

BUSINESS TOOLKIT

Starting a media business



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Starting your own business is challenging, but can be very rewarding when your hard work comes to fruition and you are running a successful business. The government remains keen to support new businesses and, whilst bank funding can be extremely difficult to find for newly established businesses, there are some very attractive tax reliefs available to investors in new businesses.

Proper planning is essential and taking advice in the earliest stages of starting your business can make all the difference. Whether this is your own market research, guidance from individuals who have been through it all before or professional advice from accountants, lawyers and banks, it is important to make sure you start in the best possible position to succeed.

If you have already made the decision to take the plunge then let us be the first to congratulate you - it's a hugely exciting time for you. You can write the future, work the way you want to work and, if things go well, maybe in a few years choose not to work at all.

In this toolkit, we hope to give you a guide to the key factors when setting up your own business in the media and marketing services sector. If you are to achieve success you will need:

- Confidence in yourself and your own abilities
- A viable, commercial proposition or client offering
- A detailed understanding of the market in which you will be operating
- Knowledge of the competition
- A thorough business plan with financial projections
- Adequate financial backing
- Appropriate professional support
- Some awareness of commercial, legal & tax matters

Checklist

1. Registered address and Maintenance of registers
2. Annual confirmation statement
3. Company stationery
4. Shareholder's agreement
5. Bank account
6. Accounting system and software
7. Annual accounts
8. Accounting system
9. VAT registration & returns
10. Corporation tax return
11. Competitor/performance analysis
12. Paying yourself tax effectively
13. Personal tax return
14. Employment contracts
15. PAYE registration and payroll
16. PAYE & NIC
17. TUPE
18. Using contractors
19. Preparation of PIIIDs & PSA
20. Auto-enrolment
21. Insurance
22. IP rights
23. Data protection
24. Client contracts
25. Finance & fundraising

STARTER FOR TEN

Start-up funding

Funding your business is absolutely crucial. Initially this will be personal, friends & family and angel investment, taking advantage of tax incentive schemes such as EIS and SEIS as well as claiming R&D tax credits. We can advise on all three.

Company secretarial

Once you've decided on a name we can check whether it is available and then incorporate your company for you. We'll also maintain all of the registers that the business needs on our specialist software and ensure that your annual confirmation statement and other documents are filed on time with Companies House.

Registered office

You'll need an address to register your company at. Many of our clients register at our offices before they have a permanent home. We'll make sure any important paperwork doesn't slip through the net.

Company stationery

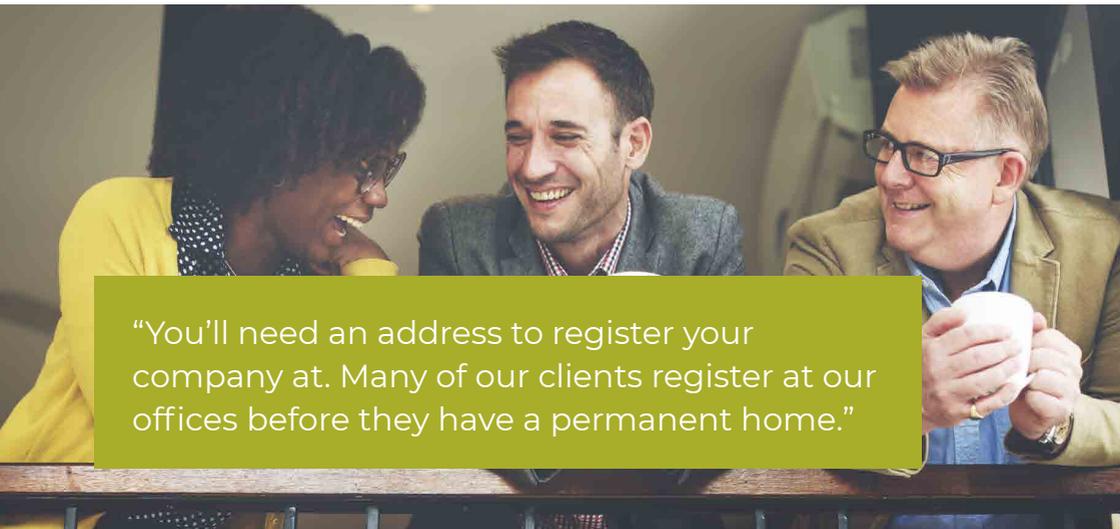
You probably have some ideas for your corporate branding but we'll make sure you know exactly what can, must, or cannot be included on your notepaper, website, invoices etc. This will vary depending on the legal status of the company.

