

BUSINESS AND MONEY

WORKBOOK 8

CHAPTER 1 DEALING WITH FINANCIAL ADVISERS



- P6 What is it?
- P6 Why do I need to know about this?

P7 Project

Notes and guidance

- P11 Dealing with financial advisers
- P14 When do you need an accountant?
- P17 Book keeper
- P18 Banks

Want to know more?

- P20 More information
- P21 More tasks

CHAPTER 2 PREPARING FOR SELF-EMPLOYMENT



- P24 What is it?
- P24 Why do I need to know about this?

P25 Project

Notes and guidance

- P29 Working for yourself - Being self-employed
- P32 Case study
- P34 Business planning
- P38 Market research
- P39 Marketing strategy
- P40 Preparing a cashflow
- P42 Example cashflow
- P44 Other factors to consider before becoming self-employed

Want to know more?

- P48 More information
- P49 More tasks

CHAPTER 3
EXPLOITATION OF COPYRIGHT



- P52

What is it?
- P52

Why do I need to know about this?
- P53

Project
- Notes and guidance
- P57

The exploitation of copyright and related rights
- P59

Exploiting your musical and literary work
- P59

The collection societies
- P60

MCPS and the mechanical royalty
- P60

PRS and the performance royalty
- P62

PPL and exploitation of the sound recording
- P63

Record royalties
- P63

Other income from performance
- Want to know more?
- P65

More information
- P67

More tasks

CHAPTER 4
THE BUSINESS OF PERFORMANCE



- P70

What is it?
- P70

Why do I need to know about this?
- P71

Project
- Notes and guidance
- P75

The business of performance
- P76

How gigs work
- P82

Case study
- Want to know more?
- P84

More information
- P85

More tasks

CHAPTER 5
MONEY AND EARNINGS



- P88

What is it?
- P88

Why do I need to know about this?
- P89

Project
- Notes and guidance
- P93

Earnings from music
- P96

Income from recording
- P98

Publishing income
- P99

Your survival budget
- P100

Taking control of your money - Book keeping and accounts
- P104

Raising money
- Want to know more?
- P105

More information
- P107

More tasks

- Chapters that are essential to this workbook.
- Chapters that are optional to this workbook.

Please note

Any details or photographs of equipment, software, manufacturers or suppliers do not constitute a recommendation or endorsement by DWP, but are intended to provide typical reference examples only.

DEALING WITH FINANCIAL ADVISERS



YOU MUST HAND IN YOUR WORK BY TO



HOW LONG
should this assignment take?

Every person works at his / her own pace.
As a guide, this should take you 1 hour to read and research and another 2 hours to write your answers and discuss them with your tutor.



HOW
will I be assessed?

Your tutor will assess your work. He / she will give you feedback on how you have done. If your work needs further work to be passed, then you will be given the chance to do further work to bring it "up to scratch". For more details, please refer to your music provider's own guidance.



WHAT
do I do now?

Read the TASKS section below.
Then read the NOTES AND GUIDANCE section.
Carry out the TASKS.

TASKS

1 Read these statements - which financial adviser can help you? Tick one or more boxes

	ACCOUNTANT	BOOK KEEPER	or can you DO IT YOURSELF?
Preparing your tax return			
Preparing your accounts			
Borrowing money			
Giving you tax advice			
Raising money			
Collecting and keeping business receipts			
Preparing your VAT statement			
Balancing the day to day receipts you might need in business			
Helping you to understand how a pension scheme may help you in the future.			

2 Research 3 potential financial advisers

FINANCIAL ADVISER	ADDRESS, TEL AND E-MAIL	Do they have a website? Does it give information about their current client list?

3 Research your local area to see if there any music industry support services that can help you find out more about financial advisers such as accountants, book keepers and banks.
Use the internet to find any local schemes that may be of use to you.

Is there a Music Development Agency in your region? If so, write the details here.

Search for any local music projects that may be looking to help you move forward. Write the details here.

Speak to your music provider about this (if appropriate).

