



Business Start-up Guide

2018 Edition

FOREWORD

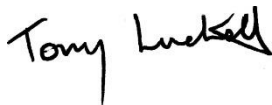
By Tony Lockett, Senior Partner

About 50% of businesses fail in the first three to four years...

A depressing statistic. However, one thing we've learnt from helping many thousands of businesses since 1983 is that the most successful business owners have done two things. Firstly, spent time planning – researching the market, competition and their products and secondly taking the best advice from quality professional advisers.

The Clive Owen LLP Business Start-Up Guide has been developed from our work with those thousands of start-up businesses. The specific intention is to help you point the business towards survival and ultimately success.

I wish you all the success in **your** business.



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YOU

Why do you want to set up in business?

You may believe you have identified an opportunity to provide a product that is superior to those in the market place. You may be frustrated with your current employer, been made redundant or retired early.

Whatever your reason, you should carefully consider both the attractions of setting up by yourself and the many potential obstacles.

Your talents - be objective about your skills

It is important at a very early stage to assess your own talents. Remember that when you start your own business it is more than likely that you will have to do several people's jobs, the design work, production, and marketing and selling your own product.

It is important that you consider your experience in all these areas...

An inability to perform any of them to a reasonably competent level could, in fact, cause your business to fail. Of course, you may be able to contract them out, or even consider taking on a business partner but do bear in mind that this will immediately add to your costs.

As a short-term alternative you may solicit help from friends or relatives who have experience in that particular area.

Enthusiasm and flair - hard work isn't enough

You will need not only to work very hard but also to be very enthusiastic to make your business grow.

Most importantly, be honest with yourself. Ensure that the business you are proposing to start is one you feel passionately about and is not just a whim.

If you haven't got these attributes, then don't bother!

Your finances - can you last the distance?

It may be some time before you make a profit so you need to be sure that you have the resources, not only to support your business but also your family.

How much money can you put into the business, and where will you get the balance?

Most businesses fail because of lack of cash, not lack of profits. You must also consider whether you have access to any reserves, which you could use in an emergency.

Your security - on the line

Whilst working for someone else can often be frustrating, it is for the most part reasonably secure. You usually have a regular income, perhaps a pension, maybe a car, and even holidays, and other benefits.

Starting your own business means **you** will have to supply them for yourself.

You will feel an increase in stress levels and are more than likely risking everything that you have built up during your own working life.

Are you really prepared to risk losing it all?

Family matters - real support required

It is vital that you have the support of your family. You must ensure that you discuss your plans with them before embarking on the venture.

Remember that not only will they lose the security of a regular income, but in the early stages of the setting up of the business, they are likely to see a lot less of you. Until your business becomes established your working hours will increase. Indeed, you may find that you enjoy being your own boss so much that you want to continue to work long hours.

How will your family react to this situation?

Your objectives

It is important that you think about your plans for the future. Do you want to run a corner shop, or are you a future rival to one of the larger supermarket chains? If the business succeeds, would you expand or would you just take the profits? You need to consider very carefully just exactly what you are aiming to achieve.

Define your targets!

The alternative - starting carefully

One way of starting a new business is to do so in your own spare time whilst you continue with your own full-time job. In this way you can test the market to see if your product will sell. You need to be sure that this is possible since there may be a clause in your contract of employment with your employer, which forbids this.

Working for someone else can be frustrating and stressful. However, combining working for yourself and someone else can be doubly frustrating and stressful.

The opportunity to start with one or two guaranteed contracts makes the decision easier.

Where now?

If you have got this far through the guide, then you may be the sort of person who could set up his or her own business. Anyone who is half-hearted, or does not have the necessary enthusiasm, will have been put off by now.

The chapters in the guide give some practical guidance on the various matters to be considered when setting up your own business. However, there is no substitute for practical help.

It is important that you surround yourself with a team of professional advisers to help you through the maze of rules and regulations, which surrounds the modern business environment.

Every business is different and it is important that you consult your advisers before undertaking action of a strategic nature.

