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Scared of red tape? Catherine Wheatley offers a simple guide to setting up your first firm

**Y**our idea is brilliant, your ambition is boundless, and even your back is behind you. But do you have a map to get you through the maze of paperwork required to start a business? Choosing a company structure, registering for tax, arranging insurance and complying with regulations can be daunting, as Clare O'Connell is discovering after setting up Pop Bakery, a hand-made cakes business.

Since leaving Cocomaya, the chocolatier and baker, three months ago O'Connell has won a contract to supply the London department store Harvey Nichols with her cakes on sticks. They come in a colourful array of designs, from pandas to poppies, and are also sold online, starting at £2.

For O'Connell, who works from her parents' kitchen in north London, finding customers has been less of a challenge than navigating the regulations.

With her background in the catering industry, she knew that food businesses are required to register their premises with the environmental health department of the local council. Camden council dispatched an inspector to check her hygiene routines and to show her how to keep records proving that standards are maintained.

"I imagined that all the surfaces would need to be tiled and that all the utensils should be stainless steel," she said. "In fact, what I



Sweet start: Clare O'Connell's Pop Bakery makes cakes on sticks

# The ingredients for a smooth start-up

Another reason to consider incorporation is that small-business corporation tax is set to fall to 20%.

Setting up as a sole trader is straightforward. Visit the HM Revenue & Customs website to register as self-employed by completing form CWEL. You must also arrange to pay Class 2 National Insurance contributions by filling

inform the Revenue that your business has incorporated, and the taxman will send you form CT40G to register for corporation tax. Company owners are responsible for keeping records and calculating their tax liability, which must be paid no later than nine months and one day after the company's year-end.

Like many novice entrepreneurs, Lovell Grove was surprised and confused by the paperwork required to launch a business. She left Topshop eight months ago to open Looby Loos Boutique, a vintage clothing store in Cardiff. She found the financial form filling impossible without help, so she turned to Business Link for advice

account for commercial finances. For incorporated businesses, which are independent legal entities, it is essential. The high-street lenders may try to persuade you to choose a business bank account with hefty fees and associated advisory services, but a regular current account is sufficient for a simple venture, Warhamton said.

## BUSINESS DOCTOR

### FIXING ERRORS AT COMPANIES HOUSE

GR writes: I have taken over running of a small family business and have been trying to sort out the company's status books and reconcile the shares register with the documents at Companies House. It appears that some of the documents may not have been completed correctly. What are the proper implications of this and what I do to correct the records at Companies House?

It depends on the precise nature of the error, writes Chris Lave, a partner at Elystone Smith LLP. For example, if it is a simple case of the wrong form being used, it should be fairly easy to file the correct one at Companies House. However, removing incorrect documents from the public record requires court order.

If Companies House placed public record a document that later found to contain an error ought to have led to its rejection by the registrar of companies has power to remove the document. However, if Companies House accepts and places on the record a document containing information that is factually incorrect, but