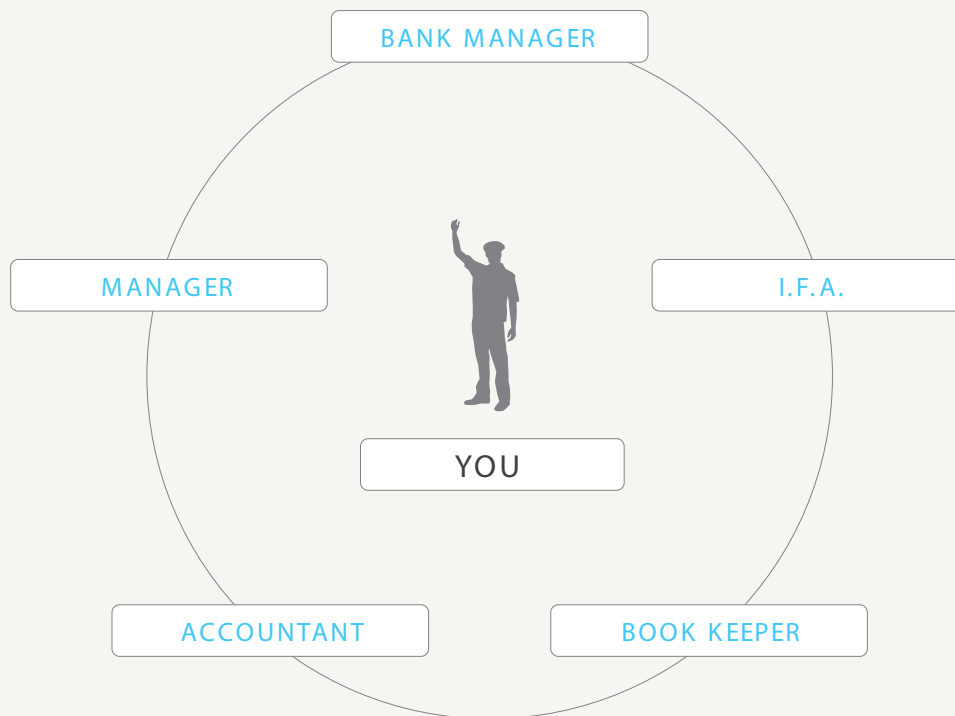
➤ revisit WORKBOOK 7 – COPYRIGHT, LEGAL AND MANAGEMENT – CHAPTER 1

4 Go to three banks and get some details on their business banking services.
Fill in the box below :

BANK NAME	Do they offer business bank accounts for new startup businesses?	What are their charges?

DEALING WITH FINANCIAL ADVISERS

As your career in music progresses, you may find yourself coming into contact with one or more of the following financial advisers.



If you have a **MANAGER**, they will have an important part to play in your financial team as they represent your business interests.

See **WORKBOOK 7 – COPYRIGHT, LEGAL AND MANAGEMENT** – for more information.

The **ACCOUNTANT** is a professional financial adviser. Their job is to prepare financial statements such as management accounts or audited accounts (for larger businesses) and annual tax returns. They can also perform a wider variety of other financial services.

A good accountant can often save more than their costs with their knowledge of tax and VAT rules. Having your books done by an accountant can also simplify dealings with the Inland Revenue.

ACCOUNTANTS FALL INTO DIFFERENT CATEGORIES:

Small accountancy firms

This may be a local chartered accountant, whose clients are generally small businesses and individuals. They will not be experts in music, but if you are self employed and turning over a modest income, they will offer you a good value service which will include preparing your tax return. If you are not using them for anything other than to assist you in preparing your tax return, you may only come into contact with them once or twice a year.

Medium size and large accountancy practices

These are larger organisations with many employees, often with numerous offices around the UK and sometimes the world. Their customers are usually bigger businesses and you would not generally use them until you were turning over several hundred thousand pounds as a minimum. The advantage is that they can offer additional services ‘in-house’ such as payroll, tax planning, fundraising, pensions and investment advice.

Specialist music industry accountancy firms

This type of accountant offers a specialised service for the music industry in areas such as touring, recording, publishing and merchandising. They are used to dealing with the music industry and therefore you may get a more focused service.



WHEN DO YOU NEED AN ACCOUNTANT?

ARE YOU:

Responsible for paying your own tax?

If so, you will need to file your own tax return.
An accountant can help you prepare this.

About to set up your own business, either as self employed, partnership or a limited company?

If so, an accountant will provide you with advice on tax and financial issues.

Earning a bit of extra money as well as your normal daytime job?

You may be concerned about tax implications and require some advice.



How much do they cost
and what do they do for the money?

Most accountants will give a quotation for their fees in the first year, which may include preparing your tax return, setting up a book keeping system for you and giving you some tax advice.

Their level of fees obviously depend on how much work is involved:
If you are a self employed person with a turnover in the region of £5,000 - £30,000, and have prepared all your accounts in advance, with a small number of transactions to review, then your bill could be just a few hundred pounds.

