

# Starting a business guide



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## Choosing a legal structure for your business

To start a business, you need to make sure you're registered with the right people before you can start trading. This usually involves letting HMRC know, but the rules are slightly different depending on the legal structure of your business.

### Sole traders

As a sole trader, the business will be set up under your name and you are entitled to keep all of the profits, after tax.

But this means you are also personally responsible for any debts incurred by the business.

You can learn more about this in our [sole trader guide](#).

### Limited companies

When operating as a limited company your liability is limited to the amount you've invested in shares or guaranteed to the company.

In other words, you are a completely separate entity from the company and are not personally liable for the debts of the company.

You can learn more about this in our [limited company guide](#).





## Will I have to pay Corporation Tax?

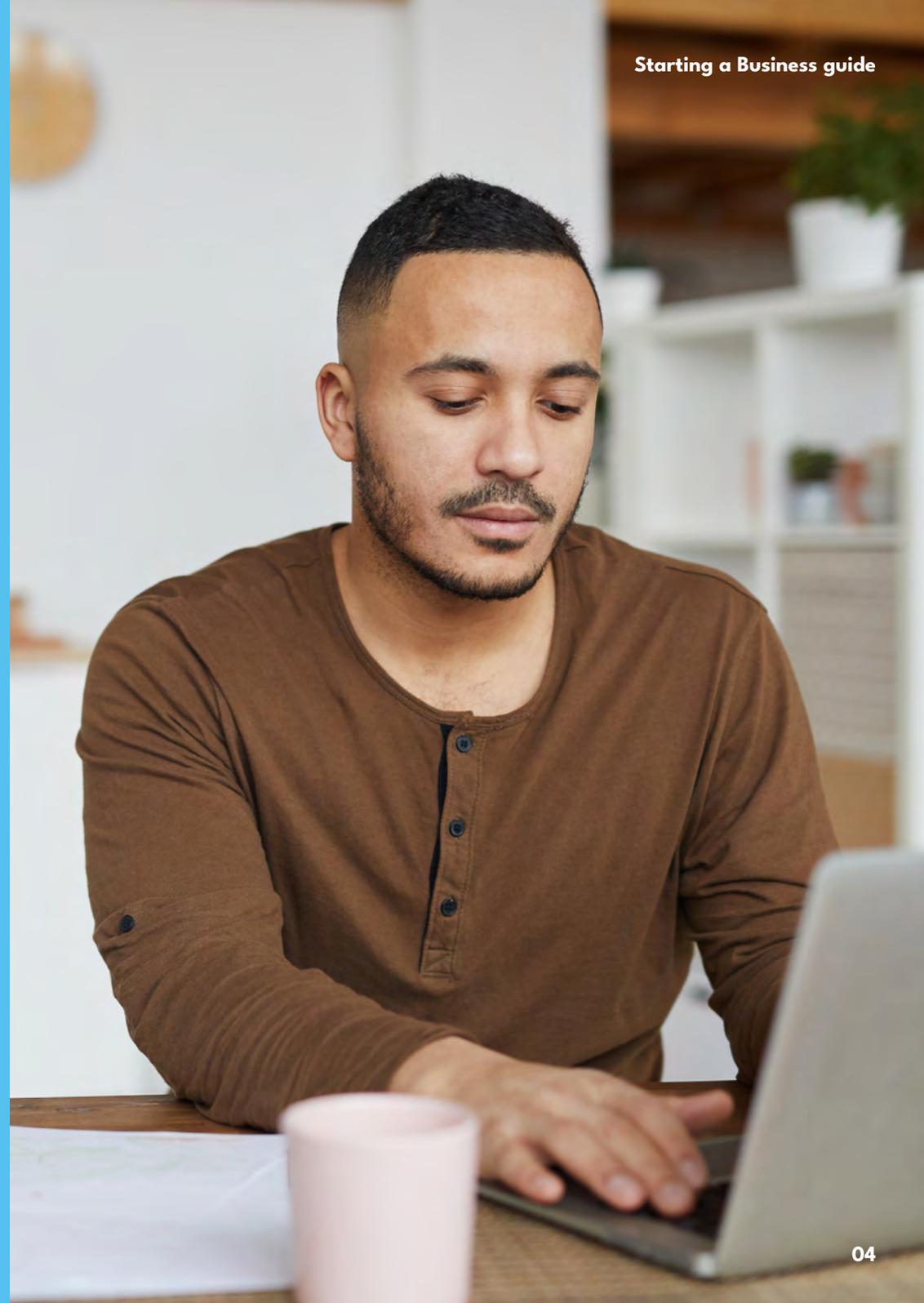
If you're operating as a limited company, then you will also need to register for Corporation Tax within three months of trading, hiring someone or renting a property for your business.

