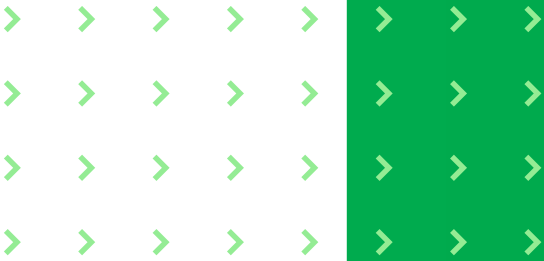


# Be your *own boss*

—  
Starting your own practice  
as an AAT Licensed  
Accountant or Bookkeeper



# If you're thinking of taking the first step into becoming an AAT licensed member, ***congratulations.***



Running your own practice is potentially the most rewarding step you can take in your career. You could enjoy greater freedom. More variety and flexibility in your work. Higher earning potential. And perhaps most importantly, the job satisfaction and work/life balance you've always wanted.

It's such an exciting opportunity, but it's not without risk. Going self-employed can feel very daunting and you're probably wondering where to start.

That's where this guide comes in. It'll give you a better understanding of what to expect as a practice owner, and help you decide if it's the right choice for you. We're also working with small business experts Informi to provide tips and resources to help you get your practice off the ground.

Remember, this guide isn't an exhaustive list of everything you need to know. You should consider your personal circumstances and always get advice from professionals whenever necessary. But if you need a helping hand, or a point in the right direction, we'll do our best to support you every step of the way.

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# Taking the leap



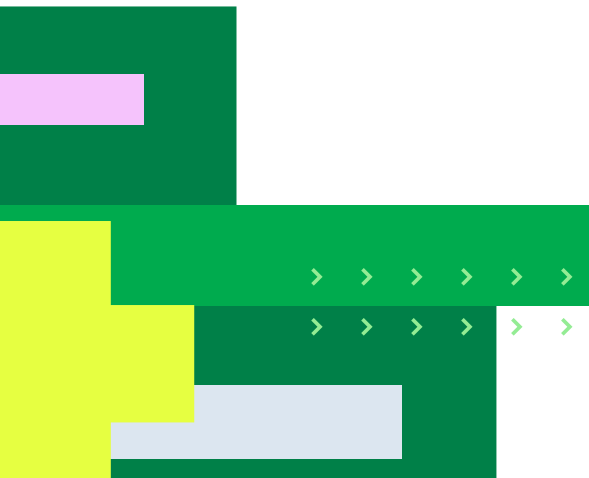
## Is being self-employed for me?

Being self-employed isn't for everyone. While the benefits are obvious, there can be some drawbacks to being the boss. Here are some key areas to consider if you're unsure about making the move, from small business advice experts Informi.

## The lifestyle

It's easy to assume that becoming your own boss will instantly improve your work/life balance. You can choose where and when you work, and have more control over those late finishes and early starts. But in reality, the first few years of setting up your business are likely to be extremely busy and you will inevitably have less free time for yourself, your friends and your family. This is particularly true if you start your own practice while continuing in your existing job.

Some people also find the move into self-employment a little lonely. You may want to consider renting some shared office space, and reaching out to other self-employed people in your area, to ensure you don't feel isolated.





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## The costs

Starting your own business will usually come with some financial uncertainty. You might be giving up paid employment to set up your own practice, or maybe you've decided to move to part-time hours. In either case you will be swapping a regular income for one that's more variable, and could take time to build.

You may also have to invest some of your savings or increase your borrowings to cover the costs in setting up your practice, so it's worth thinking about the impact that these changes could have. You will need capital to buy the equipment and software to run your business, and working capital to ensure you can manage your business and personal finances until your practice starts to bring in fees.

You should also build in a contingency, should things not run as smoothly as you anticipate. And of course, you'll be responsible for your own tax, insurance and pension arrangements.

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## The attitude

In order for your business to grow, you'll need to develop strong working relationships with your clients and suppliers. You'll also need to use your confidence, determination, judgement and initiative to turn your business idea into a working success.

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## The business skills

Running an accounting or bookkeeping practice is about more than just the workload. You'll need to put your financial skills into practice when managing your budget, and also boost your knowledge on marketing, technology, business administration and legal requirements. You might want to consider working alongside a business partner who can give you access to extra finance, or a skill set that you need. Taking on staff at a later stage could allow you to focus on developing your business.

## Quick check

Here are some typical characteristics of an employed and self-employed person. Which ones apply to you?

### Employed characteristics

- ✓ I enjoy working in a large team
- ✓ I prefer my day mapped out for me
- ✓ I need a regular salary
- ✓ I am happy to work within established rules and procedures
- ✓ I like to play it safe
- ✓ I'm not always good at seeing a project through
- ✓ I'm comfortable with the skill set that I have

### Self-employed characteristics

- ✓ I prefer to work independently
- ✓ I like to set my own priorities
- ✓ I can manage with a variable income
- ✓ I don't mind making decisions in rapidly changing situations
- ✓ I am comfortable with some risk
- ✓ I will see a project through to the end
- ✓ I'll happily learn new skills if needed

Advantages and disadvantages aside, starting your own business gives you the opportunity to create something that is uniquely yours; something that can provide employment for other people and that can build a legacy for others to inherit.

### Learn more

- Read Informi blog posts on **starting a business**



# What's life like as an AAT licensed member?

We asked five AAT licensed members to share their stories with us. Learn why they became self-employed, the challenges they faced, and how their businesses have grown.

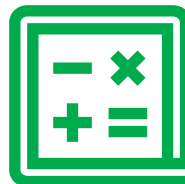
## Learn more:

- hear from an AAT Licensed Accountant on **how to know if you're ready to start your own practice**
- meet licensed members by attending **AAT branch events**
- ask a question to our licensed members on the **AAT Discussion forums** or on **Facebook**.



# 95%

of AAT Licensed Accountants feel 'secure' or 'very secure' in their jobs.\*



# 90%

of AAT Licensed Accountants are satisfied in their job.\*

\* AAT Salary Survey 2023

# Carole Alexander FMAAT AATQB

AAT Licensed Accountant

Carole Alexander and Associates Ltd

## Are you employed as well as having your own practice?

No.