Specialist music industry accountants will normally charge between £150 - £250 per hour for their services, so you can rack up a large bill quite quickly! However, if the money starts rolling in, it is definitely worth employing them, as they will be able to properly assess your financial situation.

- Where can you find accountants?
- You need to do your research!
- ☐ Speak to your music provider, who should be able to give you some advice.
 - ☐ Speak to people within the industry and see if they recommend someone. Personal recommendation is always good.
 - ☐ If there is a Music Development Agency near you, they will have lists of established accountants that you can research yourself. It is also important to shop around and make sure you are dealing with professionals that you feel comfortable with and that speak your language.

BOOK KEEPER

Book keepers are financial administrators who help you to keep your accounts up to date. If you are busy earning money, you might not have the time to collate all your receipts, expenses and other financial information.

The book keeper does this work for you and helps to prepare a set of accounts that make it easy (and cheaper) for the accountant to read.

Many self employed people do their own books.



BANKS

If you are in business, you will need a business bank account. All of the main high street Banks offer advice and guidance packages to help you start your own business, in the hope that you will choose them as your bank.

It is important to try and form a good relationship with your bank manager, or what are now called ‘business relationship managers’.

At some stage, you will need to borrow money, either through a loan or an overdraft facility. It's important to keep the bank manager up to speed with your business as it makes it easier for them to make a decision.

Opening a business bank account

Make sure that you research all the deals available from all the banks. Some banks offer a better package for sole traders (freelancers) or partnerships, others are better for larger limited companies.

You can now open online bank accounts, where all your banking is done on the internet. The upside is that you can do all your banking from the computer, but the downside is that you don’t develop the same relationship with the bank as with a manager.

Bank Charges - Remember that if you are in business, banks charge for their services. You may have to pay a monthly service charge, plus charges for cheques and other transactions. Many banks do special offers on this, for example Free Banking for one year.

WANT TO KNOW MORE?

LINKS

New Deal for Musicians has no responsibility for or control of the following sites. The inclusion of any site does not necessarily imply New Deal for Musicians approval of the site. To access any of the sites please type in the address into a browser or search using keywords from the name of the link.
www.dfes.gov.uk/ukonlinecentres Find Internet access that's close to you.

- ☐ **www.bbc.co.uk/radio1/onemusic**
Loads of relevant information about moving forward in the music business, tips on careers, getting advice from managers, agents and lawyers.
- ☐ **www.bbc.co.uk/radio2/soldonsong/guide/manager.shtml**
The Sold on Song pages tell you what to look for in a manager.
- ☐ **www.getsigned.com**
Tips and advice on the music industry – US based site.
- ☐ **www.musicjournal.org**
Music Business Journal
A collaborative online resource about the entertainment and music industry.
- ☐ **www.bemuso.com**
A comprehensive resource site for independent artists, DIY record labels and self-publishers. Information and opinions about the music industry. Lots of stuff on doing it yourself.

BOOKS AND MAGAZINES

- ☐ **Guide to Survival & Success in the Music Business**
The Association of Independent Music's guide to the business in an interactive CD-Rom format. Available from www.musicindie.org - free to members
- ☐ **The Guerilla Guide to the Music Business**
Sarah Davis, David Laing
An introduction guide for artists and managers, covering most aspects of the music business, such as a 'Contracts & Agreements' section, which reproduces standard contracts.
Continuum International
Publisher : Academi
ISBN : 0826447007
- ☐ **Music: The Business - The Essential Guide to the Law and the Deals**
Ann Harrison
Publisher : Virgin Books
ISBN : 1852270136
- ☐ **The Music Management Bible**
Music Managers Forum
Publisher : Sanctuary Publishing
ISBN : 1844920259
- ☐ **I.M.F. (International Managers Forum) Handbook: A Guide to Professional Music Management**
Andy Allen, Andrew Forbes, Jef Hanlon, et al
Publisher : Sanctuary Publishing
ISBN : 1860742572

MORE TASKS

- 1 Find out how much an accountant would charge to prepare your annual tax return, as a freelance musician earning around £10,000 per annum.
- 2 Find the name and contact details for a local book keeper who can help you to prepare your books and accounts for your business. You will need to speak to other freelancers who have used book keepers in the past. Alternatively, research courses on accounting and book keeping using the 'Learn Direct' website or your local library.
- 3 You need to set up a business bank account. Find out as much as you can about the various business bank accounts that are available, then go and see one or two banks. It is an important experience to meet people from the bank as you start to develop an understanding of the issues.
- 4 Read at least 1 of the books from the recommended reading list.
- 5 Investigate what music industry training is available via the MMF website.