## Will I have to register for VAT?

You'll need to register for VAT if your taxable turnover exceeds the registration threshold (£85,000 in 2023/24) in a 12-month period, whether you're a sole trader or run a limited company.

Once registered, you'll need to charge your customers VAT (depending on what you're selling).

You can also register voluntarily below the threshold if it's beneficial for your business to do so. Please ask your accountant about this, if you are unsure.



## Premises and business rates

If you run your business from home you may need:

- ✓ Permission from your landlord or mortgage provider
- ✓ Business insurance
- ✓ To check whether you need to pay any business rates

If you're going to be operating from a shop or office, you need to make sure the premises are licensed for commercial use. If they aren't, then you'll need to apply for planning permission to change the usage.

You may have to pay business rates depending on the value of the property you're working from. These are based on the 'rateable value' of the property, and you'll be billed by your local council.

For more information on business rates you can visit the government website [here](#).

If you're planning to run a pub or restaurant then you'll need to get personal and premises licenses to sell alcohol as well as any other entertainment related licenses.



## Market research

To build a lasting business, you need to focus on one thing above everything else – what your customers want.

**Knowing your audience brings you one step closer to giving them what they want and therefore making money.**

You might have the greatest idea for a business, but if there aren't enough people out there who need or want it, the idea could crash and burn pretty quickly.

So it's wise to undertake thorough market research before you get too invested in your business.

What you need to find out about the market:

- ✓ Who your potential customers are
- ✓ What are their current buying habits (frequency, amount)
- ✓ Why do they buy certain products or services
- ✓ What will make them buy from you instead of a competitor

Surveys allow you to back up your plans with quantitative data, putting you in better position to attract investment.

Take a good look at your competitors too, see what they're doing right and think what you could do better.



## Writing a business plan

Planning is a crucial part of building a successful business.

A business plan is a formal document outlining what you plan to do in your business.

This includes how you plan to use any money you're applying for, why you think you're the right person to make this business a success and how much you estimate to make.

It can help you clarify your aims and ideas, spot potential problems before they arise, set out your goals and measure your progress towards them.

**It's also an important step if you're applying for finance as lenders will want to see what you plan to do with the money.**

A business plan should be based on the evidence you gathered from market research. The more things you can demonstrate, the better your business plan will appear and the more likely you'll get your hands on the money if you're applying for it.

Money lenders will also want to know how you plan to repay them.

All business is a risk so they'll be looking for the safest option to invest in. The more experience, understanding and research behind you, the more likely you'll be viewed as a safe option and therefore get any money you're applying for.



## Things to include in your business plan

Here is a handy checklist which you can use to ensure you have a comprehensive business plan:

- ✓ The basic business concept
- ✓ Your products or services and their competitive advantage
- ✓ Details of your target market
- ✓ How you plan to attract customers
- ✓ The financial requirements and loan repayment plan
- ✓ Market research
- ✓ Competitor analysis including how you plan to beat them
- ✓ Your personal profile and why you're the right person to make this business a success

If you're struggling to get started with your business plan there are plenty of templates available online to help get you started.



## Managing your finances

This is the core of any business: making money. Hopefully, it's not the only reason you started up, but it should definitely be one of your primary concerns if you hope to build a lasting business.

Managing your money effectively reduces stress and also helps you to grow into a sustainable business.

### Start up costs

Starting your business from scratch can either cost next to nothing or tens of thousands of pounds investment. This depends entirely on what industry you're going in to.

A safe bet is to overestimate your start up costs to avoid any nasty surprises. It's also important to plan for the costs you will have to pay on a regular basis.

