

2018/19
GUIDE TO...

Starting a Business



 **Forrester Boyd**
Chartered Accountants

Grimsby
t: 01472 350601

Louth
t: 01507 606111

Scunthorpe
t: 01724 863105

Skegness
t: 01754 761777

Forrester Boyd is a partnership operated from the offices listed above.

forrester-boyd.co.uk

YOUR GUIDE TO...

Starting a Business

The number of small business formations has risen in recent years, as an increasing number of people look to realise their entrepreneurial ambitions.

The motivation for starting a business can be driven by any number of factors, and commonly includes the desire to be your own boss, or to pursue a particular passion.

Starting a new venture can be a rewarding experience, but sadly many businesses fail in the initial stages. Proper forward planning is vital in order to maximise the chances of success. Whatever your motivations, we can help you to translate your business dreams into reality.

Before you begin...

You'll need to consider such questions as:

Are you suited to running your own business?

While being your own boss certainly has its advantages, it also brings extra responsibilities, hard work and probably long hours, especially in the early stages of the business. There might also be an element of personal financial risk. To be successful, you will need dedication and determination.

What are your key objectives?

You should define the main aims of your business, including what you hope to achieve. This might be fulfilling a personal ambition, or providing a range of new services to a particular target market. What is the nature of the business, and what needs in the marketplace do you aim to meet?

What are your expectations?

Many small businesses do not make significant profits in the first two years. Before you begin, make a realistic estimation of your expected profits, and the potential rate of growth of the business.

How much finance will your business require?

Have you any funds you can put into the business, and do you need help raising finance for your business?

We can help you to answer these and other questions. With careful planning and our help, you can get your business off to a flying start.

A Business Plan

Preparing a business plan

Creating a business plan is one of the most important things you will do when starting up. An effective plan will help you to gain funding from potential investors, but it will also help you to clarify your business objectives.

Your plan should include:

A business description and mission statement – identifying your primary business objectives, and a basic explanation of how you intend to meet them.

Management and people profiles – potential investors want to know that your people are competent and can deliver results.

A financial portrait and strategy – it is important to provide details of funding sources, and projections of such things as cash flow and potential profit, as realistically as possible. We will be pleased to help you with this.

Sales and marketing objectives – describe in detail your intended market and how you will bring your product or service to it. Research your competitors – their products, pricing, service and market penetration.

An executive summary – potential investors may initially read only this, so provide a concise overview of the essential points from each section of the business plan.

A business plan should be honest and realistic. Research your market thoroughly and avoid over-optimistic forecasts. Do not ignore competitors and potential risks. If you do a **'SWOT'** analysis, pay as much attention to your **Weaknesses** and **Threats** as you do to your **Strengths** and **Opportunities**.

Your presentation should be professional and clear, with graphics and charts where possible. The plan should be comprehensive, but concise enough to maintain the interest of a potential investor.

Business registrations

As well as registering your business, you will have to determine whether your business needs a PAYE scheme or to be VAT registered. We can help with these registrations.

Key Planning Decisions

Which business structure?

You will need to decide which business structure best suits your needs: **sole trader/sole practitioner, partnership, limited liability partnership or limited company.**

There are both advantages and disadvantages for each trading structure in terms of control, perception, support costs and tax implications. Care needs to be taken, and we can help you through this important decision-making process.

Choosing a year end

It is important to choose the right year end for your business. To what extent is your business seasonal? Is there a time of year when it will be more convenient to close off your accounts, ready for us to prepare your financial statements?

From a tax viewpoint, the choice of a year end early in the tax year for an unincorporated business often means that an increase in profits is more slowly reflected in an increased tax bill.

Raising finance

When you are starting a new business, the likelihood is that you will need to raise finance from an external source. Like everything else, this requires careful planning and a knowledge of lending sources.

It is often advisable to consider a number of finance sources, to afford greater flexibility in the long term. Some of the more common sources include: overdrafts; loans; mortgages; share issues (for a company); assistance from government-backed schemes and from regional authorities; and venture capital. We can help you identify the costs and tax implications, before making a final decision about who to approach.

Most lenders will require some form of security from you, such as a fixed or floating charge over your business assets. If the lender requires personal guarantees, you should proceed with caution as important personal assets may be at risk.

A well-prepared proposal, backed up by a good business plan, presented to a carefully chosen lending source will have a greater chance of success. We can help you with every aspect of raising finance.

The Early Stages

As your enterprise grows, you will need to consider a whole range of issues. These will include:

Trading name or style – have you checked that your trading name does not conflict with that of another business?

Premises and location – should you be working from home, or renting or buying premises?

Keeping records – you will need to keep adequate business and accounting records. This is the starting point for plans to minimise taxes and manage cash flow.

Patents and trademarks – do you need to protect your idea, invention or brand name?

Production – are your suppliers and manufacturers offering the best deal? What needs do you have for plant and machinery?

Marketing and branding – how are you raising awareness of your product or service in your target marketplace? Do you have strong enough differentiation from your competitors?

Insurance – are you covered for such things as disaster, loss of profits, product liability, or loss of key staff?

Managing finances – can you manage your cash flow effectively? Can you cope with outstanding debtors?

Taking on staff – having the right people working in your business can mean the difference between success and failure. As well as ensuring that your recruitment and interviewing systems are effective, if you are employing staff you must observe a raft of legislation including tax rules and pension auto-enrolment.

Minimising your tax burden

Our work does not finish once your new business is up and running. We can continue to work with you to help ensure that your business tax liability is as minimal as possible.

For example, we will help you to make the most of any capital allowances, or perhaps look at ways of saving tax by involving family members in the business.

We wish you every success with your new venture.

We can help get your business off to the best possible start. Contact us today.

Our Services

Business Planning

- Business start-up planning and advice
- Strategic and business planning
- Financial management
- Computer and financial systems advice

Taxation Advice

- Self assessment
- Personal tax
- Business tax
- Company tax
- Capital gains tax
- Inheritance tax
- HM Revenue and Customs enquiries
- Value Added Tax
- PAYE and national insurance compliance
- Preparing for Making Tax Digital

Accounting

- Preparation of annual accounts
- Preparation of periodic management accounts
- Providing book-keeping services
- Maintaining PAYE and VAT records and associated returns

Company Secretarial

- Preparation and filing of statutory returns
- Preparation of minutes and resolutions
- Company formation
- Company searches

This guide is for general information only. No responsibility is taken for any action taken or refrained from in consequence of its contents. Always seek professional advice before acting.

Please contact us for further information.



Beverley

t: 01482 889400

Forrester Boyd Robson is a trading name of Forrester Boyd Robson Limited.

With any Apple or Android device you can have all of the latest tax updates and more. Scan our QR code or visit your app store and search for Forrester Boyd.