## What did you do before you started your own practice?

After starting a family, I ran a procurement department in the Home Office, where I completed a part-time RSA bookkeeping course. I then oversaw Customer Service and Purchase Ledger at a large factory while I studied AAT.

## What led you to decide to become self-employed?

At the time, I had a young child and I thought that becoming self-employed would be a good way of planning my work around the family. Plus, I had already been approached by a couple of family friends asking for help with their accounts.

## When did you start your business and what was your income in your first year?

I started on my own in 2000 and my fee income was around £25,000.

## What was your income for the last year?

Last year my gross fee income was around £85,000.

## How many employees are there in your practice (including you)?

There are four of us.





## How has your business developed since you started your practice?

I started my practice on my own, but asked a friend who I trained with (who had just had her first child) if she would like to work with me on a part-time basis. We then gradually added more clients – we like to work with start-ups and small business, so we have a steady turnover of clients as they grow and use inhouse staff. However, we still have three clients that have been with us for the duration. We started our business in a small serviced office but moved to our present office suite three years ago.

## What does a typical day look like for you?

They're all completely different. But I'll usually go out to clients in the morning, work on their computers, collect information, then go back to the office for 11.00. I regularly receive email queries from local accountants that I can then raise with our shared clients. I try to meet all our clients quarterly, regardless of whether they're VAT-registered, to go through management accounts and discuss where their business is going. Sometimes people will drop in for a meeting without an appointment, usually when they have something new on the go and want some advice.

## What's the best thing about running your own practice?

The best thing about running my own practice is being able to manage my time as I like. If I have family things to do, I can work on into the evening, and I can decide what days I work. It's also good to meet lots of different people with different ideas.

## What has been the biggest challenge of running your own practice and how did you overcome it?

The biggest challenge is to find the right staff and growing the business at a pace that suits the clients and my staff. It's not all to do with qualifications, a lot of it is to do with customer service and attitude to the job. I make sure I do an intensive induction and we all do relevant CPD.

## What has been your biggest achievement?

My biggest achievement has been to take the business from a part-time, one-person business to a respected business in the local community.

**Find out more**

➤ Read **Carole's story**

# Michael Beech FMAAT

AAT Licensed Accountant

Michael Beech Accountancy and AM-Accounting & Business Advisors Ltd

## Are you employed as well as having your own practice?

No, I own two practices that I work on full time, Michael Beech Accountancy and AM-Accounting & Business Advisors Ltd, which I run with my AAT business associate and friend Ali Jaw FMAAT.

## What did you do before you started your own practice?

I spent many years being employed in industry, doing many different roles. I completed my AAT qualification (and became a MAAT) in 2012, when I was 41. I later became a FMAAT.

## What led you to decide to become self-employed?

I attended an event in 2012 and listened to previous AAT president Henry Cooper FMAAT speak about how to start your own business. Initially, I went away and thought it wasn't for me. However, I kept thinking about it, and I thought there could be work/life balance benefits and that it might bring the job satisfaction and variety I wanted.

I also liked the idea of setting up my own systems and managing my own time and workload.



### **When did you start your business and what was your income in your first year?**

I started my business (Michael Beech Accountancy) in September 2013 and my first year really was quite a difficult one. My fee income in my first year was about £6,500.

### **What was your income for the last year?**

The fee income for the last accounting year was £40,378 in Michael Beech Accountancy and £22,762 in AM-Accounting & Business Advisors Ltd, where the income is split 50/50 across Ali and I.

### **How many employees are there in your practice (including you)?**

Ali and I don't have any employees, but we use four or five sub-contractors to help with the workload.

### **How has your business developed since you started your practice?**

We've had organic growth over several years, mainly through word of mouth. The main thing was getting through the first few years, and once word gets round, it snowballs. We did some social media earlier on in the development stages and designed a website by ourselves, in addition to some non-digital local marketing.

### **What does a typical day look like for you?**

There is no typical day! There's such a wide variety and anything can happen. Although there's always the 'bread and butter' work like bookkeeping, VAT, and payroll, and we also have end of year accounts and self-assessment tax returns. There can be ad-hoc enquiries, such as support work when someone is trying to get a mortgage, or initial consultations for potential new clients, which include compliance work, terms of engagement and background checks.

You have to wear several hats for those times when you are working on developing your business (rather than the day to day operations) and focus on areas like marketing, cashflow and software.



## What's the best thing about running your own practice?

It's not just the better income levels (as a Management Accountant in industry the most I ever earned before tax was £25k), but the non-monetary benefits.

A life-changing example was when my wife had a hip operation and needed caring for during her recovery. If I had been in an employed job, I would have been given three weeks' leave, but because I had my own practice I was able to fit work around her care. This is something I'll never forget.

Working with Ali also inspires me to be at the top of my game and he makes me feel I am not alone in practice. If ever I need a second opinion on anything I call on him – and likewise he calls on me. Having a business partner has added a layer of extra support and is very positive and reassuring.

### Find out more

➤ Watch [Michael and Ali's story](#)



## What's been the biggest challenge of running your own practice and how did you overcome it?

The hardest two things were knowing what to charge and where to find good customers. To overcome this I called on associates at AAT branch events and I asked people who had already been there. As a new licensed member, you are following in others' footsteps and this is what I drew on. I also went on marketing courses and to networking breakfast events.

We all make mistakes, but as long as you learn from them, you move onwards and upwards!

## What has been your biggest achievement?

The biggest achievements are being comfortable, really enjoying what I do, and having the freedom to work when I want, how I want, and where I want. It's also a huge achievement to finance both companies from a standing start of zero. We never received a loan or any outside financing, we just used our own skills and grafted hard to gradually build things up. The other thing that really has put a smile on my face (and that of Ali) is the level of recognition within AAT circles of who we are, what we do, and where we came from. We both had it difficult earlier on in life, Ali definitely more so, and it's nice that not only are we recognised within our own professional body but also locally. We have good relationships with our clients and it's a big achievement to go from nothing to where we are now.

