

YOUR GUIDE TO ESTABLISHING A NEW BUSINESS

Top 10 Tips for Start-ups

From all of us at, we want to send you our best wishes for starting your new business! You've begun your journey; you're following your dream; you've perhaps spotted that gap in the market or you're following a proven business model that's worked for many years. It is both an exciting and daunting experience all at the same time. We understand that starting a business can present you with moments where you meet certain challenges which you may not have experienced before and so we have put together a guide to help bring our combined learnings over the years of helping thousands of businesses to start up, grow and thrive. This guide covers ten key areas to help steer you through the early stages of your business.

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Plan Ahead

Any good business idea requires a sound business plan, turning your vision into a profitable reality. Your business plan should clearly detail your operating and start-up costs and how you intend to cover them.

It should also explain your target market and the gap you intend to fill. It should list your unique selling points that set your business apart, as well as the short, medium and long-term objectives of the business, including a sales forecast. The latter is useful when seeking a business loan, so ensure your forecasts are realistic.

Prospective investors, banks, lenders or advisors will typically require a detailed business plan for your start-up idea, demonstrating your vision for the business and how you intend to achieve it during your crucial first year of trading – and beyond.

Do everything you can to keep your initial start-up costs to a minimum. Invest where it can have a significant early impact but be resourceful and borrow elsewhere to curb overheads. It's a good idea to budget more for start-up costs than you think you need. There's always hidden costs lurking around the corner.

Even if you don't intend to seek external finance for your start-up, it's still a good idea to put a business plan together. After all, the money you invest is just as, if not more important, than any funds from a lender. A business plan doesn't have to exist purely for your bank manager. Consider your business plan as your start-up 'bible'. Your roadmap to follow and monitor your progress along the way.

It can also prove a useful sanity check of your finances, ensuring your revenue is aligned with your forecasts. Use state-of-the-art accounting software to help project and estimate your earnings. Profit and loss forecasts are easy to run, producing visual projections that are easy for you and prospective lenders to interpret. Ask your Accountant for their experienced opinion on the best accounting software available for your needs.

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Finding Funding for Your Business

When you seek external funding for your start-up, you will need to detail your start-up costs and expenses, along with your ongoing running costs and how you intend to pay yourself an income.

Although some start-ups can thrive self-funded, others require a leg up financially. It's not a badge of honour to avoid external finance. Many of the most successful start-up companies sought additional backing in the form of the following:

- Crowdfunding
- Angel investors
- Small business loans
- Government grants or loans
- Business overdrafts
- Corporate 0% credit cards
- Borrowing from family and friends

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Business Banking

It's not recommended to use personal current accounts for business purposes. Although some small businesses will use personal accounts to make business transactions, it's always best to set up a business bank account to separate work from your disposable income.

As soon as your start-up is formally registered, it's easy to create a business bank account with most high-street banks. You may also want to look at some of the more established digital banks, who offer mobile-only business banking with lower costs and some interesting features.

Take your time to choose the right business bank account provider. Each bank will have their own pros and cons. Consider things like monthly fees for your account and make sure the one you choose suits your needs perfectly.

If you need any advice or support, start by talking to the bank you use for your personal current account. They will be able to run through their business bank account options and explain their features in greater detail.

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Location, Location, Location

One of the easiest ways to minimise overheads for your start-up from day one is to work from home. In the early days, when it's likely that you will only be breaking even, a home-based business can certainly reduce your risk. Unfortunately, that's not a luxury that everyone can afford.

If you require dedicated workspace for your new start-up, give yourself time to research the market and find somewhere that ticks the right boxes.

What are those boxes? Consider the following:

- How much space your business needs
- How much rent you can afford?
- The best location for your business i.e. commute or customer footfall
- How you plan to occupy your premises e.g. lease, tenancy, licence, or acquisition

It's important to visit potential premises yourself to get a feel for the surrounding area. However, if time doesn't allow, you should enlist the services of a broker or agent to do the legwork for you.

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Finding Customers

It's a good idea to sow the seeds of marketing your new business from day one. It's easier than ever to build your own brochure website.

There are several DIY website builders that make it possible to build websites using professional design templates that can be adapted to the look and feel of your business.

If you have money ring-fenced for marketing, you may wish to invest in a freelance web designer or design agency to handle this for you. The same designer or agency may also be able to create your business branding to complement your website.

