going, right, is my what is the property worth? This property is now making me £50 a month.

And I've got £150,000 worth of equity. So the assets minus the liabilities in this property. So you might do a calculation to go, well, what is my actual return on equity, for example?

And in that case, it would be very low. And you might go, well, hold on a second. It might be better to keep a balance, to complete a balance sheet transaction, sell the asset, pay off the mortgage and then have the cash as opposed to the profit.

So that's at a basic level. At a more advanced level, we have like the introduction of accrual based accounting. So this is where it gets a bit more complex.

But once again, it should all be it should all make sense because what the if you remember what the balance sheet is telling you is it's telling you what is going to happen in the future. Because, for example, if you have an asset, a property and you have a liability, you know, in the future, you're going to pay off that mortgage. You're going to sell the asset because it's going to happen in the future.

Eventually that will either be sold or you pay off the mortgage. These are these are potential future cash impacts in the future. So think about an example whereby, Katrina, you invoice somebody some rent in the property and say that rent is 500 pounds.

You invoice them on the 1st of February. And for whatever reason, they've got issues with their their cash flow and they can't pay you. So what happens is when you first issue that invoice to say John, John F is in one of your properties and John can't pay.

You say, you know what, John, it's OK. I'll give you a bit of a grace period. So you're going to keep that 500 pound invoice in the February period because that would be income from John for that period.

But John hasn't paid it yet. So where does that sit? Well, because it's not translated into cash, that would sit on what's called accounts receivable, which basically is an account in the balance sheet once again.

Because once again, we are saying that your business has got an asset, which is the house. But it will also owe 500 pounds, legitimately owe 500 pounds from John for services he's had, which is to stay in the property. So that's where your accounts receivable comes in, because it gives you an indication of what money you're going to receive from your clients.

Then you have accounts payable, which is just the other option where somebody John sent you an invoice for 50 quid and you've said, oh, sorry, John, I can't pay for a little bit or I'm going to pay you next month. Well, you you wouldn't be fair to put it in next month's P&L because it was for services this happened this month. So you're going to pay next month.

The cash is going to go next month. So that's in accounts payable. So there's two other really key accounts in your balance sheet, accounts receivable, money that people owe you.

And that should be accurate. It should be a theoretical number. If you're looking at that going, no, I'm not owed 50,000 pounds.

Well, that's wrong. So you need to say to your accountant that that number is wrong. That doesn't make sense.

I'm owed 10,000 pounds from these three people. I know what they are. Same with accounts payable.

If your accounts payable says, oh, you know, I owe 10,000 pounds to John. You know, I own 50. That's wrong.

So this is why this is where this is why people don't understand balance sheets, because accountants do year end adjustments in a balance sheet. They might have represented what needed to happen to your accounts, but they don't actually represent what's going on in the business. And they just shove it in the balance sheet.

So what you might find between the reason you don't understand it, the reason it goes over your head a little bit when you look at it is because there's numbers in there that aren't really true. They're just the places the accounts have put things to make them match whatever they needed to match to go into the year end accounts. So you need to make sure it's accurate.

So. Right. I've got I've got probably two more things to take you through on it.

Is there any question that before we move on? Is that making sense?

[Attendee 1] (20:17 - 20:39)

No, that's all making sense. That's great. So so that then makes me ask, is that what what you mean by accounts that are sent to HMRC, end of year accounts and management accounts?

So the management accounts are the ones that you work from on a regular basis. Is that what you mean, rather than the ones where the accountant has sort of balanced the books, as it were?

[Josh Keegan] (20:39 - 26:00)

Yeah, exactly. Yeah. So your balance sheet on your zero and this is an action for everybody.

You want to make sure that whatever's on your accounting system matches what's been submitted to HMRC in the balance sheet. You want to make sure that is that is the case. But you just need to be aware of the fact that if you're going to put year end adjustments for you, put them in special accounts so they don't confuse you with the actual numbers that are in there that you're using to actually manage the business.

In reality, your zero. What happens is transition. My zero matches exactly.

My zero tells my account what to submit to HMRC and they might make some adjustments. So then we then make those same adjustments in my in my accounts. Fine.

What happens is when people haven't had a zero, there's been adjustments made, then they get a zero. Then those funny adjustments before don't correlate to the zero. So they have to be put in funny places.

So what you want to do is just all you want to say to your accountant, all of these adjustments you've got one that's been in a line on the balance sheet. It's just this just says tax account adjustments. And then, you know, you can just ignore that.

But that's just for you to ignore. Don't worry about it. It's it's nothing to do with the working the workings of the business.

It's just a transitional thing. OK, that makes sense. So the other two things you need to watch on your balance sheet, which are really, really important.

Well, I mean, there's quite a lot of stuff. I mean, some of you could send me somewhere you get inside the wealth game. It's like you, your balance sheet should have, like, for example, a top tip would be when you have like loans on your balance sheet.

I would also have separate lines. Don't have loans or debt. Have mortgage for this property.

Fifty thousand pounds. Sarah and Ronaldine, can you both try and have private finance from this this this person? Twenty thousand pounds.

You know, whatever you haven't missed it down. And then also you can start to look at how you play around with your debt, etc. If you get a windfall of cash.

The other. Two elements which are really important to understand your balance sheet, the first would be your director's loan account. And I would suggest it's really important account.

