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Foundation

Starting a Business

Pt. 1

POCKET GUIDE Hyfa POCKET GUIDE

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Introduction

Hyfa Foundation provides practical financial education tailored to people at key life stages.

Our programmes provide financial lessons relevant to what you're going through, giving you the knowledge to navigate key moments in your life with confidence.

In this series of pocket guides, we share some helpful tips and advice for various key life stages.

To find out more, get in touch via our website...

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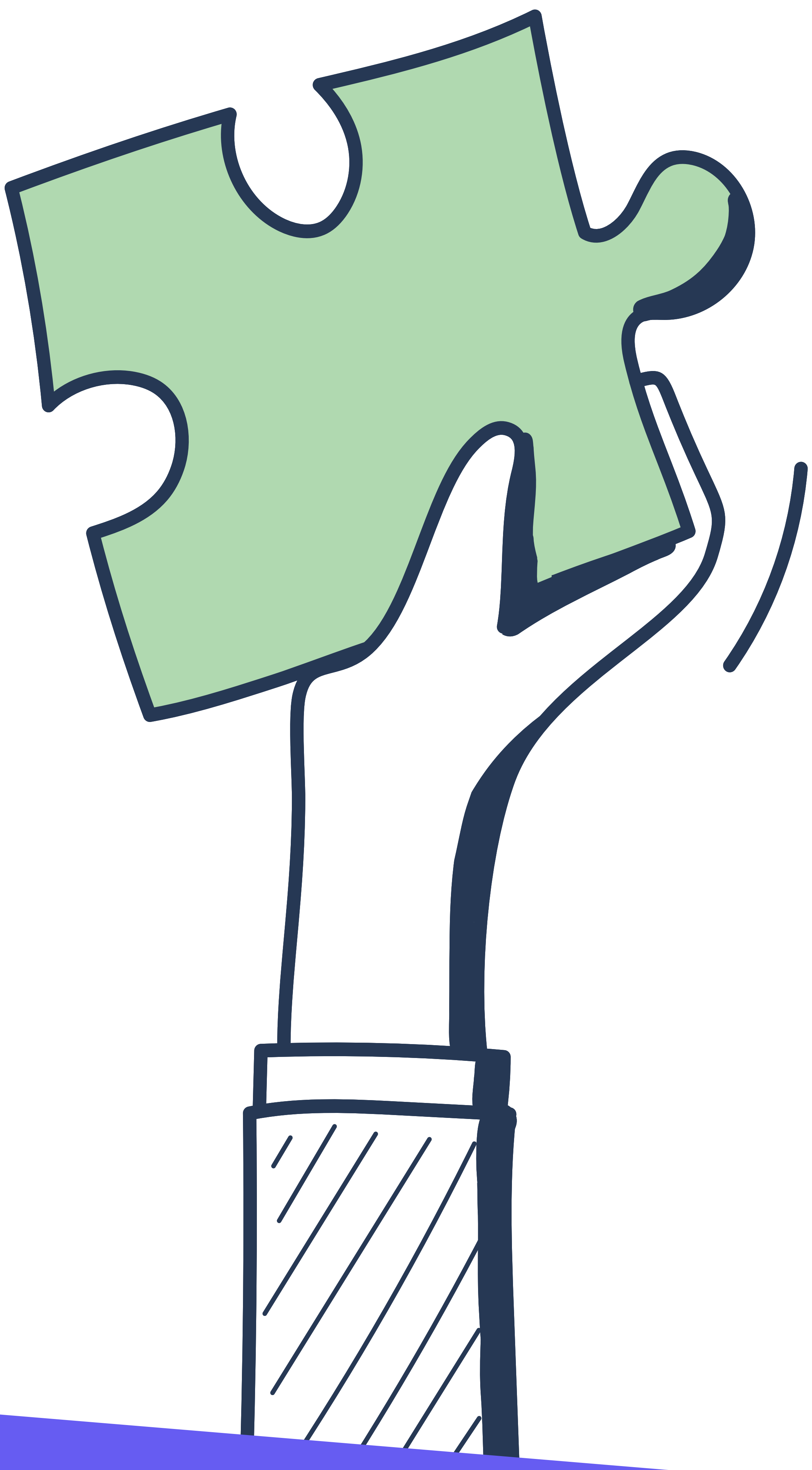
We'd love to work with you!