Shareholder's agreement

One of the first things you should think about once you have set up is a shareholders' agreement. This will cover what happens to the business and individuals in a variety of circumstances, including if one of you is unable to work for whatever reason, if one person wants to leave the business or if somebody dies. Our legal team can draft this for you.

Bank account

Your business will need a bank account. Setting one up can take a long time so it's best to get onto this as soon as you have incorporated a company. We can make recommendations to banks that we know understand the media and marketing services landscape.



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GETTING UP AND RUNNING

Bookkeeping & management accounts

Good financial management of a company can be the difference between success and failure. You should be spending all of your time on what you're best at – winning clients and producing great work – not spending your time focusing on your day to day accounting and bookkeeping. We will look after all of this for you and we have a purpose built online platform – KS Connect – so that you can review live financial information securely on-line in the cloud.

VAT

We can deal with your VAT registration. This process can take some time so we'll get this started as soon as you have a bank account set up. We will also prepare your regular returns as part of our bookkeeping and management accounts process, and our specialist team can deal with any ad-hoc questions that come up.

Accounting systems

We understand that keeping your costs down is critical in the early days of a business. We use the latest cloud based accounting software that will link directly to your bank accounts and credit cards to extract information directly, removing the need for time consuming (and expensive) manual data entry. All of our software works with mobile phone based apps for you to capture any expenses you've incurred while you're out and about without needing to worry about keeping receipts.

Statutory accounts

The business will need to prepare accounts once a year and file them on public record at Companies House.

We will look after this for you and make sure the accounts are prepared in accordance with relevant accounting standards and include all the necessary disclosures of information.

Key performance indicators

We will provide you with industry specific key performance indicators and compare your own performance against the Moore Kingston Smith industry averages and/or specific competitors.

Corporation tax

Corporation tax is a tax on profits so one of the hazards of running a successful business is that you'll have some tax to pay. We'll prepare the company's tax return for you and make sure you're not paying any more than you need to.

Paying yourself

There are a variety of ways that you can extract money from your business, including salary, bonuses, dividends and pension payments. We'll look at the bigger picture including shareholders personally as well as the company and make sure you're getting cash out with the minimum overall tax charge.

Personal tax

In whatever way you extract money from your business you'll need to include details in a personal tax return and submit that to HMRC annually. Our dedicated team will prepare your return on your behalf, again working to ensure you don't pay any more than is absolutely necessary.

EMPLOYING YOUR TEAM

PAYE registration

Your business will need to register a PAYE scheme with HMRC. We can do this for you.

Employment contracts

Your employees are your most valuable asset and getting their contracts right from day one is critical. We have a dedicated HR consultancy that will work with you to draft contracts that reflect your business' values and ensure you don't fall foul of ever changing employment law.

Payroll

We have a payroll team that can handle all of this for you. You'll have a dedicated person looking after you; just tell us how much you want to pay your team and we'll do the rest. We'll send each of your employees an electronic payslip through our encrypted software and let you know how much to pay staff and the tax man each month. We can even make payments for you (as long as you give us the money first!).

“You'll need to think about pensions auto-enrolment for your team from an early stage and we'll help you find a pension provider that can deal with this for you.”

TUPE

If you win a big client from a competitor you may have to deal with the TUPE transfer of some of their employees. This can be a real headache for a small business and our team can help you navigate through this.

Using freelancers

Using freelancers in your early days gives you maximum flexibility on your costs whilst allowing you to plug skills gaps that don't yet need a permanent hire. We'll work with you to ensure that you don't fall into any of the tax traps and risks that come from engaging with freelance staff.

Benefits

There are complex rules on the tax consequences of providing any benefits to your staff. You'll probably need to prepare P11ds and enter into a PSA agreement with HMRC but we'll look after all of this for you on your behalf.