People don't understand it because basically when we start business, if we put money into that business, we create what's called a director's loan account, which is a good thing. And that means that basically the business owes you money. And that's absolutely great.

Which means you take money out of the business. The business is repaying a loan. You don't have to repay tax on it.

It's not tax deductible from the business. However, what can happen is entrepreneurs take money out of the business and they don't really consider how they're going to draw up. So they take out as what's called a loan and they don't realise that if you if your loan account is sitting over ten thousand pounds, nine months after year end, then you get hit by a temporary tax, which is around thirty three point seven five percent.

And a lot of people get stung by this and have to pay. I know I've got somebody, somebody I can believe as what you mean, I can't take money out my own company. No, you can't, unfortunately.

So that's an account you need to keep an eye on. So it's just really important to know what the director's loan account is and make sure it's not overdrawn. Meaning it's OK for the company to owe you, but you don't want to owe the company past a certain point.

So you want to make sure you're seeing that and you're understanding. Right. That's Katrina's director's loan account.

Great. I'm clear that it's not overdrawn. Great.

I'm fine with that. Then the final element is at the bottom of the balance sheet. It's called distributable reserves.

Let me just see if I can get an example for you. So this is just a very simple company for me. So, so down here, this is just a company that owns one, one property.

So distributable reserves, obviously it's still private and confidential, please don't share it, but amongst friends. So at the bottom, you've got what's called retained earnings down here, which basically means you see down here, I've got 44,000 pounds worth of retained earnings, which basically means that I can take out 44,000 pounds worth of dividends into my, if we wanted to as directors, we'd take up 44,000 pounds worth of dividends. So you can only take a dividend once the money has been made down here.

And that's really important. So you want to keep an eye on that. And generally you want that to be positive because, you know, if you can, if that's positive, you can take money.

How does this feed and how do they all interlink? Well, you see this retained or this current year earnings or retained earnings figure here? That comes from your P&L.

So when you make money out of your P&L, that comes down here into retained earnings. So it means that when you make money in your P&L, this increases your balance sheet, which means that you can then take money as dividends out of this retained earnings figure. So to kind of summarise for you, I mean, this is a really good balance sheet actually, it's quite straightforward.

You see up here, we've got the property value here or what we spent on the property. We've got accounts payable. So we owe someone £195.

We've got a director's loan account there. That's money we've put in, £1,248. That's good.

That's in the right place. Balance back loan, that's money we're paying out. Deferred tax.

I mean, that's probably more of an adjustment. You can ignore that. And mortgage, you know, that's what the money we owe on the mortgage.

And each month that goes down to some capital repayment. And then down here, you've got very clearly, this is the distributable reserve. So if we want to take dividends, we could take that money out of the company.

And this retained earnings will link to your P&L, your profit and loss. So that's how the money gets into the balance sheet, because basically if you're building a good P&L, really profitable, that will come into your balance sheet and increase your net wealth. Are you following that, Katrina?

Does that make sense?

[Attendee 9] (26:01 - 26:02)

Yeah.

[Josh Keegan] (26:02 - 26:07)

I'm looking at you, but if anyone's got any questions, feel free, Matt. Have you got a question on balance sheet or is it a separate question?

[Attendee 5] (26:07 - 26:29)

No, just a question on the balance sheet there. You mentioned something about the director's loan. If there is a tax that can be applied to the director's loan, I just missed that.

I wasn't sure, because say, for example, I loan my company most of my money for investing through myself personally as a director's loan.

[Josh Keegan] (26:32 - 28:23)

Yeah. So you lend your company money. Yeah, that's it.

That's fine. So that's fine. It's where what happens often is.

So that's fine. So you lending the company is absolutely fine. There's no tax on that.

That's basically you put that into the company. The company pays you that back and it's all tax neutral because you've earned the money in person and you've paid your tax. You've lent it across.

It's a loan. Company pays you back. They're repaying a loan.

And you could explore charging some sort of interest to the company on that if you if it's in line with your your drawings. It's not even like one to five thousand pounds tax free on that. It's not it's not great, but it is worth considering.

The issue is, is what people do is they start taking they may set up a standing order to to themselves from their company of like five hundred pound a month. They set up a standing order to themselves. And then what happens is they set out each month five hundred pounds themselves.

At the end of the year, they pay themselves six thousand and they decided, oh, that would be a dividend. And the tax counter goes, well, you can't pay a dividend because you've not yet made a profit. And that's really common with property companies in particular, because in order for us to buy properties, we've had to put a load of refurb costs through.

And, you know, you might have done an 80 grand refurb that's all gone through your P&L. So you've not made any profit. So you can't take a dividend if you've not made profit.

Which means now you've just they you can't you can't back down, go and do PAYE past year end. So they have said, well, we have to take that as a director's loan. So you've now taken six thousand pounds from your company as a director's loan.

And so that's where it becomes problematic. If that goes over ten thousand and it's still sitting there nine months after year end. HMRC say, well, you said it's a loan, but you've not paid any of it back.

So actually, it looks like you've just taken the money. So we're going to charge you thirty three point seven five percent temporary tax. So if you put that money back in, you get the tax back.

But I've worked with clients that have been didn't know about this and they've literally been hit with three hundred, four hundred thousand pounds of unexpected tax.

