



Starting your
own business

**A guide for new
entrepreneurs**

So, you've decided to strike out on your own and set up a **new enterprise**.

Congratulations on taking this momentous decision – it's a life changing and exciting time.

You won't need us to tell you that there will be ups and downs along the way but there are so many rewards to running your own business and, with the right help and expert support, success is within your grasp.

We recognise that there may seem an endless list of tasks to sort out, quite apart from the actual day to day running of your new enterprise. At Moore Thompson we're here to support you and lighten your load.

In this guide we provide an overview of the things you will need to consider when starting up a new business.

Remember, there is plenty of help and support available. Our accountancy and business advisors are always happy to act as a listening ear and will provide you with our expert, friendly advice as part of our service to you.

We have helped countless individuals fulfill their dreams to become successful entrepreneurs.

Our friendly, straight-talking experts speak your language and we are here to help you with the practicalities of running a business.

We're also a great source of practical advice. Use us a sounding board and we'll provide you with a wealth of ideas and tips to help make your life easier. It's all part of the service.

Support for new entrepreneurs

We take great pride in helping new entrepreneurs grow and develop their business.

Along the way, you will experience both the highs and lows of running your own enterprise, but despite the challenges, we find that very few new entrepreneurs go back to PAYE employment once they make that initial decision to go it alone.

We also appreciate that cash flow can sometimes be tight and the last thing you need is a massive accountancy bill whilst you are busy establishing your business and generating contacts.

With this in mind, we quote realistic fees. We'll tailor our support to your budget and will always explain exactly what our value-for-money fees include. We're also happy for you to pay your account by monthly standing order, to help your cash flow.



Services for your new business

We aim to be your first port of call for practical tax and accountancy advice.

Our services include:

Compliance work

- Completion of your annual accounts, with full balance sheet and profit & loss account
- Completion and filing of tax returns
- Registering your business with all relevant authorities

Where we can make a real difference to your business

- Information on available grants, including as much help as you need on making that all-important application
- Advice on whether you should register for VAT and, if so, choosing the best scheme for you
- Assistance with financing decisions
- Preparing a business plan, producing cash flow projections and advising on budgets
- Advice on your legal responsibilities
- Advice on employment decisions

Business structure advice

Many new business owners presume that incorporation as a new limited company is the obvious choice, but it might be that a sole trader or partnership would be a better choice for you.

For that reason, we always advise that you seek professional help before registering your new company.



Creating an effective business plan

If you are wondering whether a business plan is really worth the time and effort, the short answer is – definitely!

Starting a new business without putting in place an effective plan is like driving blindfold. You won't know where you're going, what pitfalls may lie ahead or how to avoid them.

Here are five reasons why you'll find a business plan incredibly useful:

- 1 If you need to apply for a loan or grant, your bank or investors will expect to see a business plan which sets out the key facts and financial projections.
- 2 A business plan will provide you with clarity. It will highlight any grey areas where you may need to consider your plans in more detail and nail down the finer points.
- 3 By creating a business plan you can stress-test your ideas and make changes before committing valuable time and money.

- 4 You may already believe you've thought of everything, but setting down your ideas in a formal business plan might provide a light bulb moment – that additional spark of genius that will make all the difference to your new business.

- 5 Creating a written business plan will help you set out firm actions that you need to take. Think of it as a checklist that will help you focus your mind and ensure that you don't overlook any key steps.

It's important to understand that just because you have put in place a business plan, it doesn't mean it is written in stone.

A good business plan is flexible and you can add additional details along the way.

The team at Moore Thompson have helped countless new entrepreneurs put together an effective, easy to follow business plan – so if putting your ideas down on paper seems too stressful, don't worry, we're here to support you.

Bookkeeping and accounts

As a new entrepreneur, you will need to focus your energies on building your business.

We can take care of all your bookkeeping and accounting needs, including preparing your annual accounts and providing easy to understand management accounts that will help you operate more efficiently and make informed decisions. We can also maintain your VAT records.

We start by getting to know you and your business. Then we tailor our approach, so that we deliver exactly the service you need.

We'll do much more than simply crunch numbers. We'll add real value by tailoring the information we provide to your requirements and providing constructive advice on a regular basis.



Insurance cover

All new businesses should consider taking out insurance cover to protect themselves and their businesses should things go wrong.

There are three main types of insurance that you need to consider to protect your business:

Employers' liability insurance

This covers you against claims made by employees for injuries or illnesses they've suffered when working for you. You must ensure your certificate is displayed or available electronically. This cover is not legally required if you are the only employee and own 50% or more of the shares.

Public liability insurance

This covers the damages and legal costs resulting from injury, death or damage to property caused to members of the public, such as visitors, by any of your actions.

Professional indemnity insurance

This protects your business against claims made by dissatisfied customers if you have made a mistake or been negligent in some of the services you provide.

Other types of insurance should also be considered, including directors' insurance, motor insurance, equipment insurance, contents insurance and cover for legal expenses. If you use your own vehicle for the business, make sure your insurer is aware of this.



Cloud accounting

When you are getting your business up and running, cloud accounting systems can offer real advantages over manual systems or accounting software packages.