If you know who your competitors are, take some time to research their websites first. Discover the strengths and weaknesses of their websites in terms of user experience. What could you do better? In today's mobile-first world, it's important that whatever website design you use, it must be fully responsive. This ensures your site offers a great user experience on both desktop and mobile devices, regardless of screen size. It's important to get this right or risk losing prospective customers.

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Business Insurance

Consider which social media channels are relevant to your business too. If your business' goods or services would benefit from visual marketing, platforms like Instagram and Pinterest will work best. If you are keen to build trust and authority in your brand, consider posting helpful relevant content on Twitter, Facebook and LinkedIn. All of which can build a follower base and engage prospects.

However, if you plan to market yourself online and via social media, it's important your start-up has a brand identity from the word go. Your business logo and name should be appropriate and memorable, avoiding any existing trademarks within your industry.

Aside from your website, you will likely need a host of branded stationery for your new start-up. If you are running a limited company or a limited liability partnership (LLP), you are legally obliged to include your company name, registration number and registered office on all forms of stationery.

If you are setting up a new business for the first time, you might not be aware what insurance products exist to safeguard you and your business. While it's best to liaise with a reputable insurance broker to help you find the best package for your needs, we've put together a list of the most common small business insurance policies that fledgling entrepreneurs like you rely on year in, year out:

- **Employer's Liability**

A legal requirement for those employing one or more staff members. This is applicable to part-time and casual workers, as well as contractors. It guards against claims made against your business by staff for injury or illness sustained in the workplace.

- **Public Liability**

Covers legal costs and compensation fees for third-party claims made against your business for injury or damage to their property.

- **Product Liability**

Covers legal costs and compensation fees for personal injury and property damage claims said to be caused by a product sold, supplied or designed by your business.

- **Professional Indemnity**

Covers legal costs and compensation fees if you are sued by a client for making a mistake that loses them money. This is particularly beneficial for freelancers and any professional that gives out professional advice.

- **Income Protection**

A long-term insurance policy designed to protect you if you cannot work through illness or injury.

- **Director's And Officer's Insurance**

Commonly known as D&O insurance, this product covers the cost of claims made against directors and officers of your business for alleged wrongful acts e.g. breach of trust or duty.

- **Buildings And Contents**

Safeguards your business in the event of damage caused to your commercial premises by fire, storms, flooding and burst pipes.

- **Business Interruption
/Continuation**

Covers your business for loss of earnings during periods when an unexpected event means you cannot work e.g. Covid-19 pandemic.

- **Commercial Vehicle**

A legal requirement for UK businesses using domestic or business vehicles. Provides a broader spectrum of insurance coverage than a standard domestic vehicle policy.

- **Landlords Insurance**

Safeguard your rental property and any furnishings supplied in the event of damage.

- **Industry-specific Insurance**

Speak with a reputable broker about available tailored insurance products for businesses in your sector.

- **Goods In Transit**

Safeguard your delivery vehicles and their contents, covering the cost of claims made for lost, stolen or damaged cargo in transit.

- **Money Insurance**

If your business is likely to hold substantial sums of cash on-site, money insurance can cover the cost of claims made for stolen or lost funds resulting from workplace crime.

7 Hiring Employees

Recruitment is another key consideration as a start-up business. It can be useful to have extra pairs of hands to take some of the strain and allow you to focus on the key areas that can grow your business. Even if you employ one or two members of staff, it's important to be mindful of your legal obligations and responsibilities as a fully-fledged employer.

Below are the five key concerns of hiring employees as a business start-up:

- Make sure you register as an employer with HMRC

If you employ staff part-time or full-time or even utilise subcontractors, you will be required to register as an employer with HMRC. This is important even if you are only employing yourself as the sole director of a limited company. HMRC normally takes up to five working days to send employer PAYE reference numbers and this process must be completed before your first pay run.

- Auto-enrolment workplace pension schemes

Auto-enrolment legislation requires UK employers to enrol certain employees into a qualifying workplace pension scheme and make monthly contributions towards it. Failure to do so can lead to an unwanted fine from the Pensions Regulator. Your Accountant can help to clarify which employees are eligible for auto-enrolment pensions.

- Employer's Liability Insurance

As soon as you employ your first staff member, you must obtain Employers' Liability Insurance. Your policy should offer cover claims worth at least £5 million, handling compensation claims by employees injured or ill within your premises.