### Claiming expenses

You can claim for expenses such as utility bills and travel costs to office equipment.

However, some people try and claim for everything. There are strict rules on what you can and can't claim for. For more information, view our [sole trader](#) or [limited company](#) guides.



## Accounting

You'll need to pay tax on what you earn and also make National Insurance Contributions.

If you've got a limited company then you'll also have to pay Corporation Tax and possibly business rates depending on the property you're trading from.

**The best way to take the hassle out of this is to hire an accountant to ensure you're compliant.**

They can also help your business operate as tax efficiently as possible, to prevent you paying more tax than you need to.

As we operate our accounting services online, our costs are lower and as a result, so are your fees. To see how much you could save click [get an instant quote now](#).

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## Bookkeeping

Bookkeeping is the recording of your day-to-day transactions on some kind of system, such as a spreadsheet or accounting software.

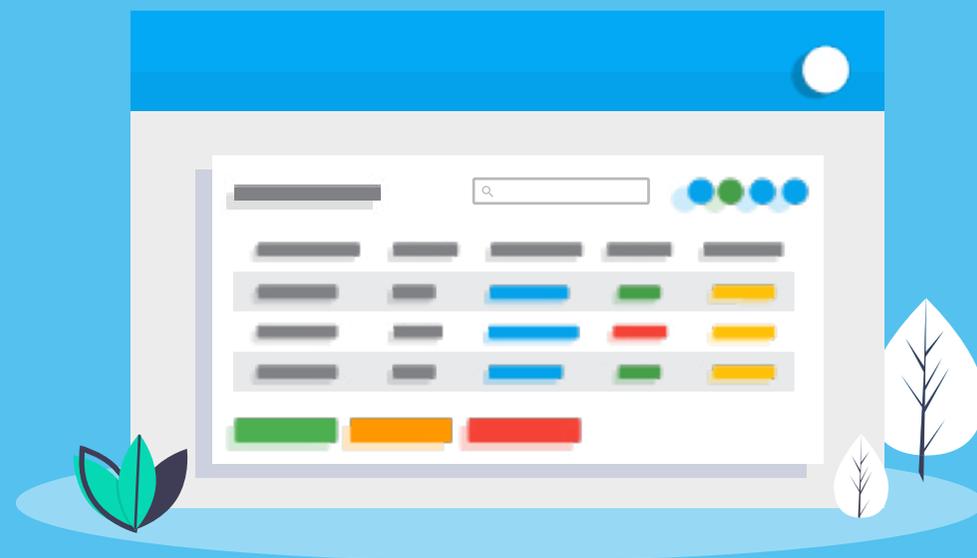
These transactions are then used as a basis for completing your accounts and tax returns.

We recommend using [Pandle](#), our own bookkeeping software.

Simple and easy to use, Pandle was developed to cater specifically for small businesses in the UK. So we know it will be the perfect fit for any budding entrepreneurs!

Using Pandle as one of our clients also has a whole host of benefits over other systems on the market. Check out our [Benefits of Pandle Guide](#) for more information on this.

Or click [here](#) to take a closer look at Pandle yourself.



## Marketing your business

Every business needs a marketing strategy in order to launch and create sustainable, long-term success.

Identify who you're trying to sell to, how they behave, and where. Then tailor your message so that it reaches the right people. Stay open-minded, too. Sales can come through surprising channels!

So, if you're a locally based painter and decorator for domestic properties, word-of-mouth recommendations are essential. But good social media presence and engagement strategy will also help.

If you work as an insurance broker, then a website which appears high up in the search results will help. You might also consider email campaigns, and workshop events.

If you'd like to learn more please take a look at our [digital marketing guide](#).

## Building your brand

Your brand is the logo, typography, strapline, and tone of voice of your company. More than that, it's the level of service you offer, the ideals, and the principles that motivate you.

Building a recognisable brand helps customers identify you quickly and easily, especially when they're a returning customer.





## Looking for more help starting your business?

If you have any further questions simply phone us on 020 3355 4047 and one of our friendly accountancy advisors will be happy to help.

 [Get An Instant Quote](#)