Figures provided in 2019.

# Wendy Tate MAAT AATQB

**AAT Licensed Accountant  
Bean Counters**

## **Are you employed as well as having your own practice?**

No, I was at the beginning but I now work purely in my practice.

## **What did you do before you started your own practice?**

I worked in a call centre for 13 years as a Subscriptions Manager. I then moved to an Occupational Health Membership Association as their Finance & Membership Manager.

## **What led you to decide to become self-employed?**

I wanted to make use of my AAT qualification so I started my business at the end of my Level 3, with some small shoebox clients. I never imagined it would be anything more than just a few hours each week. But as the business started to grow, I reduced my hours at work to three days a week to give me more time in the business, and then after a year I quit to concentrate on the business. That was two years ago now and I haven't once regretted that decision.

## **When did you start your business and what was your income in your first year?**

I started in February 2014 and ran my accounts to March of that year, making a small loss (mainly due to set up charges as it was only a two-month period). In the following year my gross fee income was around £12,000, however, this was when I was working three days a week in my employed role and was only running the business on a part-time basis.



### **What was your income for the last year?**

My gross fee income was £34,500 last year and I'm on target to increase this by 15% this year.

### **How many employees are there in your practice (including you)?**

Just me, however I employed my son as an apprentice in 2015 while he completed AAT Level 2, and this enabled me to grow the practice sufficiently to quit my PAYE role.

### **How has your business developed since you started your practice?**

I started my practice in February 2014 as an additional revenue stream. At that stage, I couldn't see myself going completely self-employed; it seemed like such a big step, something that other people do and I liked the comfort of knowing what I was going to be paid. I started networking, and soon took on my first client – a personal trainer who had been trading for 11 months and didn't know if he had made a profit or not. I soon realised that there was a call for outsourced accounting services, and that small business owners would rather outsource this than take on additional staff. So, I started to promote my services as "your outsourced accounts department", which worked well. I took on my son in 2015 as an apprentice and paid for him to do his AAT Level 2, which gave me a little more capacity while I was still working part-time.

Once my son finished his Level 2 he wanted to spread his wings, so went for a new role. I am so proud that I was able to help him develop the skills to start his own accountancy journey. It was then decision time – did I stay as I was, or be brave and step away from the security blanket that was my monthly pay cheque? I decided to go for it, so I left my job to concentrate on the business. With the support of my family and the local business owners I met at networking events I haven't looked back. I specialise in Cloud Accounting and am a Xero certified adviser, and using cloud software has enabled me to continue to work from my office at home. I now have 33 clients across several industry sectors.

### **What does a typical day look like for you?**

My Monday to Thursday routine is usually fairly similar. If it is a networking morning then I will leave home at 7.00, otherwise I start around 8.00 and use the first hour of the day to look at my marketing. I do a lot on Twitter and have over 3,500 followers for @bookkeepingbean, and I also have a Facebook page and Instagram. I built my own website to keep costs down, so I also sometimes use this time to add updates on there. Once all this is done, and I've replied to any emails I received since finishing the previous day, it's down to client work for much of the day.

This can consist of bookkeeping, payroll, advisory services on cloud software, VAT returns and Management reporting and (depending on the time of year) personal tax returns and some year end accounts. Some days there are client meetings too or the odd CPD course to attend. On a Friday, I do my admin in the morning and take the afternoon off (if schedules allow) to go out for lunch with my husband.

### **What's the best thing about running your own practice?**

The best thing about running my own practice is having the freedom to choose my own hours. I do try to keep to normal business hours, but if something comes up and I need to take some time out I can do so and come back to the client work in the evening or at the weekend – deadlines permitting of course! Working from home is also a great bonus. There's no more commuting or lost days due to bad weather, and in the summer I can even take the laptop in the garden to work – bliss.

### **What has been the biggest challenge of running your own practice and how did you overcome it?**

There have been several challenges along the way, firstly finding clients. It's all very well coming up with a business name, but I then had to get the name out there. I created a website and then searched for bookkeepers in the area and found all the free directories they were advertising in and put myself there.

Next, I started networking and joined a couple of local groups, which built my confidence as a person. Standing up in front of 30–40 business owners was daunting at first, but the rewards were worth it. The other challenge I have is around the fact that my office is at home. It is easy for family to distract me because I am there, so I get up and get dressed for the office, (right down to the shoes) to get me in 'work mode'. I have found it difficult some days to shut the door and walk away at the end of what should be my working day and end up working long into the evening, so dinner can be a little late sometimes – but when you're doing what you love it's hard to press the stop button at 17.00.

### **What has been your biggest achievement?**

I only intended to do AAT Level 2, and in the first couple of weeks was nearly in tears with double-entry, so to have completed my AAT was a huge achievement. But the biggest achievement was starting my business and being able to employ my son as an apprentice and enable him to start his own AAT journey – I am immensely proud of him. This year I was also asked to join the AAT Northampton Branch Committee – another proud moment.

Figures provided in 2017.



# Lucy Cohen FMAAT Sophie Hughes FMAAT

AAT Licensed Accountants, Co-owners of Mazuma

## Are you employed as well as having your own practice?

No – we work full time in our own practice.

## What did you do before you started your own practice?

**Lucy** – I worked for Cardiff Council.

**Sophie** – I worked for a software company.

## What led you to decide to become self-employed?

We'd spotted a new way of providing a service for small and micro businesses across the UK. We were first to market with the subscription-based accountancy model that is so common nowadays.

## When did you start your business and what was your income in your first year?

We started in 2006 and our turnover was around £26,000.

## What was your income for the last complete accounting year?

In 2019 we turned over more than £1 million.

## How many employees are there in your practice (including you)?

There are now 27 of us.





## How has your business has developed since you started your practice?

We made the decision that we wanted to 'go big' with what we did – often sacrificing drawings or personal income for the sake of growing the business. We've invested heavily in technology and systems as well as in a full team of staff to deliver our vision. It's fair to say that, whilst the premise is the same as when we started, the business is unrecognisable from the time we were two 23-year-olds working out of a spare bedroom at one of our homes!