[Attendee 5] (28:24 - 28:27)

Yeah, that's great. Thanks, Josh. All right, Katrina.

[Attendee 1] (28:28 - 28:46)

Yeah, just on the same thing. So if you've lent the company like, you know, a few hundred thousand and then you start when you get a lump of money profit, you start to repay yourself like ten thousand or twenty thousand. That's not that's not a loan, though, is it?

[Josh Keegan] (28:48 - 29:07)

If you if you if you made it. So if you've let the company a hundred thousand, the companies are made a hundred thousand a profit. And then you take that money back out, then it's repaying your loans.

That's all good. But the point is, you want to keep an eye on it because it's very easy to. All right.

I made one hundred fifty. I was, you know, I've always just taken the money out. I've taken I'm overdrawn now by fifty thousand.

I didn't realize.

[Attendee 1] (29:09 - 29:32)

So so I actually had another question, if it's OK, about that balance sheet that you put up. And I know it's only an example, but on the at the top of the section on the purchase, you've got the purchase price, the renovation costs and then the the revaluation. And it was like one hundred and twelve for the purchase.

Something something for the renovation and then the revaluation. Sixty thousand. That's the kind of thing that I don't understand.

[Josh Keegan] (29:34 - 29:38)

So purchase price is just what we actually purchased the property for. That's the cost.

[Attendee 1] (29:38 - 29:38)

Yeah.

[Josh Keegan] (29:38 - 30:01)

We did. She spent one hundred twelve thousand renovations. Then what we spent on the renovation that we've put through there, put through the balance sheet.

We've capitalized that. So basically. I don't get too into too complex with it, but basically when you refurb a property, basically just for the ease of this example, we spent one hundred seven pounds and twelve hundred seven thousand and twelve pounds.

Ninety four to refurb. So basically you add that.

[Attendee 1] (30:01 - 30:06)

It's like, you know, that's not what I don't understand is the revaluation. The third line.

[Josh Keegan] (30:06 - 30:44)

Yeah. So basically at the end of each year, you're meant to tell your tax accountant what it's what you think it's worth now. I don't know with this one.

So, yeah. So this one, we then got a refinance. We then we did all cash and then we got a valuation.

They valued it at whatever must be two hundred eighty five or two hundred eighty five thousand. So then what the accountants do is they then put the evaluation and that's what this deferred taxes. Because basically we're saying, right, we've added sixty thousand pounds worth of value.

If we sold it, we'd pay eight, three, four, eight. And so you kind of you add the deferred tax there because if we sold it, we'd recognize that tax.

[Attendee 1] (30:45 - 30:46)

Brilliant. Thank you so much. That's great.

[Josh Keegan] (30:47 - 31:05)

No worries. It's just this is a good balance sheet. It's quite, it's quite, it's quite simple.

And these are just bank accounts. Like the thing is, well, what balance sheet tells you is your bank accounts. So corporate account, et cetera.

So you've got some four hundred fifty one pounds of deposit. You know, some bank accounts there as well. Matt.

[Attendee 5] (31:06 - 31:35)

Just going back to that, Josh, just so I can just clarify that. So following on from what Katrina said. So if I lend my company a hundred thousand to buy a property and then the company then starts making profits.

But then if I keep reinvesting that profit to buy more property, so it actually looks like each month I'm not making a profit. Does that mean I cannot take the director's loan back? No, you can.

[Josh Keegan] (31:35 - 33:04)

That's the beauty of a director's loan. You can take it back whenever you want. It means you can't.

So it's really quite advantageous to have a director's loan. And so by doing what you're doing there, assuming you put a lot of the refurb cost through the P&L and you kept buying more and more properties, kept making a loss. It just means you couldn't take a dividend.

So it means you would just be able to take the director's loan account, which is fine. But you'd probably want to get some tax advice and structure it. So you say you're not like it may not be advert.

You kind of don't really want your direct account to run out. You want it to be there for as long as you possibly can. It's a great way to draw a big chunk of cash, you know, effectively.

My director's loan account in my holding companies now is about to run out. And I meant before, if I wanted to take £50,000 out into my personal name to put it down on a personal mortgage, I could. Now I've got to think about taking a dividend, a big dividend and then a second dividend.

And it gets more complicated because there's more tax to pay. So you might find that you say if you put £100,000 in and you want to take £3,000 a month out of that company, you might find you do some of it on PAYE because it's your basic tax allowance. And you do some of it on, you may decide to pay some PAYE.

You might do some interest on your director's loan. And then you want to put as many expenses through the company that you can legitimately do. So you're minimising what you've taken out.

So you still want to be, just because it's tax free, you still want to treasure it and make sure that you're really keeping it to the max asset position that you can to you as an individual.

[Attendee 3] (33:04 - 33:05)

Yeah, got it.

[Attendee 5] (33:06 - 33:22)

So say, for example, the situation I'm in now, I'm just about to refinance a property that I spent the original loan on. So I'm going to then have some cash to spend. I can then take that out to the value of what the director's loan originally was.

[Josh Keegan] (33:23 - 33:23)

Yeah.

[Attendee 5] (33:23 - 33:24)

Yeah. Nice.

[Josh Keegan] (33:24 - 33:37)

Yeah. Without looking at everything. Yeah.

In principle, if you've made money in a company, you've got a director's loan account. You could take all that out or you could keep it in there. Yeah, absolutely.

