



Starting in Business

THE KEY CONSIDERATIONS



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THINGS TO CONSIDER WHEN STARTING YOUR OWN BUSINESS

You have no doubt spent an age debating whether or not to take the plunge and set up your own business. Finally, the decision is made, the deed is done. What comes next is a time of great excitement, endless planning and lots of trepidation.

There are a number of things which can be overlooked and no matter what sector your new business falls into, there are some considerations and actions which must be dealt with.

A **BUSINESS PLAN**, whether formal or informal, will enable you to focus on your aims, objectives, visions and strategies, as well as any potential problems.

It is also useful to produce a **CASH FLOW FORECAST**. Even a business you consider to be very basic will benefit from a projection of your anticipated revenue and costs. You will then be able to identify the levels of working capital required, which in turn will enable you to determine the amount and nature of any **FUNDING** needed; this may be your own capital or another form of funding.

You will need to decide on your **BUSINESS NAME** and **BRANDING**. This can of course be refreshed in the future, but it is worth investing the time and effort into getting this right from the beginning. Consult others, deploy the expertise of a professional if necessary, but spend time getting it right.



There are a variety of options when it comes to determining the **BUSINESS STRUCTURE** to implement. Each has its advantages and disadvantages and will also be dependent on whether you are going into business alone or with others. Limited Companies and Limited Liability Partnerships will need to be registered at Companies House. Alternatively, you could operate as a sole trader or partnership.

Talk through the pros and cons with an advisor to get this implemented from the beginning. It may be better to start as one thing and evolve at a later stage into another. This will depend on your plans and projections.

If you are entering into a business arrangement with others, always consider drawing up a formal **SHAREHOLDERS' AGREEMENT** or **PARTNERSHIP AGREEMENT**, as appropriate. Even if you can't imagine things going wrong between the parties involved, it is always prudent to put this in place.

If you operate as a Limited Company, you will need to decide on a **TAX EFFICIENT REMUNERATION STRUCTURE**, or profit sharing arrangement if operating as a partnership.

No matter what structure you adopt, you will need to **REGISTER FOR SELF ASSESSMENT WITH HMRC**. You will then become responsible for submitting your annual Tax Return and for paying your own Tax and National Insurance. We always advise clients to set aside an appropriate percentage of income each month to cover the tax liability which will arise. It often takes clients time to adjust to not being taxed on a monthly basis and by **SAVING FOR TAX THROUGHOUT THE YEAR**, there are no nasty surprises.

Depending on your anticipated turnover and the nature of your business, there may be a requirement to, or benefits to, **REGISTERING FOR VAT**. The current compulsory registration

threshold is £88,000 and this is looked at on a rolling 12 month basis. There are strict time limits for registering for VAT if you exceed the threshold, so it is therefore very important to carefully **MONITOR TURNOVER**.

Talk to an advisor about the various VAT schemes which are available, some of which may be more beneficial than others depending on your circumstances.

From 1st April 2019, all VAT registered businesses with turnover above the registration threshold will have to meet the requirements of **MAKING TAX DIGITAL**. This will have a direct impact on how you **KEEP YOUR RECORDS** and submit the information to HMRC.

There are numerous **ACCOUNTING SOFTWARE PACKAGES** on offer, including cloud based offerings. Spreadsheets and cashbooks still have their place as well, depending on the nature of your business. Implementing a good record keeping system from day one will undoubtedly save you time and money in the long run. If you'd rather, you could outsource all or part of this to a Bookkeeper or Accountant.



Carefully consider any **REGULATORY ENVIRONMENTS** you are operating in and the need for **INSURANCES** (public liability, building and contents, professional indemnity etc).

If you are **EMPLOYING** anyone or using **SUBCONTRACTORS**, you may need a payroll scheme or to make CIS deductions depending on the level of pay and nature of the contracting.

You will also need to set up a **BUSINESS BANK ACCOUNT**. Most banks offer a charge free period and it is worth comparing what is on offer. You may also be offered free accounting software for a period.

If you need **BUSINESS PREMISES** then you are likely to have to pay business rates. Ensure the banding is correct and any reliefs available are investigated.

Finally, don't lose sight of why you are doing this. There is a minefield to navigate, but with help and guidance you can get things right from the offset. **TALK TO A PROFESSIONAL**; doing things yourself may feel like you're saving money, but in fact could cost you more in the long run. Before selecting your advisor, do make sure whoever you select is the right fit for you. This could be one of your most valuable business relationships, so make sure it feels right.

Contact Becky Young or Clare Ryall for a free, no obligation discussion about your needs.

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