## What does a typical day look like for you?

We both take different days in the office and work from home two days a week each. Typically, our mornings are taken up with catching up with the teams and checking where we're at. Then afternoons tend to be meetings and business development. At least once a week we try attend a business event in the evening.

What's the best thing about running your own practice? The knowledge that you have created something from scratch, on your own rules. Both of us would also say that our personal development and professional skills have been accelerated by throwing ourselves in at the deep end.

## What has been the biggest challenge of running your own practice and how did you overcome it?

Work/life balance is always a challenge when you run your own business – especially in the early years when it was all hands on deck. But we've been clear that it's important for us both to carve out time for ourselves in our working weeks in the last few years.

## What has been your biggest achievement?

We appointed new board members earlier this year and it's great to see us both challenged personally and to see how that ripples through the business. Bringing the right people in at the right time is always a great achievement, and since the new board we've really noticed some good momentum.

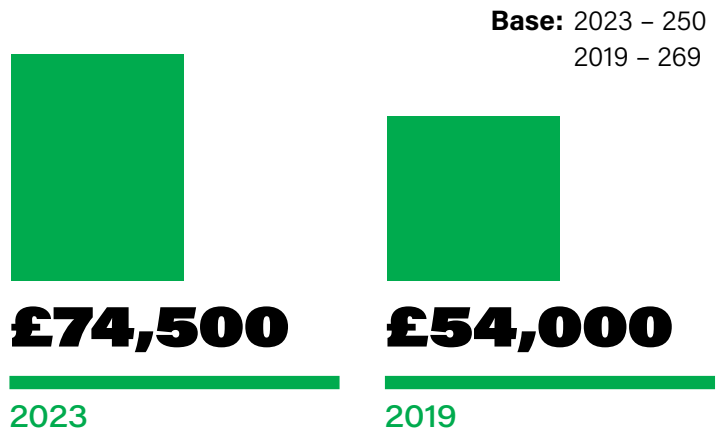


# What could I earn?

Here's a breakdown of the average annual fee income and salaries of AAT Licensed Accountants,\* based on research from the *AAT Salary Survey 2023*.

## Fee income and salaries for AAT Licensed Accountants

The average (median) fee income for AAT Licensed Accountants who are fully self-employed is £74,500. This has increased by 38% since 2019.

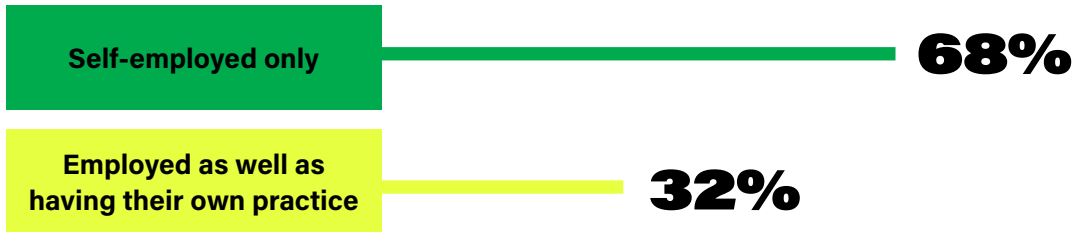


The average (median) fee income for AAT Licensed Accountants who have a practice and are also employed is £15,000. The average employed salary is £31,000 and the average bonus is £4,900.



\*An AAT Licensed Accountant is an AAT full or fellow member licensed to offer self-employed services to the public. We are not yet able to provide representative salary information for AAT Licensed Bookkeepers.

## What percentage of AAT licensed accountants are fully self-employed?



## Average (median) fee income by practice size

AAT Licensed Accountants who are fully self-employed

Base: 248



# Do I need a licence?

If you're looking to set up your own practice and offer accountancy and bookkeeping services to clients in the UK, you'll need to apply for a licence. You'll also need a licence if you're working as a sole practitioner, a partner, or as a director or principal with at least 5% shares belonging to you, your household or your family.

While virtually all AAT professional members who offer self-employed services fall under one of these categories, there are a few exemptions. If you are authorised and regulated by another professional body you may not need to apply.

You could also be exempt if you only provide services on a subcontractor basis, and you're covered by your own (or the subcontracting accountant's) professional indemnity insurance and anti-money laundering supervision requirements.

You can use our licence checker if you're unsure whether you need to apply for a licence or if you maybe exempt.

## Learn more

- Read about **licence eligibility**
- Use our **licence checker**



# How will my licence benefit me?

When you receive your licence, you'll join over 6,000 AAT Licensed Accountants and Bookkeepers who run successful, respected businesses.

However, your licence is more than simply a mark of professionalism and compliance. It also entitles you to a range of resources that will help you develop a successful business.

## Benefits of your AAT licence

### Getting started

- Advice on starting your business
- Use of AAT licensed member logos and advertising templates
- Feature in the AAT licensed member directory
- Competitive Professional Indemnity Insurance rates

### Running your business

- Anti-money laundering (AML) supervision and support
- Discounted AML compliance tool from AMLCC
- Continued professional development (CPD) and practice management resources
- Free and discounted advice helplines
- Letters of engagement and useful templates
- Industry updates and advice on running your business
- Free and discounted technical support from Croner-i
- Research and development tax credits support

# What type of licence do I need?

## Learn more

- Find out more about the **services you can offer**
- Learn about **regulations on additional services**

We offer two types of licence, so you can apply for the one that's suited to your qualifications, experience and covers the services you wish to offer.