It's all like a tax free event because you've earned the money in your personal. You must have earned it in your personal and paid some tax to put it in.

[Attendee 5] (33:38 - 33:38)

Yeah.

[Josh Keegan] (33:39 - 33:39)

Great.

[Attendee 5] (33:39 - 33:40)

All right. Thank you.

[Josh Keegan] (33:41 - 34:18)

Nice. And so just to finish on the third pillar then. So the reason why the balance sheet is important as well, Katrina, coming back to your question is unless you have an accurate balance sheet, if you think your balance sheet is telling you what your cash is now, it's also telling you what your future cash and inflows are likely to be, what your debt is, what your mortgage is going to be.

So that's how that's the most important document to then forecast what your cash expenditure is going to be. So that's why the cash flow forecast comes in, because if you see on your balance sheet that it says accounts receivable is £20,000. Well, we know we need to factor in you receiving £20,000 over the next one month, two months, however long it's going to take to actually get that cash in.

So it's a really important document and it brings it all together.

[Attendee 1] (34:20 - 34:22)

Right. Good question.

[Josh Keegan] (34:22 - 35:15)

Thanks a million. No worries. Good question.

And the best thing, sorry, just another top tip is just just start reviewing it. I know it seems like a funny document. The key thing is don't let your tax accountant or your accountant bamboozle you with it.

It's like you should understand these numbers. They shouldn't be. It shouldn't be like what the hell is that should be.

Oh, yeah, that makes sense. Because I owe John 50 quid. Oh, yeah.

Those two tenants didn't pay me. So they owe me £950. Yeah, that makes sense.

Oh, yeah. My bank balance says £10,000. It is £10,000.

Great. That makes sense. That's it should be as simple as that.

It shouldn't be any more complicated. And that's the problem is that no one looks at them. So they they grow arms and legs and they're all over the place.

So then to try and get your head around a messy one is quite hard to understand. Any further questions on world class finance function and getting this set up for you guys? Anyone want to go?

[Attendee 3] (35:18 - 35:43)

The only question I had, Josh, which you answered, I think at the beginning. I thought you had to have a fairly high degree of turnover to have the structure in place. Sounds like you're implying not.

It doesn't really matter what you bring it in. Start putting this stuff in place. Now, I think you mentioned 50k.

I think is that the limit to start bringing these sort of professionals in and start to structure it as you're advocating? There is a minimum amount kind of thing.

[Josh Keegan] (35:44 - 35:59)

Yeah. I mean, I wouldn't start business. Well, at least the bookkeeper doing the books for me.

I'd want to finance manager pretty fast. And if you think about your business, John, for example. Do you have a level of client accounting associated with your business?

[Attendee 3] (36:00 - 36:01)

Do I have what? Sorry.

[Josh Keegan] (36:01 - 36:06)

Do you have client accounting? So like refurbs, taking the money in? Not for refurbs.

[Attendee 3] (36:06 - 36:09)

No, it's just the flat sort of fee, really.

[Josh Keegan] (36:10 - 37:20)

Yes. It's probably not too complicated at the moment. I would suggest that I think.

Would you start a business without having a brand or a social media page like. You probably wouldn't. Some people might, but you probably wouldn't.

I mean, I wouldn't start a business without a zero account, without a bookkeeper at least starting to do the books for me and building it properly from the start. You wouldn't start a business without tax accounting. And a lot of this stuff is it's pay as you go based on the hours you use.

So for that company I just showed you, I think that the accounting fee is like 60 quid a month or something. But it just means that we had that we had a big me and my brother in this one together. And that was like a big thing about who put what money into the business and screwed it all up.

And it's just like you just ask the finance manager and they'll just tell us what it is. So, yeah, I would say that you want to build this as you go. Definitely in the accounting system.

A hundred percent. Like don't start a business about zero because, you know, if you don't see the value in being able to send invoices or. Yeah, you just need it.

Definitely get a tax accountant, definitely get a bookkeeper, even if it's in the Philippines initially and then you outgrow them. And I would say I would suggest getting a tax finance manager as well.

[Attendee 3] (37:20 - 37:21)

Right.

[Josh Keegan] (37:21 - 37:21)

OK.

[Attendee 3] (37:21 - 37:34)

Yeah. So I've got some of those things. Got zero, got a VA, got a bookkeeper.

It was the middle bit I haven't got. And I didn't know whether I needed that right now. It sounds like actually start to put that together, even though the sooner you do it, the better.

[Josh Keegan] (37:34 - 38:13)

I mean, my my business wouldn't exist if people did what I'm telling you to do now. We have to sort out a mess like and it's and it's crazy the mess people get themselves into. Is it just you know, all of a sudden you then added another two limited companies in the mix because, you know, we told you set up holding companies to set up holding company.

You set up another company to buy this. You start putting money over to all the different places. And all of a sudden you've created this nasty group structure that just needs one hell of a lot of resolving.

So, yeah, 100 percent, I'd get a set up sooner rather than later. Daniel. Craig, I've seen you've got a question as well.

I'll add you to the queue. There's a couple of people with their hands up.

[Attendee 8] (38:15 - 38:30)

Yeah, I think you've kind of answered it. So is this sort of reporting generally included in what you pay annually for having your limited company accounts done? Or is this something I think you said you pay for the time you're using, really?