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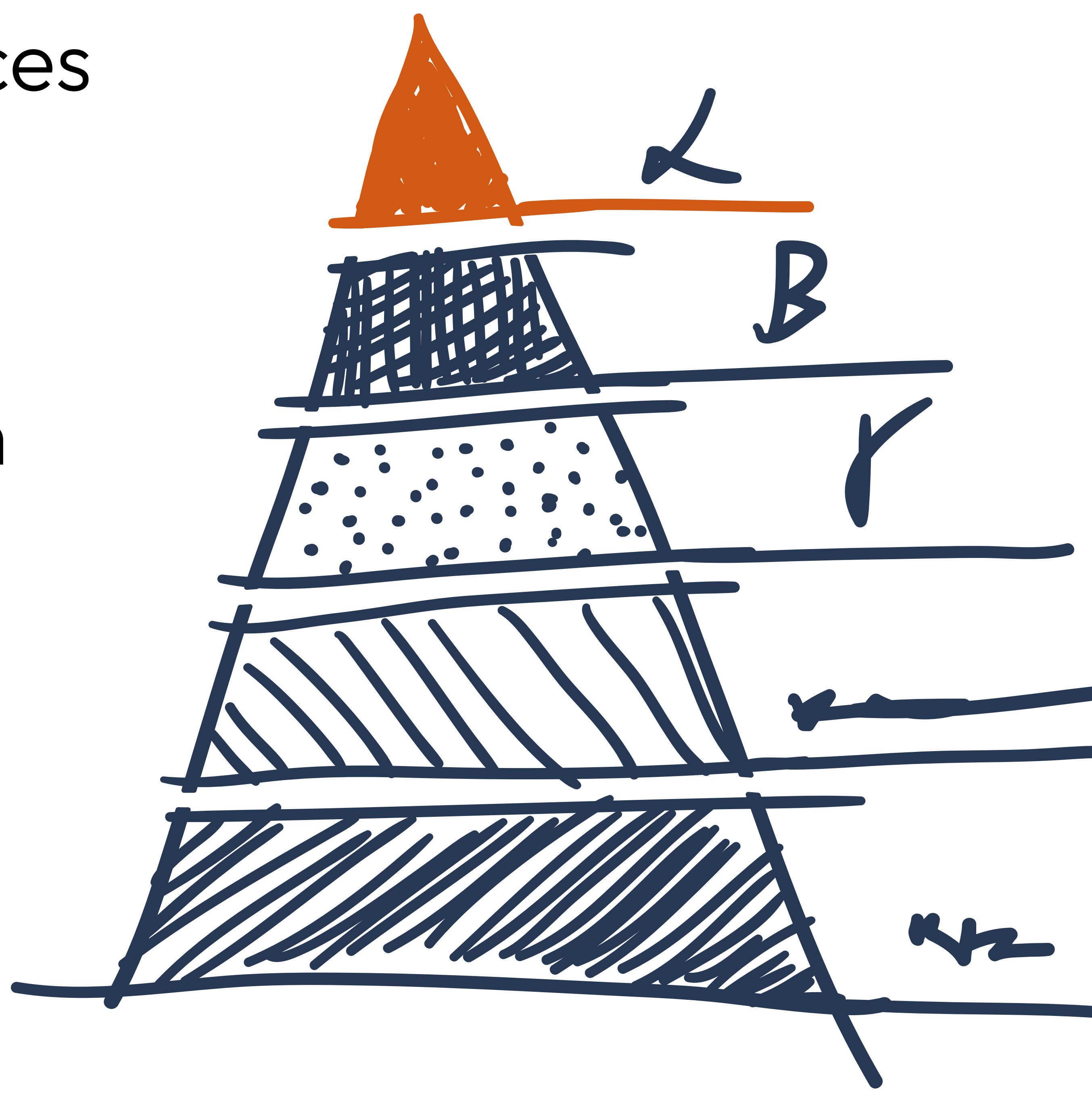
Starting a Business

Are you planning to start your own business?

It's an exciting journey that requires careful planning, dedication, and resilience.

It involves identifying a market need, developing a product or service to meet that need, and effectively managing resources to build a sustainable and successful venture.

We've written this pocket guide with practical advice in mind to help you plan your finances from initial startup costs, ongoing expenses, and a realistic financial projection to ensure sustainability.



