



YMCA Awards

Level 3 Business acumen for
personal trainers

2018

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Financial terminology

- Gross income
- Taxable income
- Net income
- Break even
- PAYE including current rates of Personal Allowances and Tax Rates
- Value Added Tax (VAT) including calculations and thresholds
- National Insurance Contributions
- HMRC allowable expenses and capital allowances

Gross income - All income from all sources (including business expenses)

Taxable income - Gross income less deductions and exemptions

Net income - Income less all business expenses

Break even - Sales cover all business costs (no profit and no loss)

Income tax - Tax you pay on your income:

- Money earned from employment
- Profits made if self-employed
- Employee benefits e.g. company car, pension

PAYE - Pay As You Earn

An employer deducts tax and national insurance contributions from your wages or occupational pension before paying your wages or pension

Income tax rates

- Personal allowance
- Basic rate
- Higher rate
- Additional rate

VAT - Value Added Tax

- 20% rate – most goods and services
- 5% rate – some goods and services (e.g. home energy, children's car seats)
- 0% rate – Zero-rated goods and services (e.g. most food, children's clothes)
- Thresholds – must be VAT registered with HMRC if VAT taxable turnover is more than £85,000

National Insurance Contributions

- Class 1 - Employee earning more than £155 a week and under state pension age
- Class 2 – Self-employed National Insurance earnings threshold of £5,965 a year is not reached
- Class 3 - Voluntary contribution to cover gaps in National Insurance record
- Class 4 - Self-employed with earning profits of more than £8,060 per year

HMRC allowable expenses

- Office costs
- Travel costs
- Staff costs
- Legal and financial costs
- Cost of business premises
- Advertising and marketing costs

HMRC allowable expenses

- Entertainment and hospitality
- Items bought to sell on
- Buying business premises
- Repair and maintenance of business premises
- Fines
- Travel between home and work
- Everyday clothes/uniform used for work

HMRC capital allowances

- Equipment
- Machinery
- Business vehicles



