

Please contact your LawNet Solicitor to discuss starting your own business

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# Starting your own Business

A helpful guide



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Starting your own business holds strong attractions; being your own boss, flexible hours, successful enterprise, financial gain to name but a few. It also brings with it extra responsibility, long hours and the requirement to comply with a raft of legal and regulatory issues.

You will have to consider factors such as:

- Legal business formats
- Partnerships
- Directors' responsibilities
- Employment law
- Health & safety
- Duty of care
- Civil & criminal liability
- Data protection legislation
- Breach of contract
- Law of tort
- Copyright
- Company secretary duties
- Verbal vs written agreements
- Trade marks
- Breach of duty

This guide gives you a brief insight into the most important areas to consider. If you would like to discuss one particular aspect or the whole process of starting your own business, please contact us and we will be happy to advise.

## First Steps

Before you even begin to think, or discuss, the legal requirements of owning your own business you should first ask yourself if you have the necessary skills.

Are you committed, motivated and disciplined enough to put in the extra hours that will be required of you? Do you have a sound product/service? Do you have the necessary financial backing? Do you believe in it?

If you can honestly answer yes to these questions then read on.

## Business Plan

A business plan is essential for any business and is a road map for the future. If you are trying to secure funds then a plan is the first thing a bank or investor will ask to see, therefore it is crucial to get it right.

### In your business plan it is essential to include

- Executive Summary - Highlighting the main points to capture people's attention
- Market Research - Showing that you have analysed the market place and the viability of your proposed venture
- Competitor Analysis - Competitors and their strengths and weaknesses. Why your proposal will work
- Marketing Plan - How are you going to deliver your product/service to your target audience. What is your unique selling point?
- Financial Information - Key ratios, financial data, details of any loan funding and how you will pay it back, return on investment for venture capitalists
- Summary - Your commitment and ambitions for the business

This is a very brief insight – for further guidance please visit <https://www.gov.uk/write-business-plan>

## Your legal trading status

You will also need to decide under which legal status you will trade. Every legal structure comes with its own advantages and disadvantages (see opposite table).

Legal Structure	Advantages	Disadvantages
Sole Trader	Independent, ease of set up and running, profits not shared	Lack of support, unlimited liability - personally responsible for debts
Partnership	Ease of set up and running, partner support, varying skills each partner brings to the business	Disagreements between partners, unlimited liability - all partners personally responsible for debts
Limited liability partnership (LLP)	Flexibility of a partnership and your personal liability is limited, no restriction on numbers	More complex and costly than other structures
Limited liability company	Personal financial risk is restricted to just how much you invest and guarantee (in terms of loan funding) in the business	Brings a range of legal duties including the filing of statutory documents and accounts at Companies House
Franchise	Success of an established business, support networks	Freedom is limited, share of turnover goes to the franchisor

## Raising Finance

Every business will need start-up capital, and then once trading commences you will need funds to pay for ongoing expenses. Finance can come in a variety of formats:

- Self finance
- Friends and family
- Bank loan / overdraft
- Outside investment
- Grants and government support

Your business plan will need to be tailored for the type of finance you require. If for example you choose to approach a bank, you will need to illustrate in your cash flow forecasts how you intend to pay back the loan.

## Protecting your business

Any business has intellectual property (IP) in some form or another. There are four main intellectual property rights which provide protection for your business.

- Patents
- Design right and registered designs
- Trade Marks
- Copyright

It is important that before you create a new product or service you conduct the appropriate intellectual property right searches. This will avoid the costly expense of having to change your name or service provided due to a possible conflict with those of an existing business.

Your IP is likely to be a very valuable asset to your business. It is vital that you understand all options and issues associated with IP and again we can offer support and advice in this area.

## Employment Law

This is an area that is constantly changing so it is essential that you keep up-to-date with the latest legislation. We can advise in this area and give your business a complete employment package keeping you abreast of all the legislation changes.

We can advise on all employment law factors such as: employment contracts and policies, health & safety law, breaches of contract, employee disputes, disciplinary and dismissal procedures, immigration law, staff records, agency workers and many more employee related issues that are too long to list here!

## Taxes, payroll and returns

There are a variety of tax benefits and reliefs available to new businesses. Capital allowances, research and development tax relief and stamp duty relief are just a few that can apply.

You won't automatically qualify for such relief though. You have to know what you can claim and then actually apply for them. Tax can be a very complicated area so it is vital that you seek the right advice as the savings can be substantial.

You will also need to consider other items such as VAT and returns, National Insurance contributions, Business Rates, Corporation Tax and the like. The right advice in this area is essential.

## What happens next?

Now you will need to think about everything else. Marketing your product is a huge field to cover but fundamentally it means the method by which you get your products and/or service into the market place and attracting people to purchase them.

Don't be tempted to rush out and order lots of glossy brochures without first analysing who your target market is and what you are trying to achieve.

There are also legal requirements that you need to consider when ordering your stationery. You should include your company name, contact details, VAT registration number and name(s) of the proprietors, directors or partners.

At sometime during the course of your business life cycle you will also have to consider data protection rules.

Again, we can help in the area of data protection.

## Seek advice early!

It pays to get advice early on with this process. We have complete package deals for the formulation of a new business and we would be delighted to help you on your way to success.

**Ring now for an initial free consultation.**