[Josh Keegan] (38:31 - 40:07)

Yes, it's a different thing. So. So one of the things that people try to do when they start to understand, look at this is basically there's a big difference between what I'd call tax accounts and performance accounts.

So as soon as people get into entrepreneurship, the first thing to do is get a tax accountant. Right. Because they're worried about paying tax.

In reality, you don't worry about tax for a long time because you have to really make some really decent money. We have to start really getting too, too heavily into into tax planning. So what people then do is they go to a tax accountant and say, can you do these reports for me?

Tax accountant goes, yeah, of course. But what you find is they generally produce what we'd call tax accounts, which is basically a lot of they give you some numbers, but doesn't add to a tremendous amount of value to your business. They tell you, right, here's what your profit was.

It would generally be late. It would generally be data. They won't really give you the trends.

They won't really help you make decisions. And some people rely on that. Some people value it.

Some people don't. What we're talking about now is more performance accounting, which is this is all about performance. It's all about understanding how your business is performing and helping you make good decisions about how you progress and how you move forward.

So I'd encourage you to get a professional service of a bookkeeper, finance manager. They can actually give you this information to give you the up to date, real time information on the business. And the whole driver there is how to make more money.

How do I optimise my balance sheet? What's going on with my cash? Like when am I going to run out of money?

And it's way more like the right hand man or woman to you than your tax accountant, who might look at it once a year, once a quarter and just give you a report.

[Attendee 8] (40:10 - 40:21)

So the fact that I'm now moving my bookkeeping to the accountant's firm probably means I can then look to get those reports done with their finance manager. Would they have that within there?

[Josh Keegan] (40:22 - 40:55)

Hopefully. Yeah. Tax accountants generally don't get this.

Yeah. In my opinion, tax accounts don't generally get this. They tend to be quite rigid and they tend to be let not.

Depends what your business is. If you've got a couple of properties in a company, fine. If it's a busy trading business, I'd recommend getting a company that is set for tax accounts to specialise in performance, accounting and bookkeeping.

That's what I suggest. I mean, see how it goes. If you're getting what you need, great.

If you're paying a lot and you're not and you find it's always out of date and it's low value information, then I would consider moving to it.

[Attendee 6] (40:55 - 40:57)

Add to that, Josh.

[Attendee 9] (40:58 - 40:58)

Yeah.

[Attendee 6] (40:58 - 41:54)

So I'm I'm a prime example of the dangers of not doing that because we went years of using our accountants bookkeepers and ones that they recommended. And now is absolutely put our zero accounts into a nightmare mess because they've just been doing journals left, right and centre and not accounting for things in the right way that they probably should have done. And that's and we just like in the last six months put in a proper finance function off the back of Josh's advice.

So a proper finance function. And it's allowed us to really tidy up everything and give us the financial clarity that we need. But we do have a complicated trading business.

So we do have something simple and that's great. But if you think it's going to get more complicated as you go through, then I would get it set up right from the very beginning.

[Josh Keegan] (41:55 - 42:28)

I'd agree with that. I think it's. Yeah.

Grant has got a very, I mean, service combination management companies are ridiculously complicated. Like from from the get go, as soon as you start managing client accounts or you have anything that's quite high operationally, I would get this set up. If you if you would let you have, you know, five to ten properties that relatively predictable managed by an agent, then, you know, tax accounting company would probably be OK for that.

It's it's far less, far less involved and kind of busier trading business. To answer your question, Daniel, you're good with that. Cool.

[Attendee 4] (42:31 - 42:32)

Yvonne? Hi.

[Josh Keegan] (42:32 - 42:34)

I will come to you, Craig, if you're still there.

[Attendee 4] (42:37 - 43:05)

So if you've got a history where you like it, I don't know that mine was maybe it was chaos, but I've used QuickBooks for years and I kind of sort of understood what was going on. And then I had that. Well, what were you probably calling a tax accountant that kind of got it all ready for the tax, but didn't give me much advice.

Like, how do you unravel it and move it over? Because that looks very, very complicated. And then also, how do you find a performance accountant?

Because I realise I'm not getting that kind of performance advice at all from my accountant.

[Josh Keegan] (43:07 - 43:08)

So what was the question?

[Attendee 4] (43:09 - 43:26)

So if you've got a history of, you know, I mean, in my case, it's all on QuickBooks and I can see it's not as clear like what you just showed us on your Xero. I don't get reports like that. That looks really good.

I mean, maybe they're there and I don't know how to find them on QuickBooks. I don't know.

[Josh Keegan] (43:30 - 43:59)

Yvonne, you're probably a prime person. Maybe it would be good for me to have a chat and I can just look at it more in depth for you. I think it depends.

It depends how messy it is. It depends how difficult it is. It takes a lot of work to if it's got if it's kind of a legacy project, it takes a lot of work to kind of clean up.

But I mean, the simple crux of it is, I mean, if I was going to give you a checklist, it would be firstly, every single company needs to match to Companies House. So whatever Companies House says needs to be matching your individual companies.

[Attendee 4] (44:00 - 44:01)

I think it does. I think it does.

[Josh Keegan] (44:02 - 44:48)

And then it will be kind of going through all the historic balance sheet accounts and going, right, according to this one, this company owes this one 20,000. Is that true? No.

