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The 90 Day Profit Reset

The workbook. Twelve modules to put a construction business on foundations that aren't sand.

First fix. Second fix. Forever fixed.

Company _____ Start date _____

How to use this workbook

The Reset is built like a job. First fix is the work behind the walls that everything depends on. Second fix is the visible work that makes the money. Forever fixed is the finish and the rhythm that stops it decaying.

There are twelve modules, four per phase, one per week. Each has the same shape:

Why it matters

The problem this module fixes, in plain English.

Three questions

If you can answer all three with a number or a name today, skip the exercise. Most people can't, and that's fine.

The exercise

Numbered steps. Do them in order. Your Taxtful accountant does the heavy lifting on the numbers on Supply & Fit and Turnkey; you do the decisions.

Template and done-when

Fill the template in here or copy it to a spreadsheet. Don't move on until every box in "done when" is ticked.

> *None of this is a judgement on how you've run the business. Every gap this workbook finds is a gap in the service you've been getting. That's the point of fixing it.*

Contents

First Fix · Days 1 to 30

1. Know your real numbers
2. CIS and VAT, fixed
3. The retentions ledger
4. The 13-week cash forecast

Second Fix · Days 31 to 60

5. Margin by job
6. Pricing and tender review
7. Labour and status
8. Plant and overheads

Forever Fixed · Days 61 to 90

9. The monthly pack and review
10. The tax plan
11. Structure and protection
12. The 12-month plan

Part One · Days 1 to 30

First Fix

The foundations behind the walls

The foundations behind the walls. Nobody sees them, everything stands on them, and if they're wrong nothing built on top of them can be trusted. First fix is about getting four things true: you know your real numbers, CIS and VAT are right, every retention is tracked, and you can see cash thirteen weeks out.

1 Know your real numbers

2 CIS and VAT, fixed

3 The retentions ledger

4 The 13-week cash forecast

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Know your real numbers

1

Why it matters

Most construction accounts overstate profit and hide cash problems, because they book applications as sales, ignore work in progress until year-end, and treat retentions like ordinary debtors. Before anything else, you need to know what your numbers have actually been telling you and what they've been hiding.

Three questions

1. What was the certified value of your work last month, as opposed to what you applied for?
2. How much cost is sitting on jobs you haven't yet billed for?
3. When did you last see a profit figure that you believed?

Answered all three with a number or a name? Move on. Anything "roughly" or "my accountant would know": do the exercise.

The exercise

1. List every live job. For each one, write down contract value, applied to date, certified to date and cost to date. Use the table below.
2. For each job, subtract cost to date from certified to date. That is your margin on a certified basis. Compare it to the tender margin.
3. Add up the gap between applied and certified across all jobs. That is revenue your accounts may be counting that you haven't earned yet.
4. Add up cost on jobs where you've done work but not yet applied. That is work in progress your accounts may be ignoring.

Template

Job	Contract value	Applied to date	Certified to date	Cost to date	Margin (certified)	Tender margin

Done when

- [ ] Every live job listed with certified and cost figures
- [ ] Margin per job calculated on a certified basis
- [ ] Uncertified applications and WIP quantified
- [ ] Agreed with your accountant how revenue will be recognised from now on

Notes and decisions

CIS and VAT, fixed

2

Why it matters

CIS and reverse charge VAT are the two places construction companies leak cash without noticing. CIS suffered that's only reclaimed at year-end is an interest-free loan to HMRC. Reverse charge applied wrongly gets invoices rejected and payments delayed. Both are mechanical to fix once someone looks.

Three questions

1. Is CIS suffered set against your PAYE every month, or reclaimed once a year?
2. Has every customer confirmed in writing whether they're an end user for reverse charge purposes?
3. Are you in a VAT repayment position most quarters? If so, why are you still on quarterly returns?

Answered all three with a number or a name? Move on. Anything "roughly" or "my accountant would know": do the exercise.