Research the business

Before setting up in business, it is very important that you think hard about whatever you are trying to sell. Doing so will help you to determine whether you have a viable proposition.

How much will you charge?

Success will depend to a great degree on your pricing policy. The product could be new and innovative and so you can set your own market price, but often the marketplace will set the price for you. It is imperative that you are aware of the minimum selling price. ***It could help to make sure you remain in business.***

Price also conveys an image. To convince customers that they are getting a better-quality product, some retailers set prices higher than their rivals. Even though the product is like one that costs considerably less it does convey that others may be "*cheap and nasty*".

What makes your product different? Why should someone buy your product rather than something else?

Answer these points yourself, because if you cannot, neither will your customers.

Do not make the mistake of if your product needs to be some new innovation. An improvement, however slight, on an existing product may be just as successful as the original or a new way of marketing an old product may lead to success.

Be prepared to re-think your designs and to make your product more appealing. Don't let pride get in the way of progress.

When researching the product, consider these points which in the euphoria of the moment can often be overlooked: -

- Ensure the product is not covered by an existing patent, trademark or copyright
- If your product is new, consider protecting it by one of the above
- Consider environmental issues or legislation

Are there enough people in the immediate area to purchase your product?

It is of little use to have a superb product for sale if there are insufficient people interested or able to afford it.

Is the market for your product expanding or will have to take business from an established firm?

It is much easier to sell to people who have not bought before than to win customers from a rival company.

Where will you run the business?

Do not automatically assume that you can work from home. You may not have the space, or a room free from disturbances. Also, do not forget that there are more costs to premises than the rent or capital cost. Fuel, insurance, security, business rates, telephone systems and furniture costs are often overlooked.

First impression of the quality of the firm and the product will be made from the initial impression of the premises you visit.

When choosing premises, put yourself in the customer's shoes

To make sure that you can answer these questions, you must do your own research. This can take the form of:

- Reviewing the local press, features in newspapers, trade press, directories and even government statistics
- Obtaining copies of competitors' sales and marketing literature and their accounts
- Questioning friends, colleagues, suppliers, distributors and the general public
- Testing your product on a small sample of target customers and gauging their reactions
- Feedback from business clubs, business bankers and sponsored business agencies

Above all, be realistic and honest with yourself...

What form should the business take?

Once you have made up your mind to go ahead, you need to get to grips with the legal requirements for forming a business.

There are four main choices for the legal form of your business:

- As a sole trader, you would be self-employed with no special legal structure
- As a partnership, there would be at least two self-employed people working together to share profits
- A limited company is a separate legal entity, separate from its shareholders and directors
- A limited liability partnership (LLP) has some of the advantages and disadvantages of a limited company and a partnership

Sole traders

Most small start-up businesses find that setting up as a sole trader can be the best option.

There are many advantages:

- Setting up is relatively quick and simple
- It is reasonably easy to transfer to a limited company later
- You can keep simple, unaudited accounts
- There can be a delay in paying income tax and national insurance contributions
- There is no right of public access to the accounts
- In certain circumstances losses from the business can be offset against the owners' other sources of income

Disadvantages:

- You are personally liable for all debts of the business. That means that all your assets are at risk
- Your options for raising finance are limited due to the lack of public records
- It is harder to sell the business or pass it on

Partnerships

A partnership has similar advantages and disadvantages to a sole trader. However, there are three other factors that should be considered.

- If a partner cannot meet his share of the firm's debts, creditors can demand it from other partners
- You can raise finance by introducing new partners
- To avoid disputes, it is essential that an agreement is prepared by a solicitor and agreed by all partners

LLPs have the advantages listed above except there is right of public access to the accounts. However, they can limit liability because of claims by creditors or others to the assets of the partnership.

