



Starting in Business

Introduction

Starting in business is a very exciting and challenging time. It also brings with it, of course, a high degree of risk. Minimising that level of risk has to be one of the key initial aims.



Sole Trader or Limited Company

There are many issues that need to be considered in deciding which business vehicle you use. Limited liability status brings with it a degree of protection against personal financial risk but this can often be diluted by the need to provide personal guarantees. Factors such as tax cost, business operating costs and image need to be borne in mind. This is a decision that

needs to be the right one at the outset and it is one that we can help you with.



Partnership

If you are joining with one or more other people in a business then a partnership becomes a possible alternative vehicle. By their very nature partnerships can sometimes be cumbersome for decision making, but still are often the right route to follow for two or more people entering into business together. One



thing that is essential is a good, clear written partnership agreement to define the operating rules from day one.

We also now have the new concept of a limited liability partnership which can afford the tax and operational flexibility of a non incorporated business, while still offering limited liability protection for the owners.

Insurance

Whatever business vehicle you use, it is clearly vital that you insure against those risks which may have an adverse affect on the financial or other success of your business. Again take advice early from an insurance professional or independent financial adviser to ensure that you have considered all of the insurance risks which you may need to cover. We can point you in the right direction.



Budgets and Cashflow

Often businesses start with no clear target forecast to use as a yardstick for their actual results. To work without a budget and cashflow forecast can often mean that problems are not spotted early, thus resulting in a greater financial loss than would otherwise be necessary. A budget and cashflow forecast for a new business can be a very straightforward

exercise to prepare and to use as a comparison with your weekly or monthly results.



Tax and National Insurance

At the outset you need to be clear as to what your obligations are relating to tax and National Insurance liabilities for both you as principal of the business and any employees that may work for you. Failure to deal with PAYE and National Insurance regulations properly is a common problem and one which you need to take advice on early.



We pride ourselves in working hard to ensure that our clients have as much notice as possible of forthcoming tax liabilities, so that they are better able to budget for the cost. Our job is also clearly to help you plan your affairs to minimise the overall tax cost.

VAT

If your new business is large enough it may have to register for VAT, either immediately or very soon after commencement. In other cases registration may not be immediately necessary but may still be advisable and financially effective. The VAT status of your business is one that you need to be clear on from the outset, so that you ensure you do not run into problems with HM Revenue and



Customs and also ensure you are not losing out financially because of lack of knowledge of the regulations.

Record Keeping

It is very important to start business with a record keeping system, whether computerised or manual, which is easy to maintain but ensures the following:-

- It provides you with the financial information you require to run your business effectively.
- It is fully compliant with all tax and national insurance regulations, including VAT.

We are skilled at assisting businesses in introducing new systems and can provide all of the necessary hardware, software and training.



Further Information

Monahans can assist you with all aspects of starting your business. For further advice and assistance please contact **Mike Sawyer** at our Swindon office who will be pleased to help on **01793 818300** or e-mail **michaels@monahans.co.uk**