You can apply to provide up to five services to clients as an AAT Licensed Bookkeeper, and up to 18 services as an AAT Licensed Accountant. AAT licensed members are not permitted to carry out statutory audits. Check which services you can apply to offer under each licence.

| Service  | AAT Licensed Bookkeeper | AAT Licensed Accountant |
|--|-------------------------|-------------------------|
| 1. Bookkeeping   | ✓                       | ✓                       |
| 2. Financial accounts and accounts preparation for sole traders and partnerships | ✓                       | ✓                       |
| 3. VAT   | ✓                       | ✓                       |
| 4. Computerised accountancy systems  | ✓                       | ✓                       |
| 5. Payroll   | ✓                       | ✓                       |
| 6. Financial accounts and accounts preparation for statutory purposes            |                         | ✓                       |
| 7. Budgeting and forecasting   |                         | ✓                       |
| 8. Management accounting   |                         | ✓                       |
| 9. Personal income tax   |                         | ✓                       |
| 10. Business income tax  |                         | ✓                       |
| 11. Inheritance tax  |                         | ✓                       |
| 12. Capital gains tax  |                         | ✓                       |
| 13. Corporation tax  |                         | ✓                       |
| 14. Limited assurance engagement   |                         | ✓                       |
| 15. Independent examination  |                         | ✓                       |
| 16. Company secretarial services   |                         | ✓                       |
| 17. Internal audit   |                         | ✓                       |
| 18. Forensic accounting  |                         | ✓                       |

# Am I eligible to apply?

In order to apply for an AAT licence, you must be an AAT professional member or have applied to be one. There are different professional membership options available, which are explained on the next page.

## How will my professional membership help me?

Your AAT professional membership will be instrumental to helping you set up your practice.

### 1. Be recognised

Using your designatory letters and AAT licensed member logo will demonstrate your commitment to your profession and help you stand out to clients. You can also appear in our licensed member directory.

### 2. Expand your network

Connect with over 6,000 licensed members online, or attend a free webinar.

### 3. Develop your business

We provide lots of support and advice to help you build your practice through letters of engagement, templates, checklists and practice management resources.

### 4. Increase your earning potential

Our research shows that AAT Licensed Accountants can earn £54,500\* a year.

### 5. Refresh your knowledge

Our online resources on the AAT Store, AAT Lifelong Learning Portal and AAT Knowledge Hub cover all the latest industry updates.

### 6. Boost your skills

Our award-winning events cover the essential topics you need to know, from tax to leadership skills.

### 7. Stay up to date

Find all the latest industry news in your regular emails and award-winning *AT magazine*.

### 8. Save money

AAT licensed members receive competitive rates on Professional Indemnity Insurance. You'll also have access to lots of discounts and offers on everything from cinema tickets to business supplies through AAT Rewards.

\*Research taken from *AAT Salary Survey 2019*. Represents average (median) fee income for full-time AAT Licensed Accountants who are fully self-employed.

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## Bookkeeping or full membership?

We offer several professional membership options, so you can apply for the one that matches your qualification and experience, and the type of business you wish to run.

### AAT bookkeeping membership (AATQB)

AAT bookkeeping membership demonstrates your bookkeeping skills and expertise. You'll gain the designatory letters AATQB after your name and you'll be able to apply to become an AAT Licensed Bookkeeper.

#### Am I eligible?

You can apply online to become an AATQB if you hold any of the following qualifications:

- You've completed the AAT Advanced (Level 3) Certificate in Bookkeeping on the AQ2016 or Q2022 standards.
- You've completed the AAT Advanced (Level 3) Diploma in Accounting on the AQ2010, AQ2013, AQ2016 or Q2022 standards.

- You're part way through the AAT Advanced Diploma in Accounting (AQ2016 standards) and you've completed these modules:
  - Advanced Bookkeeping
  - Indirect Tax
  - Final Accounts Preparation.
- You're part way through the AAT Level 3 Diploma in Accounting (Q2022 standards) and you've completed these modules:
  - Financial Accounting: Preparing Financial Statements
  - Tax Processes for Businesses.

You may also be eligible to become an AATQB if you hold a relevant qualification from another professional body such as IAB or ICB.

You can also apply if you have:

- AAT professional membership (MAAT or FMAAT status).
- ICB or IAB professional membership. Membership from other relevant bodies will also be considered on a discretionary basis.



## AAT full membership (MAAT)

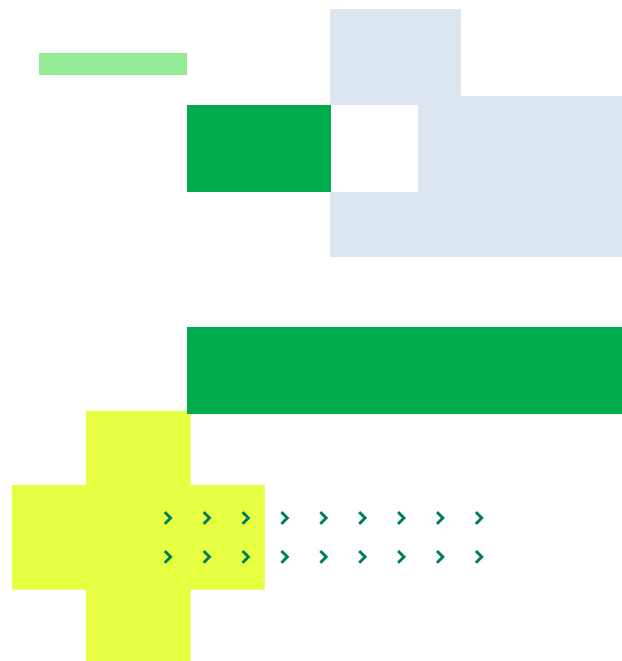
AAT full membership is an internationally recognised professional status in accounting and finance. You'll gain the letters MAAT after your name and you can apply to become an AAT Licensed Bookkeeper or AAT Licensed Accountant.

### Am I eligible?

You can apply online to become a MAAT if you have completed the AAT Professional Diploma in Accounting. You may also be eligible to become a MAAT if you hold a relevant qualification from another professional body or a degree from one of our partner universities. Once you've been a full member for five years, you'll be eligible to apply for fellow membership and gain the letters FMAAT after your name. Fellow members can also apply to become AAT Licensed Bookkeepers or AAT Licensed Accountants.

