

STARTING UP

Your First Year in Business: A Start-Up Checklist

What to do before you start, in the first ninety days and by the end of year one, so that tax, records and cash do not catch you out.

FOR: START-UPS AND NEW DIRECTORS • NEW TO BUSINESS

Why a checklist helps

The first year of a business is busy, and most of the expensive mistakes are about timing: registering late, mixing up personal and business money, not setting tax aside, and finding that records were never kept. None is hard to avoid if you know what is coming. This checklist follows the order in which things tend to happen.

Before you start trading

- **Choose your structure.** Sole trader, partnership or limited company. It affects liability, tax and paperwork, and is easier to get right at the start.
- **Open a separate business bank account.** Even a sole trader benefits from one. It makes records easier and protects you if HMRC asks questions.
- **Decide how you will keep records.** Cloud accounting software, a spreadsheet or a bookkeeper, but choose one and start on day one.
- **Check insurance.** Public liability, professional indemnity, employers' liability if you will employ anyone, and cover for equipment and stock. Some contracts require specific cover.
- **Think about your name and your brand.** Check the name is free and that you can have the web address and social accounts you want.

In the first ninety days

- **Register with HMRC and, if relevant, Companies House.** Registration deadlines are short, and missing them can bring penalties. Our guide on registering your business sets out the main ones.
- **Set up invoicing and payment terms.** Agree terms in writing before you start work, and invoice promptly.
- **Set tax aside from the first sale.** A common habit is to move a fixed share of every receipt into a separate savings account. Your accountant can suggest the right share for your circumstances.
- **Keep every receipt.** A phone photograph is enough, provided it is legible and saved against the right transaction.
- **Check whether you need VAT, payroll or data protection registration.** Each has its own trigger, which our guides on registering and VAT explain.

Who this is for

- Anyone starting a business this year
- People leaving employment to go it alone
- New directors of a first company

Key points

- Register on time. Late registration is one of the commonest start-up penalties.
- Keep business and personal money apart from day one.
- Set tax aside with every sale.
- Record everything as it happens, not at year-end.
- Ask for help early. It costs less than putting things right later.

Months four to twelve

- **Review your numbers every month.** Compare what you expected with what happened. You do not need sophisticated reports, only a regular look at sales, costs, cash in the bank and what is owed to you and by you.
- **Chase invoices.** Late payment is a leading cause of early-stage cash problems.
- **Plan for the first tax bill.** The first Self Assessment or corporation tax payment often arrives as a surprise, and for sole traders it may include an advance payment towards the following year. Know the amount and the date well before it falls due.
- **Check your pricing.** Many start-ups price too low in the first months. After a few months of real figures, you can see what each job or product actually earns.
- **Think about your own pay.** If you have a company, decide how to take income, and put it on a regular footing, with the right paperwork behind it.

A simple first-year calendar

- **Month 1:** register, bank account, records
- **Month 3:** first review of the numbers
- **Month 6:** check pricing and tax set-aside
- **Month 9:** forecast the first tax bill
- **Month 12:** year-end, review, plan year two

Around the end of the first year

- **Year-end accounts and returns.** A company must file accounts and a tax return, and sole traders and partners file Self Assessment. The deadlines depend on when you started, so ask your accountant for your dates.
- **Look back and plan forward.** What did you earn, what did it cost to earn it, how much cash did you need, and what are you aiming for next year? A simple budget for year two makes decisions easier.
- **Review the structure.** If the business is doing better than expected, or you want to take on staff or investors, it is time to ask whether your set-up still fits.

Keep a start-up calendar

Put every date in one calendar from the start: tax payments, returns, VAT periods if registered, payroll filings, insurance renewals, and your own review days. Share it with your accountant so that nothing depends on memory.

Related guides

If this is useful, you may also want:

- Registering your business
- Budgets and cash forecasts
- Personal and business money

How King Street can help

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We help new businesses register correctly, set up their records and cloud software, agree a calendar of deadlines, and plan for the first tax bill. We also meet in the first year to look at the real figures, so you can adjust before small problems become big ones.

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