The exercise

1. Pull your last twelve CIS payment and deduction statements. Total the CIS suffered. Compare it to what was offset on your EPS submissions in the same period. The difference is cash you're owed.
2. List your top ten customers. For each, record whether they are VAT registered, CIS registered, and whether they've confirmed end-user status in writing. Mark whether you are invoicing them correctly.
3. List your top ten suppliers and subcontractors and do the same in reverse. Mark any purchase invoices where VAT was charged that should have been reverse charged.
4. If you're a subcontractor with turnover over the threshold and a clean compliance record, check whether you qualify for gross payment status.

Template

Customer / supplier	VAT reg?	CIS reg?	End user confirmed in writing?	Reverse charge applies?	Invoicing correct?

Done when

- [ ] CIS suffered reconciled to statements for the last 12 months
- [ ] Monthly CIS offset against PAYE in place
- [ ] Every regular customer and supplier classified for reverse charge
- [ ] VAT return frequency reviewed
- [ ] Gross payment status applied for, if eligible

Notes and decisions

The retentions ledger

3

Why it matters

A retention is a loan you make to your customer, interest free, for anything up to eighteen months. Across a live order book it usually adds up to more than the overdraft. Retentions get lost for boring reasons: the job finished, the team moved on, no one sent the invoice. A ledger fixes that.

Three questions

1. How much is currently held from you in retentions, to the nearest thousand?
2. How many of those release dates have already passed?
3. Who in the business is responsible for chasing them?

Answered all three with a number or a name? Move on. Anything "roughly" or "my accountant would know": do the exercise.

The exercise

1. For every job in the last three years, record the retention percentage, amount deducted, first release date (practical completion) and final release date (end of defects). Use the table.
2. Mark each retention as: released and received, due and not yet invoiced, invoiced and unpaid, or not yet due.
3. For anything due and not invoiced, raise the invoice this week. For anything invoiced and unpaid over 30 days, send a chase this week.
4. Name one person who owns the ledger. Put a monthly diary reminder in their calendar to review it.
5. For future tenders, note which customers accept retention bonds or capped retentions. Ask for them.

Template

Job	Customer	Retention %	Held (£)	1st release date	Final release date	Status	Owner

Done when

- [ ] Every retention from the last three years listed
- [ ] Overdue retentions invoiced or chased
- [ ] A named owner and a monthly review in the diary
- [ ] Retentions shown separately from ordinary debtors in your accounts

Notes and decisions

The 13-week cash forecast

4

Why it matters

Construction cash flow is lumpy: you fund labour weekly and materials on 30 days, and get paid on certification a month or two later. A forecast built from each contract's actual payment schedule tells you where the low point is and when, which is the difference between arranging cover calmly and begging the bank on a Friday.

Three questions

1. What will your bank balance be in eight weeks?
2. Which week in the next quarter is the tightest, and why?
3. What happens to that week if your largest customer pays 30 days late?

Answered all three with a number or a name? Move on. Anything "roughly" or "my accountant would know": do the exercise.

The exercise

1. Start with today's bank balance. For each of the next 13 weeks, list expected receipts: certified applications by their contractual payment date, retention releases, VAT repayments, anything else.
2. List expected payments by week: wages, subcontractors, materials, plant hire, finance, PAYE/CIS on the 22nd, VAT on the 7th, rent, and everything else regular.
3. Calculate the closing balance for each week. Circle the lowest.
4. Run one scenario: your biggest receipt arrives 30 days late. Recalculate. If the low point goes below zero, that is the conversation to have with the bank now, not then.
5. Update the forecast on the first working day of every month. It should take under an hour once built.

Template

Week	Opening balance	Receipts	Payments	Closing balance	Notes

Done when

- [ ] A 13-week forecast built from contract payment schedules
- [ ] The low point identified and covered
- [ ] One downside scenario run
- [ ] Monthly update in the diary

Notes and decisions