### Learn more

- Read about **AAT bookkeeping membership**
- Read about **AAT full membership**
- Learn about **becoming an AAT member without an AAT qualification**
- Read about **AAT fellow membership**



\*Students studying the Level 3 Certificate in Bookkeeping and Ethics before September 2016 will need to sit the additional Indirect Tax unit to be eligible for bookkeeping membership.

# Where do I start?

If you've decided that becoming an AAT licensed member is the right move for you, your next steps are:

- a) start planning your business
- b) apply for your licence.

Take a look at some of the key tasks you'll need to do in order to be approved.

## Week 1

Do some market research



## Week 2

Think about your customer base

## Week 3

Decide on your business structure and write your business plan

## Week 4

Research your funding options

## Week 5

Decide on your business name

## Week 6

Decide which licence is right for you, apply online and pay your fees.

## Week 7

Finalise any queries with AAT

## Week 8

Set your prices

## Week 9

Register your business and receive your licence approval.



# Planning your business

Small business experts Informi offer essential guidance on setting up a business. Their 'How to start a business in 20 days' ebook will help you ensure every element of your practice is thought through. Here are a few of their top tips for AAT licensed members.

## Do some market research

Knowing what makes your business different and – ultimately better – will help you stand out. Spend some time checking out the competition. Look through local directories, read industry magazines and press advertising, talk to customers, search on the internet, collect flyers, brochures and marketing literature and check information on Companies House's website. You can also get advice from other licensed members on the AAT Discussion forums or at local AAT branch events.

## Think about your customer base

It's important to have a good understanding of the type of client you want to attract. Think about:

- what makes them tick?
- what do they lose sleep over?
- what frustrates them?
- where do they get the service/product you're offering?
- how does your business make their lives easier?
- how does it make or save them money?

## Think about your business structure

Choosing your business structure is an important decision. Whether you set up as a sole trader, a limited company or a partnership, this choice will impact on the tax you pay, the amount of responsibility and control you have, the amount of paperwork you'll need to deal with, and your profits.



## Write your business plan

Every business needs a business plan of some kind. This should be a statement of your vision for the business, incorporating the research you've done and how you plan to achieve your goals.

### Four useful tips

- Tackle your business plan in sections. Identify areas you need to cover such as financing, customers and marketing and work on one at a time to avoid feeling overwhelmed.
- Imagine that you are describing your business to someone who knows nothing about it. Don't assume that a reader has any information about you or your industry.
- Keep it simple. It is important that your plan is accurate and easy to follow if you are going to ask others to look at it.
- Try to avoid jargon or terms that only people in your type of industry will understand.

Remember, your business plan is a working document – you should be updating it regularly.

## Research your funding options

For most practices, upfront investment is vital. Here are some funding options you could consider.

**Use your own money:** It not only provides funds, but can also help you attract funding; you can't really expect others to invest in your business if you're not willing to do so yourself.

**Family and friends:** The people lending you money might only want to earn a small amount of interest on their loan, or none at all.

**Arranging an overdraft:** This should only be seen as a very short-term funding option, not a permanent source of finance.

**Bank loan:** Banks are supported by government schemes to increase lending to businesses, so they will lend if they think they're making a good investment.

**Start Up Loan:** A government backed scheme that provides loans and other support to new businesses.

**Crowdfunding:** Pitch your business to investors on platforms like Kickstarter and Crowdcube.



## Decide on your business name

Choosing a name for your new business is an important decision. As well as being a key aspect of marketing your business, it also needs to meet certain legal requirements. Before you decide, you should see who else may have that name, check that a suitable internet domain name is available, think about your branding and consider whether your name is future proof.

It's also worth spending some time searching online to see what results are shown from your proposed name. Even if your business name is unique, it may have unwanted associations with products or services offered by other companies.

## Create a package and price list

Creating a basic package and price list will help prospective clients understand what you can offer and how much it's likely to cost them. Three things will affect how you price your services:

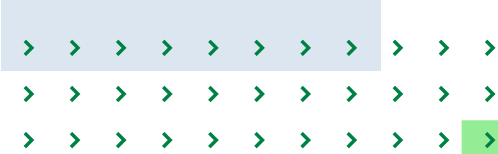
**your costs** – It may sound obvious, but you've got to cover your costs and also make a profit

**your customers** – You need to know how much your customers are prepared to pay. Ask a range of prospective customers what they'd typically pay for your type of product or service and work out an average price

**your competitors** – You need to know what your competitors offer and how much they charge. Do your research – look at their price lists or get someone you know to ask them for an estimate.

### Learn more:

- [Download Informi's \*How to start a business in 20 days\* ebook](#)
- [How to choose a business structure](#)
- [How to decide the name of your business](#)
- [Find out more about funding options](#)
- [How to set your prices](#)
- [How to write a business plan](#)



# How to apply

Our application process is rigorous, and that's because we have an important reputation to uphold. Following this guidance will help you complete your application and make sure you're aware of all the relevant AAT policies and industry regulations.

## Apply online

➤ [Apply online](#)

## Before you start

Prepare your supporting information.

In order to complete your application, you'll need to prepare some details in advance.

You'll need to:

- apply for a Basic Disclosure Certificate if you're applying for AAT to act as your anti-money laundering supervisor.
- arrange Professional Indemnity Insurance
- arrange continuity of practice cover
- register with the Information Commissioners Officer (ICO).

➤ Watch our helpful suite of **application support videos** and make sure you have everything you need to complete your application.

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## Complete your application form

### Tell us about yourself and the business you want to run.

This will include providing information on the following areas:

- your personal and business contact details
- your membership and practice status
- your business model
- additional parties including shareholders, directors, employees or subcontractors
- your clients.

### Tell us about your services and experience

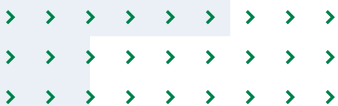
Firstly, you'll need to tell us about the services you would like to offer.

### Confirm who will act as your Money Laundering Reporting Officer

You must act as the nominated officer yourself if you are a sole trader with no employees. The role should not be held by an external consultant.