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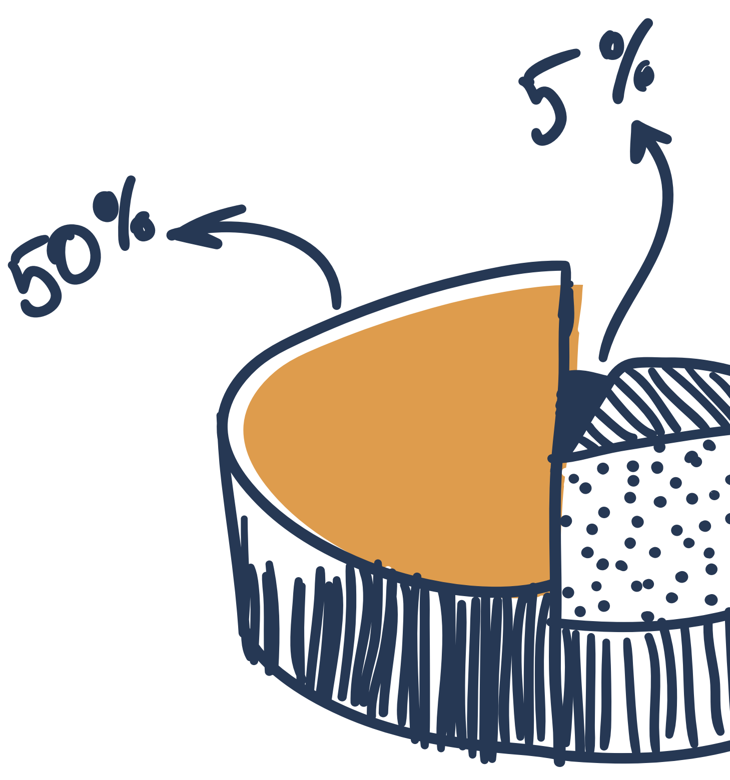
Creating a Business

Creating a Business

How to outline your business expenses and income



Detailed Expense Tracking
Categorise and track every business expense meticulously to understand where your money is going.

Realistic Revenue Projections
Base your income projections on thorough market research and realistic expectations to avoid overestimating revenue.

Emergency Fund for Business
Allocate a portion of your budget to building an emergency fund for unexpected business expenses.

Regular Budget Reviews
Periodically review and adjust your business budget to adapt to changing circumstances and ensure it remains effective.

Invest in Budgeting Software
Consider using budgeting software to streamline the process and gain better insights into your financial performance.

Managing Cash Flow

Strategies to maintain a healthy cash flow in your business

Implement Clear Payment Terms
Clearly communicate payment terms to clients to ensure timely payments and maintain steady cash flow.

Offer Early Payment Incentives
Encourage clients to pay invoices early by offering discounts, helping improve your cash flow.

Negotiate Supplier Terms
Negotiate favourable terms with suppliers to align payment dates with your cash inflow.

Build a Cash Reserve
Maintain a cash reserve to cover operational expenses during lean periods or unforeseen circumstances.

Regularly Review Receivables
Keep a close eye on accounts receivable and follow up promptly on overdue payments to minimise cash flow disruptions.

Choosing a business structure

Understand the financial impact of different business structures

Consider Tax Implications
Evaluate the tax implications of different business structures, as they can significantly impact your bottom line.

Understand Liability
Assess the personal liability associated with each business structure to protect personal assets.

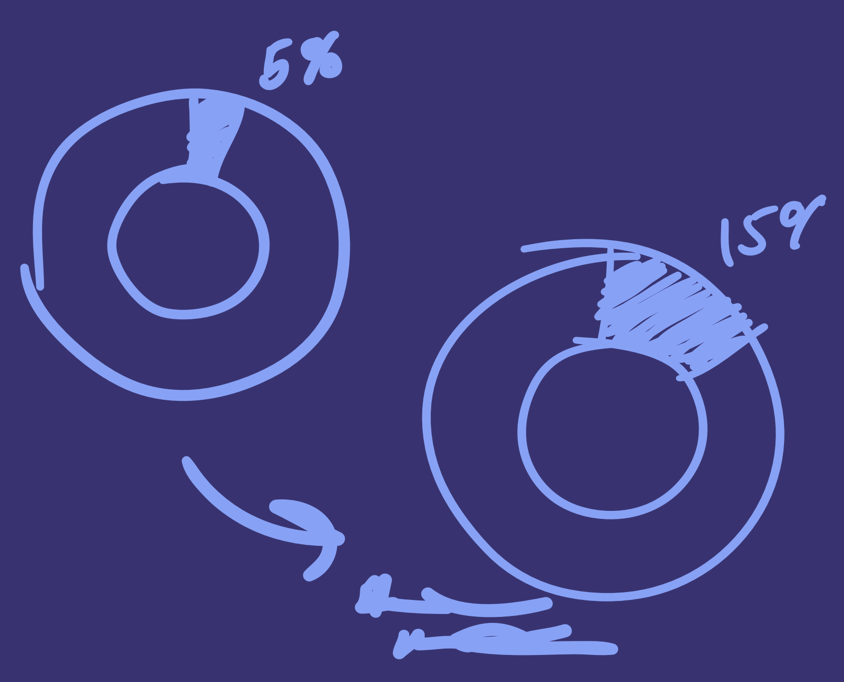
Evaluate Setup Costs
Compare the initial setup costs of different business structures, including registration fees and ongoing compliance costs.

