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New Business Start Up Considerations

1. Business Plan
2. Funding
3. Business Structure
4. Agreements
5. Bank Accounts
6. Insurances
7. Registrations
8. Choice of accounting date
9. Personal assets transferred to or used by the business
10. Pre-trading expenditure
11. Accounting and administration
12. Tax compliance
13. Tax planning

	Considered ✓	Action Plan
<p>1. Business plan</p> <p>For use in assessing the viability of the business and obtaining funding. A typical business plan will include the following:</p> <ul style="list-style-type: none"> • Executive summary • Description of business • Marketing/sales strategy • Management and personnel • Operations • Financial forecasts – funding requirements, projected cash flows, projected profit and loss accounts and balance sheets <p>We are able to provide support and assistance with this process, from helping you to draw up the business plan or preparing financial forecasts for inclusion in the business plan through to reviewing and commenting on a plan that has already been prepared by you.</p>		
<p>2. Funding</p> <p>The level, source and repayment terms of the initial funding required by any business together with any future funding requirements should be given careful consideration. The type of funding adopted and the terms attached to this will impact on the tax treatment, cash flow position and credit rating of the business and will also need to be considered when deciding on the structure of the business. Personal guarantees or security may be required in some instances.</p> <p>Some examples of the type of funding that may be available are as follows:</p> <ul style="list-style-type: none"> • Grants • Personal savings • Loans from family/friends • Credit cards • Bank overdraft facilities • Bank loans 		

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<ul style="list-style-type: none"> • Equity funding from private investors • Crowdfunding • Hire purchase of assets • Leasing of assets • Credit agreements with suppliers • Debt factoring <p>We are able to provide assistance with this process, from advising on the tax, accounting and cash flow implications of these through to preparing financial forecasts in support of applications.</p>		
<p>3. Business structure</p> <p>The most appropriate structure for the business to take will depend on a number of factors. These include considerations such as anticipated profit levels, tax efficiency, who is going to be involved in or in control of the business, level of flexibility surrounding withdrawal or retention of profits, sources of funding, requirements by external investors, suppliers or regulatory bodies, limitation of liability and future plans for the business such as expansion, disposal and succession. Due to changes in circumstances or legislation, the most appropriate structure of your business may change over time and should be monitored on an ongoing basis.</p> <p>The different types of structure each have different tax, accounting and administration implications and planning requirements. The most common business structures are as follows:</p> <ul style="list-style-type: none"> • Sole Trade • Partnership • Limited Company • Limited Liability Partnership <p>We are able to provide advice and assistance on determining the most appropriate structure for your business, putting this structure in place, the ongoing accounting and tax compliance and planning requirements of the business and the ongoing monitoring of the business structure.</p>		

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<p>4. Agreements</p> <p>It is important that all agreements relating to the business are formally documented.</p> <p>Examples include but are not limited to:</p> <ul style="list-style-type: none"> • Partnership agreements (partnerships and limited liability partnerships) • Memorandum and Articles of Association (limited companies) • Supplier credit agreements • Customer credit agreements • Funding and borrowing agreements 		
<p>5. Bank accounts</p> <p>Business transactions should be maintained separately from personal transactions and a business bank account should be set up. Consideration should be given to banking charges and interest, both annual and transaction based, and whether an overdraft facility is required.</p> <p>A facility to accept payment by credit or debit card may be required.</p> <p>If you anticipate that the business will hold surplus cash it may be worth opening a business deposit account with a higher rate of interest.</p> <p>Foreign currency accounts may be required if the business transacts in other currencies.</p>		
<p>6. Insurances</p> <p>Appropriate insurance cover should be obtained. Examples of the types of insurance policy that you may require or wish to consider include but are not limited to:</p> <ul style="list-style-type: none"> • Buildings insurance • Contents insurance 		

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<ul style="list-style-type: none"> • Vehicle insurance (motor, agricultural, commercial etc) • Stock / asset insurance • Public liability insurance • Employer liability insurance • Professional / trading indemnity insurance • Fee protection cover (for HMRC enquiries) • Income protection insurance • Life / critical illness insurance <p>We are able to offer access to fee protection cover for those who are interested in this.</p>		
<p>7. Registrations</p> <p>When setting up a business it will be necessary to register with HM Revenue & Customs for tax purposes. The type of registration required will depend on the structure and individual circumstances of the business.</p> <ul style="list-style-type: none"> • Self Assessment Income Tax for sole traders, partnerships and individuals. • Corporation Tax for limited companies. • VAT - compulsory where turnover levels exceed the VAT threshold or voluntary if turnover levels are below the VAT threshold but it would be advantageous for the business to be VAT registered. • PAYE where the business will have any employees. <p>Limited companies and limited liability partnerships are required to register their formation with Companies House. There are restrictions on the name that may be used and the proposed name should therefore be checked prior to registration. A company registration number will be allocated to the company or limited liability partnership by Companies House on incorporation.</p> <p>We are able to offer advice and assistance with these registrations. We are also able to offer a registered office address facility, either in England or in Scotland, for limited company and limited liability partnership registrations where this is required.</p>		