### Confirm your plans for anti-money laundering supervision

All AAT licensed members must register for anti-money laundering supervision. Most of our members are eligible to be supervised by us, but you can be supervised by another body if appropriate. We provide resources and support to all our licensed members to help them understand the current money laundering regulations in force. If you choose to be supervised by us, you'll need to submit a copy of your Basic Disclosure Certificate with your application that has been issued within the past three months. If you're supervised by another professional body you'll need to submit evidence of this with your application.



### **Confirm your Professional Indemnity Insurance**

Professional Indemnity Insurance (PII) is a mandatory requirement for all AAT licensed members. It protects both you and your clients, and your application won't be approved until you have arranged suitable cover. AAT members are eligible for exclusive rates on PII if arranged through AAT's partner provider.\*

### **Confirm your continuity of practice cover**

All AAT licensed members are encouraged to arrange continuity of practice cover, in the event that you become unable to serve your clients. It's mandatory for all members who have seven or more clients.

### **Confirm you will register with appropriate third parties**

This includes registering with the Information Commissioners Officer (ICO) and HMRC.

### **Make sure you're familiar with:**

- AAT's **standards and requirements**
- AAT's **Professional Indemnity Insurance policy and how to apply for PII**



\*AAT is an introducer appointed representative of Parliament Hill who are authorised and regulated by the Financial Conduct Authority for non-investment insurance mediation only under registration number 308448. You can check this out at <http://register.fca.org.uk> AAT is not in the same group as the provider.



### **Confirm what details you want displayed in the AAT licensed member directory**

All AAT licensed members will be displayed on our online 'Find an AAT Licensed Accountant or Bookkeeper' directory. This is promoted to the public to help them find licensed members in their area and can be used by regulatory bodies to check AML supervision. You can choose to just display your name and town, or you can include additional contact information.

### **Confirm you are “fit and proper” to be a licensed member**

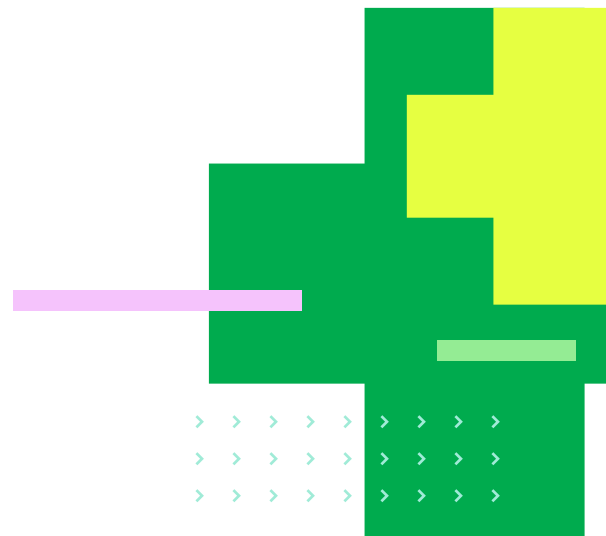
This section includes declaring information regarding any insolvency, criminal convictions, disciplinary sanctions, civil sanctions and other financial and legal issues that we need to be aware of. If you tick 'Yes' to any of the statements, you'll need to supply extra information on these areas with your application so it can be reviewed by our Professional Standards team against AAT's 'Fit and proper' requirements.

### **Complete your declaration**

You'll need to complete the declaration to confirm that you will abide by all AAT regulations and policies and relevant government legislation.

### **Before applying, make sure you're familiar with:**

- AAT's **licence requirements**
- AAT's **“Fit and proper” requirements**
- AAT's **disciplinary processes**
- AAT's **Articles of Association.**



# Finalising your application



## 1. Pay your fees

Once we've logged your application we'll send you an email with a link to pay your fees. We won't be able to process your application until the licence admission fee and annual licence fee have been paid. You can pay your annual licence fee by Direct Debit if you wish.

## 2. Pass the Licensed Application Standards (LAS) tests

You'll need to pass three Licensed Application Standards (LAS) tests covering Anti-money laundering, professional ethics and practice management. The tests are available via the AAT Lifelong Learning Portal, along with supporting material and you'll get access to them via email after you've submitted your application. All tests consist of multiple choice questions and should take about 20 minutes each to complete. You'll need to achieve a score of at least 71% and will have three attempts to pass each test.

\*Your renewal will be due on the first of the month, regardless of the date your licence is approved. For example, if your licence is approved on 20 February, your renewal date will be 1 February each year.

## 3. Finalise any other queries with AAT

When you've completed your LAS tests and paid your fees, we'll review the information you have supplied and contact you within ten working days. We may need some extra information from you, based on the information included on your form. We'll do our best to contact you about any queries as quickly as possible and are usually able to approve applications within two weeks.

## 4. Receive licence approval

Once we are satisfied that you have met all the criteria, we will approve your licence and you'll receive confirmation by email. Your licence will be effective immediately and valid for one year,\* when you'll need to renew. We'll then send your certificate and licensed member welcome guide within two weeks.

## 5. Register as self-employed with HMRC

Understanding your employment status and registering appropriately with HMRC as soon as your business is active is crucial as it will affect how you pay tax and whether you have any employment rights.

# Running your business

Having your licence approved is very exciting, but it can feel a bit daunting. We'll be here to help every step of the way.

Here are some key areas to add to your to-do list during your first year. We've provided a timeline to help you stay on track, but many of these tasks will form part of your ongoing processes and can be done at a pace that suits you.

## Month 1-3

### Set up your business

- › Access your licensed member support toolkit
- › Set up a phone, professional email address and a web domain
- › Network with AAT members
- › Plan your CPD

### Brand your practice

- › Think about your image
- › Find a designer
- › Use your AAT logo
- › Create your stationery and marketing materials

## Month 4-6

### Increase your client base

- › Build your online presence
- › Contact local business
- › Consider advertising
- › Network in your area

## Month 7-12

### Refresh your skills and maintain your compliance

- › Use your AAT resources
- › Refresh on AAT and industry policies
- › Revisit your CPD activity
- › Renew your PII and AAT membership and licence

## Kick-start your practice with free access to Sage Community Hub once you've gained your AAT licence.

Once you're approved as an AAT Licensed Accountant and Licensed Bookkeeper, you'll also have the opportunity to kick-start your practice journey with free access to Sage for Accountants' Essentials software including:

- a personalised support consultation to help determine your goals and make the most of the resources available
- ongoing support from Sage's expert support team to help you and your business meet your full potential
- access a range of software to help set up your business including GoProposal, and AutoEntry learning and community connections on demand through the Sage Community Hub, Sage University and a library of live and on-demand webinars.