The private limited company

Limited company status gives the following **advantages**: -

- The owners (shareholders) are only liable to the amount of the share capital they subscribe. However, there are circumstances where personal liability may arise
- A limited company will find it easier to raise large sums of money or sell part or all the business
- Income tax is paid only on salaries or dividends and it is, therefore, easier to avoid higher rate tax by keeping profits within the business
- Some government schemes and lenders in general, make finance more readily available to companies because they can produce audited accounts if required
- A limited company has more credibility

There are also **disadvantages** of setting up a limited company:

- Accounts are generally more complicated
- Complying with legislation contained in the Companies Acts can be costly and time consuming
- Accounts and other information have to be publicly filed, although for small companies, that information is reduced
- In general, loans to directors are prohibited
- The making of loans to shareholders gives rise to tax consequences
- National Insurance payments are higher

Setting up the business

If you decide that a **company** is the most appropriate vehicle to launch your new business, you should be aware that it could sometimes take up to four weeks to form a new company. With your co-operation and that of our formation agent, the aim is 10 working days. It can of course be done more quickly but it is best not to anticipate such speed.

Generally, clients entrust the formation process with us, as there are many forms to complete and can be a complicated process.

If your decision is that your business is more suited to a **partnership**, then the only requirements are to notify HM Revenue & Customs and to adopt a trading name.

It is important to note, however, that in the absence of a formal partnership agreement, the partnership will be governed by the Partnership Act 1890. This Act specifies how a partnership should be administered. You should ask your solicitor to draw up a proper partnership agreement since each partner has the power to commit the firm to any arrangement unless it is specifically excluded.

Remember that partnerships are business marriages so choose your partners carefully!

Establishing an LLP has more legal formalities to comply with than an ordinary partnership and professional consultation is recommended.

To set up as a **sole trader**, the only requirements are those with regards to the name and informing HM Revenue & Customs.

An alternative to setting up a new company is to buy an existing business. You must beware, however, that the seller will be looking to his own interests and you should engage us as your professional advisers to protect your own position with regards to not only financial and tax matters, but also to the legal situation on the purchase.

No matter what form your business takes, it is more than likely that you will be looking to take on employees at some stage. Do not forget that there is a large amount of employment legislation to master. If you have any doubts on employment legislation or peripheral activities consult with your solicitors before acting.

Financing the business

Generally, businesses fail because they run out of cash. It is therefore vitally important to decide just how much cash you are going to need. This can be done by preparing detailed projections.

Projections can then be used to give:

- Financial backers some evidence that your business can succeed
- A yardstick against which you can measure performance

Although we can assist with the preparation of the projections, it is vital that you understand them, as they enable you to monitor the performance of your own business.

We will need you to be as realistic as you can with your estimates when preparing the projections. Over optimism can often be the route to a downfall. Remember to consider seasonal variations and any possible expenditure on design, test and manufacture, before trading can commence.

It is unlikely that projections will be right first-time round. Alterations are not necessarily a sign that they have been prepared erroneously, but that you have given extra thought to specific areas and assumptions.

Your business may require more finance than you can afford or, are prepared to provide. Finance should, therefore, be arranged so as to minimise costs in the early stages of trading. It is essential that you keep on top of invoicing and cash collections.

The choice of finance for any business can itself affect the success of any venture. A business with a great deal of borrowings risks its future, especially if interest rates rise or cash flow becomes tight.

The majority of finance providers will need to see a business plan. You need to prepare a plan before approaching potential financiers as success in raising the finance depends on how well your proposal is presented.

Also, remember to keep your finance providers informed about progress against the plan.

A plan for the business

There is no prescriptive way that a business plan should be prepared. Different businesses need different emphases. The proposal should be in two parts: -

- A one-page executive summary. This indicates the purpose of the plan, the major points and a summary of the financial requirements
- More detailed information on the above and also other peripheral areas of the business proposal

It is important that the proposal is concise, with readers able to focus on the main strategic issues. We can assist in preparing the plan and add considerable credibility. But, remember it is your plan. Accordingly, you should know every detail in the plan and be able to present it to financiers when necessary.

Raising finance

Once you have decided just how much finance you require, you will then have to decide which of the available alternatives will best suit your needs.

The principal alternatives are: -

- Personal finance
- Venture capital
- Bank and lending institutional borrowings
- Government and local authority grants
- Loans from public bodies
- Leasing and hire purchase (asset purchase)
- Factoring or invoice discounting

You can see there are many sources and it is important to select the right one (or more than one) for your own circumstances.