Factor in Administrative Burden
Consider the administrative responsibilities associated with each structure and their impact on your time and resources.

Consult Accounting Professionals
Seek advice to choose a business structure that aligns with your financial goals and risk tolerance.

Quote

“Take the bits from this pocket guide you find useful and put one or two things into practice at a time.”



Stephen
Hyfa Foundation

Legal & Registration Costs

Understanding the financial implications of starting a legal

- **Research Legal Structures**
  Understand the costs associated with different legal structures for your business, such as Self-employment, Sole Trader, LLP or Limited Company.

- **Factor in Registration Fees**
  Budget for the registration fees required to legally establish and operate your business.

- **Consult Professionals**
  While it may incur costs, seeking accounting & legal advice upfront can help you avoid more significant financial issues down the line.

- **Compliance Costs**
  Be aware of ongoing compliance costs, including licenses, permits, and annual fees, associated with your business type and industry.

- **Consider DIY Options**
  For simple legal tasks, explore do- it-yourself options to save on legal fees, but be cautious and ensure compliance.

Balancing Personal & Business Finances

Ensuring your financial affairs are in order for your heirs

Maintain Separate Accounts
Keep distinct accounts for personal and business finances to simplify record-keeping and maintain clarity.

Set a Salary
Determine a reasonable salary for yourself as a business owner to separate personal income from business profits.

Monitor Personal Spending
Be mindful of personal spending habits and avoid unnecessary withdrawals from the business account.

Understand Tax Implications
Be aware of the tax differences and implications of personal and business income,and ensure you're compliant with tax regulations for both.

Understand Legal Requirements
Be aware of any legal requirements for insurance in your industry or location and ensure compliance.

Technology for small businesses

Cost-effective tech solutions for startups

Cloud-Based Tools
Utilise cloud-based tools for storage, collaboration, and software solutions to reduce upfront IT costs.

Open Source Software
Consider using open-source software options to access powerful tools without the high licensing fees.

Subscription Services
Explore subscription-based services for software and tools to spread costs over time instead of large upfront payments.

BYOD policy
Implement a Bring Your Own Device (BYOD) policy to reduce hardware expenses by allowing employees to use personal devices.

Regularly Evaluate Tech Needs
Periodically assess your tech requirements and eliminate or replace tools that are no longer cost-effective or necessary.

Adapting to market changes

Financial strategies for businesses in changing markets

- **Diversify Revenue Streams**
  Reduce dependence on one income source by offering various products or services.

- **Regular Financial Reviews**
  Conduct regular financial assessments to stay informed about your business's financial health. This allows for quick adjustments in response to market changes.

- **Flexible Budgeting**
  Allow for quick resource reallocation to adapt to market shifts.

- **Invest in Market Research**
  Stay ahead by understanding customer needs and competitor movements.

- **Build Cash Reserves**
  Maintain a cash reserve for unexpected expenses or new opportunities.

Quote

"I walked into the workshop on the first day not knowing anything & now I am confident within myself and any financial situation."

Programme Attendee
Hyfa Foundation

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Healthcare in Retirement

Securing funding

Tips for finding and securing startup funding

Create a Solid Business Plan
A well-thought-out business plan is crucial for attracting investors and lenders.

Explore Bootstrapping
Consider funding your business with personal savings or revenue generated by the business to maintain control and avoid debt.