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<p>Other registrations that you may need to consider include:</p> <ul style="list-style-type: none"> • Registration of patents or trademarks • Registration with industry specific regulatory bodies. • Licences specific to the business • Registration for an employer pension scheme 		
<p>8. Choice of accounting date</p> <p>Consideration should be given to the accounting period end date used by the business. In some cases this will simply be the end of first 12 month period of trading however it may be beneficial to choose a different date for tax purposes or so that the accounting year end and the related administration do not occur within a seasonal busy period.</p>		
<p>9. Personal assets transferred to or used in the business</p> <p>Consideration should be given to any personal assets that will be transferred to or used by the business for example premises, vehicles, equipment and the tax and accounting implications arising thereon.</p>		
<p>10. Pre-trading expenditure</p> <p>It may be possible to obtain tax relief for certain items of expenditure incurred in respect of the business prior to the commencement of trading.</p>		
<p>11. Accounting and administration</p> <p>We are able to offer advice, assistance and support in the following accounting and administration areas:</p> <ul style="list-style-type: none"> • Bookkeeping support using a variety of spreadsheet, computer based or cloud packages. • Bookkeeping training – we are accredited Sage training providers. • Accounts preparation - annual, management and statutory as required. • Audit and assurance work. 		

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<ul style="list-style-type: none"> • Company secretarial work including maintenance of the company registration records, submission of annual returns and provision of registered office address, where required. • Cash flows, forecasts and other financial projections. 		
<p>12. Tax compliance</p> <p>We are able to offer advice, assistance and support in the following tax compliance areas:</p> <ul style="list-style-type: none"> • Income Tax and National Insurance – preparation of individual and partnership Tax Returns, calculation of liabilities and repayments, advising on capital allowances claims, advising on other tax relief and loss relief claims, advice in connection with other Income Tax or National Insurance matters. • Capital Gains Tax – calculation of gains for inclusion on Tax Returns, advising on claims for tax relief and loss relief, calculation of liabilities, advice in connection with potential capital disposals. • Corporation Tax (limited companies) – preparation of Corporation Tax Returns, calculation of liabilities, advising on capital allowances claims, advising on tax relief and loss relief claims, IXBRL filing of accounts. • VAT – preparation and submission of VAT Returns, calculation of liabilities and repayments, advice in respect of VAT matters. • PAYE – operation of payroll and PAYE, Real Time Information (RTI) processing, preparation of end of year forms including P11D benefit forms. 		
<p>13. Tax planning</p> <p>We are able to offer assistance, advice and support in the following business related areas:</p> <ul style="list-style-type: none"> • Business start ups • Business structures • Property holding structures • Operating structures 		

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<ul style="list-style-type: none"> • Choice of accounting date • Incorporation and disincorporation • Crowdfunding • Enterprise Investment Schemes (EIS) • Seed Enterprise Investment Schemes (SEIS) • Share remuneration schemes and employee incentives • Corporate / shareholder transactions • Capital allowances • Research and development reliefs • Business Property Relief (BPR) • Loss relief • Employment taxes and benefits • VAT registration • Tax efficient profit extraction • Tax reserves • Expansion and diversification • Retirement and exit strategies • Succession planning <p>We are also able to offer assistance, advice and support in many other areas such as personal tax matters, tax credits, capital taxes, Inheritance Tax and Estate planning, trusts and rental properties.</p>		

This document provides only a brief outline of some of the issues that should be taken into consideration when setting up a new business. Rennie Welch LLP accept no liability on the basis of this document and detailed advice, taking into account individual circumstances, should be obtained before entering into any transaction. If you require assistance or advice in connection with this or any other tax matter, please contact Mark Thompson or Lynn Miller at Rennie Welch on 01573 224391 or by email at mark.thompson@renniewelch.co.uk or lynn.miller@renniewelch.co.uk