OK, let's write it off and just get rid of all the mess and all the noise between the different companies. And there are years and years of historic transactions and taking a view on all that stuff. Then generally sorting out accounts received when accounts payable is the next thing.

And just get rid of historic invoices and all the crap and all the mess. And then finally, just then working through your profit losses and make sure you've got it all set up so you can see P&L by property, for example. And just a lot of systemisation and then just setting you up with a team that can then actually kind of control that longer term, that get it.

It might be good to have a separate chat about it. I can look into it for you and just give you some advice the best I can.

[Attendee 4] (44:49 - 44:57)

Right. OK, fine. And the performance, because I don't feel I get tax advice at all.

You know, you get somebody that looks at it and gives you tax advice.

[Josh Keegan] (44:58 - 45:50)

Yeah, I mean, one of the biggest, because people say that quite a lot and it's like, well, OK, how good is the information that the tax account is looking at? If you think you've got a tax account with two clients, so you've got me who is going to go to my tax accountant with every single number, like where it needs to be and say with an informed conversation, I was thinking that we could potentially invoice this company or that company. We could do that.

We could deduct this. What do you think about this expense? Or you've got some maybe like yourself who's going, it's all just a bit of a mess.

Like, give me some tax advice, please. But who's going to get the tax? Who's going to get the good tax advice?

It's going to be myself. So what we find is when you do sort it out, you do get control over it, you do have real good clarity. That's how you get much better tax advice, because the tax accountant gets way more time to actually give you practical advice as opposed to just trying to sort out a mess and get a submission into HMRC in the last, you know, a day before it's due.

[Attendee 4] (45:52 - 45:55)

There's a lot of the last minute stuff going on. That's usually my fault, but yeah.

[Josh Keegan] (45:56 - 46:17)

Yeah, it might be your fault, but really nothing should be that last minute. I mean, it should all be done by all my stuff. My year ends at the end of March.

In theory, it could be done by, well, as soon as our management accounts meet in April for March. So end of April, we could we should submit. There'll always be a few checks I want to do, but it should all just be it should be real time rather than you finding out.

[Attendee 4] (46:17 - 46:30)

Since I started with you, I'm amazed by it. Like basically, I mean, I've got one that's up to yesterday, you know, and the year end is next month. So, yeah, you know, so I'm like, you know, way ahead almost.

[Josh Keegan] (46:30 - 46:35)

Yeah, good. I'll send you a link, we can book in a call and have a chat, because I think yours might be quite complicated.

[Attendee 4] (46:36 - 46:36)

Yeah.

[Josh Keegan] (46:37 - 46:40)

OK, thanks, Josh. I think Craig was next and then I'll come to you.

[Attendee 2] (46:42 - 47:37)

Josh, hi. Looking at your balance sheet, how you've got it set up. I just wanted to ask you because I was just looking back at my balance sheet versus how your balance sheet was set up.

And on the tangible assets section for the CF living, which is where I'm building a portfolio of HMOs. I have just got one line saying buildings. Looking back at it, it says buildings and they're just whacking in all of the refurbishment costs, purchase price, like architects fees are getting plans drawn up.

It's not being separated off into purchase price, renovation work, revaluations. What, should I be asking this to be redrawn up?

[Josh Keegan] (47:40 - 48:28)

That's not, I guess, I'm just going to listen, background noise, I'm just trying to mute. It's not wrong. What's been done is not wrong as long as it's accurate.

And, you know, you can see it, but for me, I just like the cleanness of going, right, well, that's what I purchased it for. That's what we put through as a refurb and there's a reval. I just, I personally like that because I can just, I just, I don't know, I just read it and it makes sense.

And it goes back to Katrina's thing of like, you go and look at it and you go, why is that number that? And if every time you look at it, you have to remind yourself, oh, yeah, it's because they've launched all these things together. And then it might not be having the value you want it to add.

I think the main thing I would say, though, is sometimes some people just have a line that says properties. They have all their properties in one line. I wouldn't do that.

I would have each property individually. I like to have a purchase by cost price and refurb. I like to have that personally, but it's up to you how you want to.

[Attendee 2] (48:28 - 48:54)

OK, so for each property, I agree with you. I think it gives real good clarity. Purchase, renovation, revaluation for each property.

I'll get them to put it in separately as per property and then put those three different categories. So that's understood. Thank you.

And then lastly, how do the furniture and fittings less accumulated depreciation on furniture and fittings? What what's that? Just explain that to me so I can understand what you're doing now.

[Josh Keegan] (48:55 - 50:39)

So, yeah. So furniture and fittings. So in order to truly represent the accurate picture of the account, in some cases you might buy something for a business.

And it may be that it has what we call a useful life, which is longer than, say, a few months or one year. So, you know, if you if you buy yourself a, you know, journal for this month, you probably use it in a month. You know, and it costs you 15 quid.

You're not going to go, right. Well, it cost me 15 quid. I've actually used it for five months.

I'm going to split that down into two pounds a month for five months. OK, right. That truly represents the performance now because I bought this journal and there's two quid a month for five months.

Whatever. I know that maps is wrong, but that kind of idea. But with some stuff like, say, for example, if you're in a factory and you had to do a big outlay for a load of equipment and maybe you're a FTSE, you know, 100 company or whatever it may be, you have to spend a million quid on a machine.