- Payroll requirements

As an employer, you must operate Pay As You Earn (PAYE) as part of your payroll reporting requirements. This is HMRC's way to obtain Income Tax and National Insurance from employers and employees alike. You can choose to either run your payroll through a payroll provider or handle it yourself using payroll software like Xero or QuickBooks.

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Software and Technology

Your Accountant can provide you with access to a payroll portal if needed. This can make it easier to manage employee working hours, sensitive employee data and handle annual leave too.

- Health and safety requirements

With employees regularly on-site, it's important to undertake risk assessments to identify potential hazards and risks within your workplace. Legally, every business should also have a health and safety policy, outlining its approach to safeguarding employees and customers. Businesses with fewer than five employees are not legally obliged to document the policy in writing, although it can be useful to do so.

Although you will be keen to keep overheads to an absolute minimum for your start-up, it's a fact of life that all businesses rely on software and technology to drive operational efficiencies and workplace productivity. Think carefully about the right hardware for your business, including desktops, laptops, tablets, smartphones, printers, photocopiers and much more. Consider arranging an initial consultation with a local IT firm to discuss your requirements, as it may be possible to lease equipment rather than buy it outright.

Once you have won your first loyal customers, it's important not to let them go. It's the same with prospects who may have engaged with your website or made an initial enquiry. Now is the ideal time to invest in customer relationship management (CRM) software that can retain and centralise client contact data and convert more prospects into paying customers.

The more data you retain on your clients, the more you need to be aware of data privacy laws. In the UK, the Data Protection Act 2018 is the UK's

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Suppliers and Manufacturers

interpretation of the General Data Protection Regulation (GDPR) enforced across member states of the European Union. Under this act, businesses have a responsibility to follow the 'data protection principles' of using personal data fairly and transparently, whilst ensuring it is kept for no longer than is necessary.

The GOV.UK website outlines the full data protection principles and customers' rights to request what data your business holds about them.

If your business model revolves around selling products, set aside time to research potential suppliers and manufacturers of the goods you wish to specialise in.

Enquire early about overall supply costs per unit, including shipping and VAT. Don't commit to placing a sizeable order without assessing product samples and materials to ensure the quality benefits your target demographic.

Ensure the suppliers you work with offer acceptable minimum order quantities (MOQs) that aren't out of your budget and don't take up too much storage space within your premises. You should also discuss production timescales to ensure your suppliers will be able to keep up with forecasted demand.

If you plan to import goods from suppliers and manufacturers based overseas, it's a good idea to register for VAT first. This could save you considerable sums of money as firms in certain countries must charge VAT to overseas customers who are not VAT registered. Furthermore,

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Tax and Accounting

Once you have set up your business, you will need to register with HMRC for certain taxes. This may include Corporation Tax, VAT, PAYE, and Self-Assessment. It depends on what legal structure you choose. Accountants can talk you through which business entity is right for you.

We can also offer friendly guidance on running your business start-up in a cost-effective and tax-efficient manner. The whole point of using our services is to enable you to focus on the fun and exciting aspects of launching and growing your business, while we handle the paperwork on your behalf. We liaise regularly with HMRC and Companies House and can even register your business with HMRC and Companies House for you.

If you plan to run your new business as a sole trader, you must provide a trading address to HMRC. A business address will also be required for clients and contacts. Meanwhile those selling physical goods should provide a returns address for customers too. You can use the same address for all the above, if necessary.

If you have incorporated your business as a limited company or limited liability partnership (LLP), you must also provide a registered office address. This address will field all formal communications to the company. In addition, each member, director, secretary or Person with Significant Control (PSC) must give their own contact address. It may also be prudent to establish a business address and an address for shipping and customer returns.

Tax deductible expenses

If you are unsure what counts as a business expense that can be deducted from your taxable end-of-year profits, at Accountants we can list all costs relevant to your business and industry that can be offset against your income. These will include office rent, connectivity charges and office equipment.

We hope this guide provides a useful basis for supporting your new business, raising awareness of your obligations as well as the possibilities open to your start-up. We wish you every success with your endeavours.

Our services

- **Business accounts and taxation**
- **Business plans and cash flow forecasts**
- **Personal tax returns**
- **Tax planning advice**
- **Bookkeeping and VAT returns**
- **Payroll**
- **CIS returns We help a range of clients:**
 - **Start-ups**
 - **Sole traders**
 - **Partnerships**
 - **Limited Companies**
 - **Contractors**
 - **Landlords**
 - **Higher rate taxpayers**