Research Grants & Competitions
Look for grants and business competitions that align with your industry and business goals.

Network with Investors
Attend networking events and pitch your business to potential investors, showcasing its potential for growth.

Consider Alternative Lending
Explore alternative lending options, such as crowdfunding or peer-to-peer lending, for startup capital.

Tax Planning

Essential tax considerations for small business owners

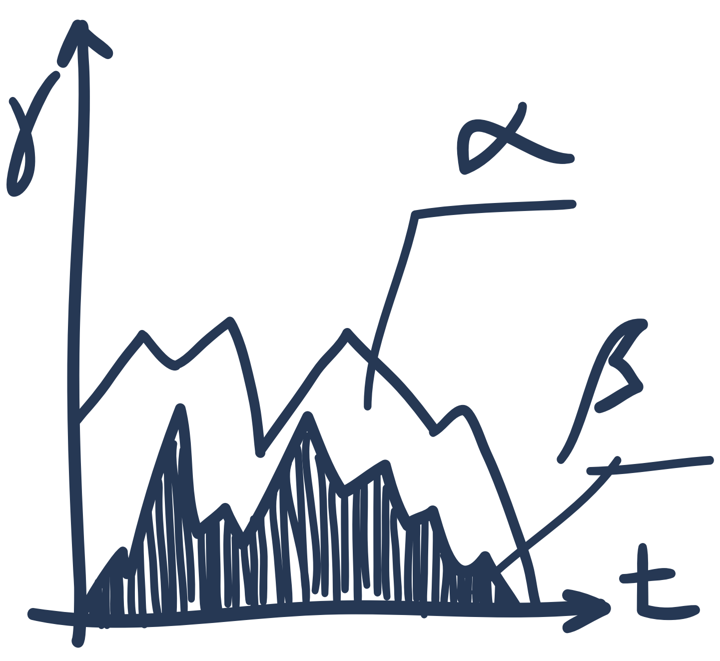
Understand Tax Deductions
Familiarise yourself with eligible business expenses and deductions to minimise taxable income.

Consider VAT Registration
Depending on your revenue, consider registering for VAT to reclaim VAT on business expenses.

Plan for Quarterly Taxes
For self-employed individuals, plan for quarterly tax payments to avoid penalties and manage cash flow.

Seek Professional Tax Advice
Engage a tax professional to ensure compliance with tax laws and identify opportunities for tax savings.

Utilise Tax Credits
Explore available tax credits for small businesses, such as research and development credits or employee-related credits.



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Retirement Planning for Entrepreneurs

Retirement Planning for Entrepreneurs

Building a retirement plan when you're your own boss

Start Early

Begin saving for retirement as soon as possible to take advantage of compound interest and build a substantial nest egg.

Separate Retirement Savings

Keep your retirement savings separate from your business finances to ensure you have funds specifically earmarked for your future.

Diversify Investments

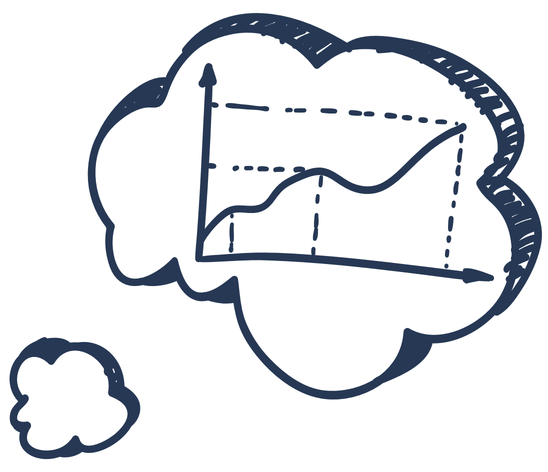
Spread your investments across different asset classes to minimise risk and maximise potential returns.

Plan for Business Succession

Develop a clear succession plan or exit strategy to ensure a smooth transition and financial stability when you retire.

Consult a Financial Advisor

Work with a financial advisor to create a tailored retirement plan that aligns with your personal and business goals.



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Team HYFA

These handy tips are intended to give you some ideas to manage the financial impact of starting a business.

Go for it!

Team Hyfa :)

Our programmes are available for:

- ✓ Students up to 25 yrs old, or older if studying with government support
- ✓ People living in deprived areas
- ✓ People on low incomes and/or government benefits
- ✓ Other in-needs groups

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