But, you know, this machine is going to help you make Tesla's for the next 10 years. Well, if you spend that million quid on that machine and you put it straight through your P&L as a cost, it's going to look like you've made a million pound less profit that year. So your shareholder is going to hold on.

Why have you made a million pound less profit? And it's going to look bad. You know, the share price is going to come down.

They're going to be able to take less money. So the whole principle is you go, well, it's actually represent what's called a true and fair view. You take that million quid and go, well, the useful life is, is, is, is 10 years.

We're going to use this as an asset for 10 years. So actually, I'm going to put a million pounds as an asset on my balance sheet. And I'm going to release a hundred thousand pounds of it cost per year over 10 years for the use of this machine.

So it actually represents what I've actually paid for this machine and in line with what I'm using the machine for. And that's it.

[Attendee 2] (50:41 - 51:10)

If I just relay this back to an HMO, say I've got an HMO house, because at the moment, the, the, the renovation works, everything is being put through in just in one line. So are you saying that, you know, because it probably applies to a lot of people here. Are you saying for one house, you take what the furniture and fittings costs are.

You put that into a separate line and then you, you deduct the costs over a 10 year period. Like what you're talking about.

[Josh Keegan] (51:12 - 51:45)

It's generally fittings and furniture. So like the bedding, the, the wardrobes and all of that. If you spent 10 grand, the accountant might say, well, that's got a useful life.

And what we want to do is we're going to expense it, put it as an asset. And then it's called depreciation, depreciate it over a 10 year period. As an example, it's less advantageous, by the way.

In either world, you put it all through your P&L, but you need to do what your tax accountant tells you to do. You can either put it all through your P&L now, but your tax accountant might say you can't really do that. Or you capitalize it as an asset and then you, you recognize it through your P&L as a cost over five years, for example.

[Attendee 2] (51:48 - 51:49)

OK, thank you.

[Josh Keegan] (51:50 - 52:05)

Norris, we could talk more about refurb cost, because you can put some through your P&L, some go on a bandit sheet, but it's probably outside the scope of this conversation. It's there's advantages and disadvantages for both. But I've got, Clark's got a question, so we'll go to Clark and then if we've got more time, we'll do so.

[Attendee 7] (52:05 - 52:26)

Yeah, I've got a green line, so my question is very short and brief. I didn't pick this up, but Francine mentioned it. She said that if you've got a director's loan, it's only valid for nine months.

And I didn't hear you say that, but she heard you say it. Which is worrying, because director's loans have been there for two years.

[Josh Keegan] (52:26 - 53:02)

No, no, no, no. So you put director's loan in there. You can put director's loan into the company for as long as you want.

And you can also take a director's loan out of the company for as long as you want. So you could have a director's loan that the company's paid you £100,000. So you owe the company £100,000.

But if that director's loan is still in place nine months after year end. So if your year end, my year end is the, well, let's say my year end is the end of March. So if that, if I had taken £100,000 out of the company and at the end of December, so nine months after when I've got to submit my accounts to HMRC, if that's still outstanding and I've not paid that money back in and I still owe my company £100,000, that's when the temporary tax would get added.

[Attendee 7] (53:02 - 53:08)

OK, sorry, that's the other way around. I get my money in the company rather than I've taken it out. Perfect.

[Josh Keegan] (53:08 - 53:09)

So you're fine.

[Attendee 7] (53:09 - 53:13)

Yeah, a director's loan that I've put in are safe. Is that what you're saying? Is that confirmed?

[Josh Keegan] (53:13 - 53:20)

Yeah, yeah. Absolutely fine. Yeah.

OK. Guys, all of this, I'm not a child tax accountant. I know a lot about tax.

No, no. But just get advice. But yes, it's the answer.

[Attendee 7] (53:20 - 53:24)

It's just a nine month thing. I thought, gosh, I've got to pull it out within nine months.

[Josh Keegan] (53:24 - 53:30)

No, no, no. You'll be OK. OK, so the other way around.

Everyone's got to deal with circumstances. So always check. But yeah, definitely.

OK. You should be absolutely fine, yeah. Happy with that.

[Attendee 7] (53:30 - 53:32)

Sorry, I was a bit worried at first. Yeah, thank you.

[Josh Keegan] (53:32 - 58:37)

I'll share in the Facebook group. I've got podcasts on balance sheet. I've got podcasts on direct loan account.

I'll share a few of these podcasts and you guys can take a look and have a listen. I just wanted to share with you one more thing before we finish. Just before we do that, let's get a nice quick picture.

Nice wave for everybody. Lovely. Right.

So I was thinking, like, what would be the one thing? Like, if you just did one thing this winter, because I appreciate some of you on the programme, some of you in advance, you've done a lot of this stuff. What would be the one thing would be?

And I would say it would be my house. And this is, once again, behind the scenes. I appreciate this not going anywhere.

This is my brand new my house, which we're which are just literally as part of my winter list. We repopulated for this year. And I have shared this in the Facebook group template, but just to talk you through it.

So the whole concept here is we have finance function should be very simple, should be straightforward. We should know who's what, who's doing what by when. And it should be very predictable.

But finance does have its own nuances to it. So I've kind of developed this to get it to a place where it works. The first part of this is just to get the list of companies.

So these are my companies. These are the ones that we're doing this for. We've then got my professionals.