Running the business

As a sole trader or partnership, you do not have to comply with the Companies Act but you must ensure that you and your business complies with specific business legislation regarding employment, safety at work, health and taxation.

As a partner you should remember that you have joint and several responsibilities for your own and each other partner's actions and debts. You must comply with the partnership agreement and keep the other partners informed of your actions.

Whether a sole trader or in partnership you must keep adequate books and records for tax purposes and also comply with employment legislation.

If you decide that you want to run your business as a company, then as a director of the company you will have to take on additional responsibilities.

These include: -

- Exercising the degree of skill and care commensurate with your qualifications
- Ensuring that proper books and records of the company are kept. This extends to preparing statutory accounts and the directors' report. There are fines and penalties if accounts are not sent to the Registrar of Companies within 9 months of the year-end
- Ensuring that directors do not make secret personal profits from opportunities that arise as part of the work generally. There are specific rules in law about transactions between the directors and the company

A director may become personally liable for company debts, if he or she allows it to trade whilst knowing that the company is insolvent. The court has power to disqualify someone from being a director of a company for up to 15 years, if he or she allows fraudulent or wrongful trading to take place. Other grounds for disqualification include general misconduct and unfitness to be a director.

Records and keeping accounts

Every company can appoint a secretary but under the Companies Act 2006 if a secretary is appointed as an officer of the company, they have responsibilities laid down by law. They are responsible for various compliance requirements and for filing annual documents with the Registrar of Companies on a timely basis. If a secretary is not appointed then the directors must ensure compliance.

All companies must maintain accounting records sufficient to show and explain the company's transactions. This is a requirement of the Companies Act 2006. Additionally, the records must be able to disclose with reasonable accuracy at any time, the financial position of the company.

The format for the information is not prescribed in a particular way; it must simply be available.

It is essential that you discuss with us just what is the most effective system for you. Not only will this help you to prepare management information to run the business, but also it will be of assistance in preparing the accounts at the year-end.

There are no prescribed rules for keeping books in the case of a sole trader or partnership. But, there is still a business to run and you will require similar information to companies to enable it to be run effectively. In addition, there are various tax returns to complete, and as a result, sole traders and partnerships usually have accounting systems similar to those of companies.

You will need to think carefully just what degree of sophistication you need to control your business. There are many different options available in terms of recording transactions in your business. Most of our clients will use a computer-based system in one form or another, be that basic spreadsheets, through to cloud based accounting packages.

Making Tax Digital

HMRC are pushing ahead with their plans to digitalise the tax system. Businesses will be required to keep their records electronically and submit quarterly income and expenditure reports to HMRC. This will require up to date accounting software to facilitate the process, as well as up to date management accounts to ensure the information is accurate.

We can help you to choose the right bookkeeping package for your business.

Other important matters to consider in running a business are;

- **Insurance**

It can seem that you are wasting money when you take out insurance until, of course, you get a claim. At that stage, it is worth every penny.

You should note that you must be insured in case your staff injure themselves as a result of their work (employers' liability), and have at least third-party cover for motor vehicles. It is worth discussing your requirements with insurance brokers.

- **Pensions**

Remember that whether you are a director of a company, in partnership, or a sole trader, the big difference from having your old job is likely to be not having a company pension.

- **Consumer Credit Act**

This Act requires a licensing arrangement to be in place if you offer credit or hire purchase arrangements.

- **Terms of trade**

These can vary from business to business and you should set your standard terms and conditions, and have them checked by a solicitor. It can be useful to obtain a competitor's terms and compare them with your own proposals.

- **Training**

Make sure you use all the local training establishments in your area as they all run a variety of courses to help people set up their own businesses. Many run subsidised courses.

- **Obtaining credit**

Short-term credit can be difficult to obtain. Be sure you have co-operative suppliers and agree credit terms in advance.

Marketing

This isn't just another term for advertising. Advertising does play a part in promoting the business but marketing is a far broader concept.

Marketing is about getting your product right for your potential customers, making sure they know about it and consistently delivering the promises that your business's image implies.

