

COMPLETE CLOUD
Accounting Solutions

THE PAY YOURSELF STARTER KIT FOR SOLE TRADERS &LIMITED COMPANIES

Created by Complete Cloud Accounting Solutions

WELCOME

You started your business to build something of your own, but if you're not paying yourself properly, you're essentially running a very demanding hobby.

Whether you're a sole trader or a limited company director, knowing how and how much to pay yourself is one of the most important financial decisions you'll make. And yet, it's one of the things most business owners put off, guess at, or get wrong.

This Starter Kit gives you the clarity, the steps, and a simple worksheet to get it right and keep it right.

How you pay yourself depends on your business structure. Tick the one that applies to you:

- [ ] Sole Trader — you and your business are one legal entity. You take drawings from your profits.
- [ ] Partnership — similar to sole trader, but shared with one or more partners.
- [ ] Limited Company Director — you and your business are separate legal entities. You typically pay yourself a combination of salary + dividends.

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ABOUT US



I'm Pauline, the owner behind Complete Cloud Accounting Solutions.

At Complete Cloud we work with small business owners, landlords and individuals who want clear advised, organised finances and less stress around tax compliance. I've been in the industry for over 30 years, and I'm known for being approachable, efficient and knowledgeable.

Below are some of our values - the things we don't compromise on — because they make things work better for everyone.

- **Make a difference:** We focus on delivering meaningful impact through the work we do for clients. Every action is aimed at improving outcomes, adding value, and making a positive difference in the services we provide.

- **Be approachable:** We aim to be open, friendly, and easy to talk to, so people feel comfortable coming to us with questions or concerns. We listen without judgement and respond in a clear, supportive way.

- **Build relationships:** We prioritise trust and meaningful connections, taking time to understand clients and their needs. We value both long-standing relationships and new connections, ensuring every interaction is built on respect and trust.

We've put this guide together to help you. We're friendly and approachable and no question is ever a silly one, so please don't be afraid to reach out. We look forward to speaking with you soon!

Pauline McAuley

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STEP 1

Step 1 — Know Your Numbers

You can't pay yourself confidently without knowing what your business can actually afford.

You need to know:

- Your total monthly income (money in)
- Your total monthly expenses (money out — including tax, software, subscriptions, wages if applicable)
- Your profit — what's left after expenses

The golden rule: Only pay yourself from profit — not from turnover.

Tip: If you don't have a clear picture of these numbers each month, this is the first thing to fix. A bookkeeper can get this sorted for you quickly.

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STEP 2

Step 2 — Set Aside Tax First

Before you decide what to pay yourself, set aside what you owe HMRC.

Sole Traders:

- Set aside approximately 20–30% of your profit for Income Tax and National Insurance (exact rate depends on your total income).
- Pay this into a separate savings account — do not touch it.

Limited Company Directors:

- Corporation Tax is currently 19–25% of company profits (rates vary — check with your accountant).
- Set this aside before declaring dividends.

Tip: A separate "tax pot" bank account is one of the simplest habits that will save you from a very stressful January.

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STEP 3

Step 3 — Calculate a Sustainable Pay

Once tax is set aside, work out what you can realistically and consistently take home.

A simple formula to start with:

Monthly Profit
– Tax Set-Aside
– Business Reinvestment (optional buffer, e.g. 10–15%)
= Available to Pay Yourself

Aim for consistency. Paying yourself a regular, predictable amount every month, even if modest, it's far healthier for both your business finances and your personal budgeting.

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STEP 4

Step 4 — Choose Your Pay Method

Sole Traders:

- Transfer money from your business account to your personal account. This is called drawings.
- Keep a record of every transfer (date, amount, description).
- Remember: your drawings do not reduce your tax bill, you pay tax on profits, not on what you take out.

Limited Company Directors:

- Salary: Pay yourself a salary through payroll (PAYE). Most directors set this at or just above the National Insurance threshold to be tax-efficient. Your accountant can advise the optimal amount.
- Dividends: Pay dividends from remaining company profits after corporation tax. These are taxed at a lower rate than salary, which is why the salary + dividends combination is popular.
- Both salary and dividends must be properly documented with board minutes and payslips.

Important: Always take professional advice on your director salary and dividend strategy, getting this wrong can be costly.



STEP 5

Step 5 — Build In a Review Cycle

Your business income will fluctuate — and so should your pay strategy.

Set a recurring reminder to review:

- [ ] Monthly: Check your profit and confirm your tax pot is being topped up
- [ ] Quarterly: Review your overall profitability and adjust pay if needed
- [ ] Annually: Review your overall salary/dividend structure with your accountant

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STEP 6

Step 6 — Set Up the Right Systems

The easiest way to stay on top of paying yourself correctly is to make it automatic and visible.

Recommended habits:

- Separate business and personal bank accounts (if you haven't already — do this today)
- Use accounting software to track income and expenses in real time (Xero, is our preferred software)
- Schedule a fixed "pay day" each month so it becomes routine
- Keep a simple record of every drawing or dividend payment

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WORKSHEET

Your Business Structure

- [ ] Sole Trader
- [ ] Partnership
- [ ] Limited Company

Your Monthly Numbers

	£
Average monthly income (last 3 months)	
Average monthly business expenses	
Average monthly profit	

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WORKSHEET

Tax to be set aside

	£/%
Monthly profit from previous page	
Tax set-aside percentage (20–30% for sole traders / 19–25% CT for Ltd)	
Monthly Tax set aside amount	

Transfer this amount to your tax savings account on the same day each month.

Calculating your available pay

	£
Monthly Profit	
Less: Tax set aside	
Less: Business reinvestment buffer 10%	-
Available to pay yourself	

WORKSHEET

Your Pay Plan

My pay method	Drawings | Dividends | Salary | Salary+ Dividends
My target monthly pay	
My payroll transfer date	
Where my tax pot is held	
My next review date	

Action Steps

- [ ] I have a separate business bank account
- [ ] I know my average monthly profit
- [ ] I have set up a tax savings account or space
- [ ] I have agreed me salary, dividend or drawings strategy with my accountant
- [ ] I have a set recurring pay date in my calendar
- [ ] I have scheduled my quarterly review



What next?

If filling in this worksheet has raised more questions than answers, that's a sign you'd benefit from working with a bookkeeper or accountant who can help you build confidence in your numbers and put the right systems in place.

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GET IN TOUCH

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