Pensions

You'll need to think about pensions auto-enrolment for your team from an early stage and we'll help you find a pension provider that can deal with this for you. It won't be the first thing that you think about but when the time comes you may want to consider personal pension contributions and, through our registered IFA business, we can help you set up something to provide for your long term security.

OTHER CONSIDERATIONS

Legal considerations

You will need a lawyer who can help you with drafting contracts that protect your position with your clients. They will make sure that the terms you think you've agreed with your clients are properly reflected to ensure that you are safeguarded if something goes wrong.

Data protection legislation is becoming increasingly onerous so you'll need to make sure that you're up to date with your responsibilities and obligations.

You'll also need to take steps to protect your name, website and IP rights over any original work and designs to make sure that all of your revenue opportunities are maximised.

We will be happy to make some introductions to lawyers with experience in this sector.

Insurance

There are many types of risk that you can insure against but you'll definitely want to consider public and third party liability insurance, employers' liability insurance (required by law), business interruption insurance, professional indemnity insurance and key man/shareholder protection. We'll put you in touch with the right people to put all of this in place.

Audit

The business probably won't require a statutory audit for a while unless you have investors or funding from a bank that insists on it but it might be something that you consider further down the line to give interested third parties some additional comfort over your numbers. When that time comes we can take care of everything for you.

Employee incentives

Keeping your staff happy and motivated is crucial to the success of any media business. By using the model that we have developed over the last 25 years, we are able to advise clients on the best ways of doing this, from simple or structured bonus schemes all the way through to tax effective equity incentives for new partners or senior hires. We can get this up and running for you, including the legal drafting.

FURTHER DOWN THE LINE

Corporate finance

As you grow, your funding options will increase, with both debt and alternative investments such as crowd funding available in advance of the Series A equity round. When the time does come for the Series A round we have a network of contacts that we can introduce you to.

If all goes according to plan, you may eventually look to buy other businesses to help expansion or even think about selling your business. As well as helping you develop a clear strategy to identify ways of making your business attractive to buyers, our dedicated corporate finance team has a wealth of experience dealing with transactions in this sector and will help you ensure that you minimise risk and simultaneously maximise the value you have in your business.

International expansion

If you are working with international brands you may fairly quickly find yourself working closely with clients in other countries. If things progress you may start thinking about opening an office, or at least having a formal presence in another country. This is a very big step for any business and we've got a huge amount of experience that we can share with you to make sure you avoid the pitfalls. Moore Kingston Smith is part of the Moore Global Network, which has offices in every major commercial centre worldwide. Because so many media businesses now set up in the US, we also have a dedicated office in LA.

Strategic advisory services

We're not just corporate finance professionals and accountants; we also provide precisely the kind of strategic growth advisory support to drive the greatest potential uplifts in performance and EV. Our team is expert at helping organisations to achieve step-changes in performance in key areas such as:

- Business development
- Talent management
- Finance & operations
- Strategy & planning

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ABOUT MOORE KINGSTON SMITH

Moore Kingston Smith LLP is one of the UK's top 20 audit and accounting firms, and an independent member firm of Moore Global Network Limited.

Moore Kingston Smith's West End office, with its team of six partners and 80 staff, specialises in advising media businesses. We provide a full range of audit, tax, outsourcing and corporate finance services, as well as legal and strategic advisory services. Such specialist areas of advice include employee incentive schemes, valuations, HR consultancy, wealth planning and mergers & acquisitions.

Our clients are spread across the media sector, covering all the key disciplines within marketing services, TV and commercial production, theatre, creattech, publishing, consulting and music.

Our services have been developed to advise

growing, successful businesses at every stage of their growth, with our clients ranging from start-ups and sizeable independents through to multinationals and AIM listed groups.

International expansion is of increasing significance to our clients' growth plans. At Moore Kingston Smith, we support our clients as they move into new markets, providing commercial and timely advice throughout the transition and using our international network to assist them locally. As part of our international focus, we are also commercial partners of the Creative Industries Council www.thecreativeindustries.co.uk, which works with the UK government to put creative businesses at the heart of the UK's productivity and growth agenda.

For more information on Moore Kingston Smith's services to the media sector, visit www.mks.co.uk

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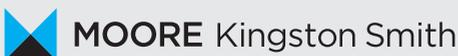
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