In partnership with:

The Sage logo is displayed in a large, green, sans-serif font. It is positioned to the left of a decorative graphic consisting of a grid of small green chevron symbols pointing right, with a solid green rectangular block at the bottom right of the grid.

» **Learn more** about this offer, how it can support you and where it can take your business.

# First steps

## Access your online support

As soon as you become an AAT licensed member, you'll have access to a range of online licensed member support via your MyAAT account. This includes a range of templates for letters of engagement, which you'll need to issue to all new clients and each time you offer a new service to an additional client.

## Set up a phone, professional email address and a web domain

As you're going to be proactively reaching out to potential customers, you'll need a contact number. Try to use a landline for your main point of contact, as a mobile number can indicate a lack of long-term stability. If possible, keep your work number separate from your personal landline.

Even if you don't plan to create a website yet, it's important to register a web domain appropriate to your business type and name. This will also give you a professional email address that you can use, as Gmail and Yahoo email accounts can look unprofessional.



## Network with other members

AAT events and webinars will help you run your business more successfully. You'll have the chance to put your questions to our experts, and gain useful advice from other members. They can also help you ensure that your practice is compliant with AAT standards and industry regulations. The AAT Discussion forums can also be a useful place to find support.

## Plan and record your CPD

As a licensed member, you'll need to regularly assess your learning needs in practice management, general business skills, anti-money laundering and all your approved services. We may also ask you to submit your CPD records for monitoring.

## Brand your practice

As a licensed member, it's important that you project a professional image. Look at competitor branding, or other businesses that you aspire to be like, to help you gain ideas. Once you've thought about your image, find a designer to produce a professional logo that is a strong representation of your business.

When designing your company documents, you'll need to make sure you follow both the current regulations and AAT guidelines.

Company documents include letterhead and printed stationery as well as your website and email signature.

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## Limited companies and limited liability partnerships

Under the *Companies Act*, you must include the following on all company documents:

- your full registered company name
- your company registration number and place of registration
- your company registered address (and the address of its place of business, if different).

This includes your email signature, website and other printed stationery.

If you wish to include the names of any directors on the letterhead, then all directors and partners must be named. No person named on the letterhead should be described by a title, description or designatory letters that they are not entitled to use at any time. If there are multiple principals in the firm, you should ensure there is a clear distinction between those not entitled.

If you're working from an office (as opposed to your home address), you must display a sign at all times that clearly includes your firm name and registered address.

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## Sole traders

You can trade under your own name or choose a different business name. If you choose a business name that is not your own name, you must include your own name and the business address on all company documents.

No person named on the letterhead should be described by a title, description or designatory letters that they are not entitled to use at any time.

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## Using the AAT Licensed Accountant or Bookkeeper logo

Once you're approved, we strongly encourage you to display to the appropriate AAT licensed member logo with the relevant wording, on your business stationery, website and advertising. It's in the public interest and shows clients that you're regulated and are adhering to the high standards of competence and professional conduct expected from AAT members. Before publishing any of your marketing materials, you must submit them to us so we can check they meet our brand guidelines.



aat | Licensed Accountant



aat | Licensed Bookkeeper

## Increase your client base

Once you're approved as a licensed member, you'll probably be focused on growing your business and attracting new clients. We provide resources and support to help you with this, so long as this activity is in line with our regulations and guidelines.

As outlined in the AAT Code of Professional Ethics, AAT licensed members must not bring the profession into disrepute when marketing professional services. You must be honest and truthful and must not:

- make exaggerated claims for services offered, professional status, qualifications possessed or experience gained
- use a firm name that is misleading to the public
- make disparaging references or unsubstantiated comparisons to the work of another business.

Don't forget, you'll also be responsible for the professional conduct of all employees or contractors who undertake any services, administration or marketing on you or your firm's behalf.

## Build your online presence

There are many companies who can design and host relatively cost-effective websites. Make sure it's professional, optimised to work on mobiles and tablets, and as easy to navigate as possible.

Social media sites like Twitter, LinkedIn and Facebook also allow you to promote yourself and build up a network of followers, and they won't cost you a penny. Don't forget to link to your social media accounts on your website and email signature, and add them to your business cards.

## Contact local businesses

Find a directory of local businesses and call businesses who you think you may be able to help. Explain who you are, ask if they are happy with their accountant and if they'd like a free no-obligation chat about saving them time or money with their books. You could also send leaflets to local businesses.

## Consider advertising

If you're interested in advertising your business, why not look into advertising on Facebook or on relevant websites? You'll find some useful templates in your MyAAT account.

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## Network in your area

Networking isn't just a way of finding clients; it's also a great way to find extra support. Working for yourself can be a bit lonely at times, so building a network of contacts that you can talk to and exchange business referrals can be very useful.

## Refresh your skills and maintain your compliance

As a licensed member, you have access to hundreds of training and support resources to help you keep up to date and run a successful business. Make sure you're subscribed to your weekly newsletters to see what's new.

In order to retain your licence, you'll need to stay on top of key regulations and AAT policies. You also need to undertake and record regular CPD and renew your licence and AAT membership each year. You can do this through the AAT Lifelong Learning Portal.





## On front cover:

**Anastasia**, running her own business as an AAT Licensed member since 2018

# Here to help

Any questions? Check these useful links or get in touch

› **AAT - Be your own boss**

› **Informi - How to start a business in 20 days**

To find out more about how we can support you email us at **customersupport@aat.org.uk** or call us on **+44 (0)20 3735 2468**.

Lines are open Monday to Friday, 09.00 to 17.00 (UK time).



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aatcomment.org.uk



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