Basic questions:

- What benefit will your customer gain from buying it?
- What pricing policy will you use?
- What is your target market?
- Who is the competition?
- What are the strengths and weaknesses of your business (and the competition)?

Once you have answered these questions, you will need to put together a **marketing plan**.

Competition

Every business will face competition.

You need to decide what will make a customer buy from you and not your competitor. This is your **unique selling proposition** (USP). You could have a number of USPs, that is the benefits of buying from you.

Just offering the lowest prices is a dangerous ploy. Your margins will be reduced and cash flow will be affected. Also, competitors may have greater resources and start a price war to keep you out of the market.

Assess your weaknesses. With some thought, you can turn competitive weaknesses into strengths. For example, small businesses make a virtue of the personal service they can offer ahead of a larger business, therefore justify charging a higher price.

The Marketing Plan

This will clarify how you intend to sell to your customers and promote your business. It should be clear, easy to understand and include:

- Your business's USP's
- Who the target customers are
- Your pricing policy
- Who will be doing the selling and do they have the necessary skills
- How you will be distributing your product
- What forms of promotion you will be using, e.g. advertising, direct mail, website, etc Take a common-sense approach and avoid some basic mistakes:
 - Aim for customers you have a good chance of selling to
 - Make it easy for customers to understand what you do
 - Give customers what they really want not what you think they want
 - Be realistic about performance and growth targets

Good marketing is essential to a successful start-up. It pulls together the key elements of the market and your business.

Getting it right can play a huge part in making the start-up successful. However, getting it wrong can have serious consequences.

Taxation matters

This is arguably the most complicated and important area of running a business. That there is potential to make either costly mistakes or large savings further adds to the importance.

Individuals

As a sole trader or a partner, there are important action points:

- Informing the National Insurance Contributions section of Her Majesty's Revenue and Customs (HMRC) that you are self-employed (Form CWF1). As a consequence, you will be liable for Class 2 National Insurance contributions (although this is due to be abolished from 6th April 2019) and class 4, which are payable at the same time as your income tax liability
- As your accountant we would need to complete a form 64-8. This enables to act as your agents in tax matters and to deal directly with HMRC on your behalf
- If you were previously an employee you should let us have your P45. By ceasing to be employed part way through a tax year it may be that you have paid too much tax and we can deal with any claim

Your tax liability will be based on business profits after adjustments for certain items. For example, depreciation or assets shown in the accounts isn't an allowable expense, but you may be able to claim capital allowances which in some instances can provide accelerated relief.

Similarly, there are other expenses, which HMRC will not allow you to claim. Entertaining customers and suppliers, and any element of private use or expenditure.

We will also advise you with regard to the current system of assessment, the tax year and what you can do if you incur a loss.

- Careful consideration must be given to the choice of date to which your accounts are prepared to as this can have an effect on the period between the receipt of your income and the payment of tax
- Specialist advice is paramount when you are considering inheritance tax and capital gains tax. The rules are fairly complicated and require detailed and careful thought
- On 6 April 1996, self-assessment was introduced, affecting all self-employed sole traders and partners. There is now a statutory requirement to keep all financial records, relevant to the completion of Tax Returns, for specified periods, for those carrying on a trade, profession, or vocation. The period for which records must be kept is five years from 31 January following the end of the tax year

Companies

A company's liability to taxation is corporation tax, not income tax. Tax is charged at a standard rate for all companies.

Taxable profits are the basis for calculating the tax payable. Taxable profits are calculated broadly on the same basis as for individuals and partnerships.

Paying a dividend can be a more tax efficient way of remunerating directors who are also shareholders. Income tax and National Insurance Contributions are payable on salaries and bonuses. This can be more expensive than paying a dividend. However, the national minimum wage and national living wage requirements must be considered and observed where appropriate.

Corporation tax on companies is payable other than by large companies, nine months after the accounting year-end. Self-assessment has applied to all companies for accounting periods ending on or after 1 July 1999. This means that the burden of declaring the correct liability to corporation tax is laid firmly on the company. The corporation tax return must be submitted to HMRC within twelve months for the year end.