So finance assistant, bookkeeper, finance manager, finance director, tax accountant. So we use Nija and Tej. And then what I've then got is for Ultimate FD Limited.

And that's the trading business. So Ultimate FD is busier. It's a trading business versus my group of companies, which is more like investment businesses.

I then listed out all the things that need to happen. So the payment run, etc, etc, etc. All these different things that need to happen and who is responsible for these things out there.

Just setting all the deadlines. I then did the same for J Keegan Group, all the deadlines here. And then that basically gives us the monthly things that needs to actually happen within the group of companies.

And then what's really important for You're My House within this is you're also on the calendar. And what this what this is, is basically a list of all the annual deadlines as well. So you can see, you know, you've got your VAT submissions when they need to happen.

You know, if I know I've got JKTL VAT on the 7th of August. You can see here we've got. But basically what we'll do is we'll have when does the VAT need to come to me to sign off, etc.

Quarterly dividends, quarterly re-forecasting of the budgets, all of the year ends, the self-assessments, etc. And all of the information that we actually need throughout the year as well. And the process we go through is every month.

My now I've got a finance director now because we use my company to do the finance director work. He will then roll this over for the following month and just basically populate it daily. My house down here.

He's actually done it. It's in a different, different sheet. But he's done it for for March.

But basically it would then just say what who needs to do what by when every single day. And then it just it just happens. And I really say that if you're going to do one thing in your finance function this year, I'd say populating this, getting the right people in place.

And it might just be you might be one VA and just make sure the hitting those deadlines would be like a phenomenal asset to create. And then as things go wrong, as checks aren't quite right, as things don't work as well as they should. You just update my house and that's where the power happens because then the system just works and it becomes quite self-fulfilling.

So this schedule is in the Facebook group already. So I dig this out and I'd say like this would be the winter project for you guys within getting that finance function correct. And accurate.

I would just share in some questions in the chat box. So. So the FM can be independent outside.

Yes, the finance manager. So John's asked. So the FM can be independent outside the accounts tax company.

Yes, I would suggest the finance manager does need to be independent and they need to be outside the. I would say that I would personally want them outside of tax tax counters. I always find it hard because I know they're not all the same.

And, you know, I love my tax contents, but I love them. And that's tension, you know, on advance and the board. But I would prefer to have my finance management and my performance counting done by an external team because I want my tax counters to do one thing, which is tax strategy.

And that's just my my my take on it. And Kevin Edge, I will send you a message if you want to find a good finance manager. I mean, we can help with that.

We've got we've got finance managers that can that can do the work. Or you can find somebody who's ideally you want a chartered accountant to help you do that. And, you know, it depends.

It depends what you need, whether it's a. It depends on hours. It depends on hours.

So, for example, if you want an hour a week, then it is harder to find. But where you're at with your size of business, I imagine, you know, three to five hours a week would be doable. And that's much more easy to find and to support and help you support, help you with it.

So I'll reach out to you. Thank you. No worries.

And then, John, I'll reach out to you in terms of finance manager as well.

[Attendee 3] (58:38 - 58:43)

Yes. Slight problem there, Josh, on the other end of the scale. I think I'm the one or two hours rather than the complex.

[Josh Keegan] (58:43 - 59:03)

It becomes more challenging. It does become more challenging when you're when you're a bit small, but like anything. But I'm sure you could find someone in the Philippines.

You should find someone in South Africa if you try to recruit. I'm sure there are services that do it. But yeah, unfortunately, I don't have a.

You might find if you are only an hour a week, it might be you for now. And then as you start to scale and get a group of companies, you might find that you want to bring that person in.

[Attendee 3] (59:03 - 59:11)

And is there a certain classification of criteria that we need to look for if I was recruiting externally? Just just a charted accountant.

[Josh Keegan] (59:11 - 59:39)

Ideally, the finance manager's role should be turning data to information. That's their role. So can they basically tell you, right, these are your books.

Here's what this means. And it is a hard skill set in an accountant to find that. It's not an easy one.

I'd have to think about how we can help people that maybe at that smaller stage, but need that from the start as well. I know it's a need. It's just quite hard to provide for when it's only a month or two.

[Attendee 3] (59:40 - 59:45)

Yeah, it has put me off a bit, actually, thinking not really know where to start and only being very small. I imagined.

[Josh Keegan] (59:47 - 1:00:35)

But you've got to ask yourself, are you broken? Like if you're if you're getting management accounts each month, if you do my house and people hitting the deadlines, if you actually understand the metrics of the business and, you know, you're making money or you can see how you are making money, then, you know, maybe right now it's not a requirement. I think when people get over that kind of 300K point, it seems to be a period where I think starts 300K in a trading business starts to get a bit complex and it starts to need that person to really oversee it and and manage it.

OK, thank you. Nice. We are totally on time.

I still think I am the the best timekeeper within Property Entrepreneur. So I'm going to stick with that. I told that to Bianca this morning.

She said she she neither confirmed or denied it. But I'm going to stick with it. So thank you all.

I'm in the Facebook group if you need me. Best of luck. And I'll catch you soon.

[Attendee 1] (1:00:35 - 1:00:36)

That's been great. Thanks, Josh.

[Josh Keegan] (1:00:36 - 1:00:37)

Cheers all.

[Attendee 1] (1:00:37 - 1:00:39)

Thanks a lot.