MT Cloud accounting is a safe, secure, internet-based way of working that offers benefits including:

- Access to your financial records from anywhere with internet access.
- No upfront costs – you pay a low monthly subscription instead.
- No software updates to worry about.
- Information is directly imported from bank transactions, reducing the amount of time you spend on data entry and reconciliation.
- Real time information on cash flow.
- Flexible records enable you to extract the most useful management information.
- You can also grant us access to your accounts, so that we can keep your records under review or view them at the same time if you have a query or problem.



Corporation Tax

This is a tax paid by limited companies on their profits. Once you have completed the corporation tax – new company details form, which will be sent to you by HMRC, you will be registered to pay Corporation Tax.

You should notify HMRC when the company starts to trade. For businesses that have annual profits of less than £50,000 per year, Corporation Tax is currently 19%.

You will need to complete and submit a Corporation Tax return every year (this is due 12 months after the end of your accounting period) with your annual accounts and make any payment of tax nine months and one day after the end of your company's accounting period.

We recommend that all business owners implement a bookkeeping package that enables real-time information on profits because it is vitally important that your adviser can accurately predict the upcoming Corporation Tax liability ahead of your company's financial year end.

Armed with this information, a good adviser will make suggestions on ways to mitigate that liability and ensure there are no nasty surprises.

Personal tax returns

For many years, HMRC insisted that **ALL** company directors should complete a self-assessment tax return each year.

However, following several tribunal cases, HMRC have now amended their guidance.

Only in cases where a director has taxable income that has not been taxed at source must a self-assessment tax return be filed.

For tax returns issued by 31 October, the return must be submitted by the following 31 January. The income tax due is payable on 31 January.

You may also be required to make payments on account for the following tax year, based on the liability of the previous year. Payments on account are due in equal instalments on 31 January and 31 July.

Returns issued after 31 October must be completed and returned to HMRC within three months. As a rule, you then have 30 days from the date of the request for payment to make that payment.

The responsibility is with the taxpayer to inform HMRC that they have untaxed income to declare, for example, rental income. HMRC take a dim view to any taxpayer's defence that "they never asked me to file a return".

If you are self-employed, a sole trader or a partner within a partnership then you will need to report your income through a self-assessment tax return annually, as this is the only way for the tax authority to assess your annual income as you will not be paid via PAYE.

From April 2023, the system for reporting income in this way will change with the implementation of Making Tax Digital for Income Tax. This will require the self-employed, partnerships and landlords with income above £10,000 to report income on a quarterly basis using HMRC compliant software.

Rather than setting up your own Gateway account and filing your own personal tax return, there are advantages to outsourcing the work to a professional.

We will:

- Ensure all relevant claims and elections have been made
- Utilise losses in the most tax efficient manner
- Identify marriage allowance claims
- Claim higher rate tax relief on pension contributions (where applicable)
- Save you from HMRC investigations by ensuring:
 - Any student loans are declared
 - Child benefit is repaid where applicable
 - Figures are entered in the correct box
 - No taxable income sources are omitted
 - Your return is reviewed by a Chartered Accountant
- Advise on making voluntary national insurance contributions (where applicable)
- Advise on any reductions to payments on account
- Deal with any HMRC enquiries on your behalf



VAT support

VAT is the most complex tax we deal with and the most despised by our clients. In the early days, depending on your business turnover, you may not need to register for VAT although you can choose to do so voluntarily.

We can provide you with advice on the best way forward in both the short and long-term.

A forced VAT registration can be the difference between success and failure for a business. There is often a quite legitimate and completely legal way to avoid a VAT registration and we have many success stories involving VAT.

Why use Moore Thompson for your VAT?

- We are cost effective – by preparing your VAT returns we save time in preparing year end accounts and we pass those savings on to you
- We understand VAT – all of the different rates, how they apply to charities and overseas transactions and how all of the different VAT schemes operate
- We can advise you in real time of any changes you should make to your VAT set-up
- We are approachable – we understand how intimidating VAT can be and how scary an HMRC enquiry can be.



Payroll, pensions and HR

As an employer, you normally have to operate PAYE as part of your payroll.

Only in cases where none of your employees are paid £120 or more a week, receive expenses and benefits, have another job, or receive a pension are you relieved of this responsibility. However, you must still keep payroll records.

Where a PAYE scheme is required, you will need to deduct income tax and national insurance contributions (NICs), from the salaries paid and send the deducted amount to HMRC by the 19th of each month, or the 22nd if you choose to pay electronically.

If you estimate over the full tax year that your total payment to HMRC will be, on average, less than £1,500 per month, you can choose to make quarterly rather than monthly payments. The payment date will be the 19th of the month on a quarterly basis.

Certain benefits in kind attract a national insurance charge, which is payable by the company, as well as the recipient being liable to income tax on the benefit.

Another key issue you will need to think about is pensions enrolment and re-enrolment – you will need to enrol your employees into a qualifying workplace pension scheme and any who choose not to join must be offered the option to re-join every three years.

An easier way to deal with payroll and HR

Our experienced team at MT Pay and MT HR can help you maintain strong controls over the payroll process and help you to manage your team within the existing employment and wage regulations.

They work with a wide range of businesses to deliver exceptional services that help businesses to save time, money and reduce stress – allowing owner and management teams to focus on the business's growth and success.

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