We can guide you through the minefield of rules and regulations. We can also assist you with tax planning opportunities, which exist for companies and help you form your company in the prescribed manner.

Other points

We can give you specialist advice on PAYE and VAT. Employing someone means you automatically act as a collection agent for HMRC. It is your responsibility to deduct tax and National Insurance Contributions under the PAYE system. You must then ensure that these are paid over to HMRC.

Employers also now must consider their obligations to automatically enroll employees into a pension scheme.

VAT is similar in that you collect it on taxable supplies made by you (outputs) and suffer it on taxable supplies made to you (inputs). The net amount is paid over to HMRC (if, of course, outputs exceed inputs). You should be aware of the difference between standard, zero rated and exempt supplies and that different payment periods can apply.

VAT Registration is obligatory for those whose turnover exceeds prescribed amounts. Unless you are registered you cannot charge VAT on your sales and you cannot claim VAT on purchases. Even if your turnover is below the registration limits, you can become VAT Registered. However, voluntary registration is not always beneficial.

VAT is an extremely complex area of taxation. Care has to be taken as penalties and surcharges are high and potentially increase each time you make a default.

Using us as your accountants

Unless you happen to be an expert on accounting, tax and finance, you need an accountant.

As a specialist, we should always be able to save a start-up business more in time and money than the cost of accountancy fees.

All businesses have to produce annual accounts for HMRC. Whatever form your business takes, we offer a range of useful services.

We can advise on starting your business

- What form the business should take – sole trader, partnership, limited liability partnership or limited company
- Assistance with the business plan
- Legal and tax aspects of registering a new business

Accounting and bookkeeping expertise

- Installation and training with manual or computerised book-keeping systems

A range of business and personal tax services

- Tax returns and corporation tax, VAT, PAYE and National Insurance, Capital gains and Inheritance tax and income tax for sole traders and partnerships
- Tax planning to minimise your tax bill

Management information systems

- Budgeting and performance monitoring. For small businesses, forecasting cashflow is important
- Credit control and stock control

Financial Advice

- Recommendations on financing of the business through overdrafts, loans, HP, factoring, leasing, venture capital or grants
- Introductions to sources of finance and assistance with presenting your case to them

Buying or Selling a Business

- Investigating the books of a business you are thinking of buying
- Assisting you in negotiations

Keeping fees down

We have flexible working relationships with our clients. From that choice of flexibility some clients have chosen to engage us on an agreed hourly fee, while others have opted for fixed annual fees.

Whatever the arrangement, if your business's accounting systems are efficient, we will have less to do and our fees will be lower.

There are many things you can do to keep our fees down:

- Ask us for help in setting up your **accounting and management control systems** Systems should be set up in a way that makes preparing accounts quick and easy
- Do the **bookkeeping** yourself, or hire a part-time bookkeeper
- Take advantage of **free advice** from local organisations
- Get **subsidised training** from local organisations on topics like bookkeeping or tax

We hope our working relationship is a long and rewarding one for both of us.

We believe if we give you best service and advice, you have a greater chance of success and work with us for many years to come.

Clive Owen LLP Services

- Audit and accountancy
- Personal tax planning
- Corporate tax planning
- Management accounting
- Bookkeeping and related systems advice
- Cashflow forecasts
- Corporate finance
- Business acquisitions and disposals
- Management buy-outs and buy-ins
- Business plans
- IT and accountancy software
- Marketing
- Payroll
- Company secretarial support
- Preparation of grant applications
- Share valuations
- Business valuations
- VAT compliance and planning
- Strategic planning
- Forensic accounting

APPENDIX

START-UP CHECKLIST

1. Premises

	<u>Y</u>	<u>N</u>	<u>N/A</u>
• Can the premises be used for all your purposes, e.g. both office and manufacturing purposes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Are the premises suitable for present <u>and</u> future requirements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Have you reviewed tariff and service regarding utilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Is parking and loading areas around the premises adequate?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Are the security arrangements adequate for the site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Are any services required by the business, e.g. waste disposal, available?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Are transport facilities adequate?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Are you close enough to service customers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Are suppliers sufficiently close?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Are the skills you need in the area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Are there any Town planning requirements/restrictions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	<u>Y</u>	<u>N</u>	<u>N/A</u>
● Have you considered the impact of competition?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Have you researched if there are any grants available?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Have you considered the options of buying against leasing?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Have all health and safety matters been considered	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Has all signage been organised?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Bank selection

There are a number of criteria you should consider when choosing a bank, including:

	Y	N	N/A
● Is a free banking period available? (and how for long)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Is a local branch nearby?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Is online banking available?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Do you want a specific manager or branch to talk to?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Do they offer other services? e.g. factoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Do they offer competitive rates?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Are they requesting security?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● If you are using a cloud based package, is the bank able to connect to it?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

When opening an account, you must also give some thought to the following:

- **Time-scale** – You must be aware that all banks have to perform certain ID procedures. This means it can take two or three weeks to open an account
- Decide who the **cheque signatories** will be and determine their level of authority
- You should instruct the bank with regard to the provision of pre-printed **cheque books and paying-in books**
- Decide how often you would like to receive **bank statements**, e.g. monthly
- You'll need to supply details of any **standing orders, direct debits or credit transfers**

3. Trading terms

	Y	N	N/A
● Have you organised your policy on responsibility for shipment and related costs (point at which title transfers to the buyer)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Decided upon the period for which quotations will be held	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Decided upon terms of credit and discounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Decided upon accepted methods of payment and organised any required administration, e.g. payment by credit card	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Have you organised your policy on responsibility for shipment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Appointed an agent if appropriate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Decided upon a period during which you will accept return of goods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
● Organised arrangements for cancellation of orders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Letterheads, invoices and nameplates

The design of your logo and stationery layout can be an important part of your marketing strategy as letterheads, invoices and statements are all forms of PR.

Company

Business letters and order forms must show the company registration details; registered office address and address of the place of business if it is different.

It is **not essential to list the names of the directors** but if they are asked to be specified they must **all** be named. If directors are named the nationalities must be named of those who are not EC nationals.

Invoices **must** state the **VAT registration number**.

The **company name must be shown** on its notices, official publications, and bills of exchange, promissory notes, endorsements, cheques and order for money or goods, invoices, receipts and letters of credit.

The registered name must also be shown at **each office**, including the registered office or place of business.

Partnership

All business letters, orders, invoices, receipts, and written demands must clearly state the **name of each partner and an address within Great Britain** where any document may be served upon him or her, or state where a list of partners may be inspected.

A notice containing the names and addresses of the partners must be prominently displayed in any place where the business is carried on.

Invoices must state the **VAT registration number**.

Sole trader

May carry on business under a name other than his or her own name.

It is not necessary to register the business name, although it must be shown on all business documentation, together with the address at which the business is conducted.

A sole trader is not obliged to display their other business name but it may be advantageous to do so to inform passers-by of your existence.

Invoices must state the **VAT registration number**.

5. Insurance

Before starting to trade you should review the insurance cover with an insurance broker. basically, there are two categories of cover: -

Compulsory cover

- **Employer's liability** - personal injury or damage to personal property of employees
- **Motor insurance** for all vehicles

Voluntary cover

It is advisable to seek advice and obtain quotations on the following insurances:

- **Public liability** - personal injury or damage to personal property of the public
- **Property damage** - fire, theft, storm and flood water damage
- **Product liability** - indemnity against a product, which has been manufactured, treated or repaired and causes injury or damage to a third party
- **Business interruption** - consequential loss of profits resulting from fire, theft etc
- **Computer damage**
- **Bad debt cover**
- **Goods in transit**
- **Data breach insurance**

Other insurance's

Key-man insurance should be considered if the business is dependent on certain individuals. It may also be appropriate for the directors/ proprietors to take out life assurance policies on each other, and to consider critical illness and health insurance cover.

Contacts

If you would like to discuss any of the matters raised in this booklet, please do not hesitate to contact any of the following at Clive Owen LLP.

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