




Clarkson Wright & Jakes
Solicitors and Notaries



STARTING YOUR OWN BUSINESS

A HELPFUL GUIDE



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This booklet deals in general terms with a complex subject. Whilst we believe the contents to be correct, they should not be regarded as sufficiently full, accurate, or precise so as to apply to any particular situation. You must always seek legal advice concerning any situations referred to in this booklet.

This booklet does not constitute legal advice.

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This firm is regulated by the Solicitors Regulation Authority.

Starting your own business provides strong attractions and benefits such as independence, flexible working hours, business success and potential financial rewards. It also brings with it extra responsibility; long hours, hard work and the requirement to comply with a constantly changing framework of legal and regulatory issues.

You will have to consider factors such as:

- Legal Business Formats
- Breach of Contract
- Partnerships
- Law of Tort
- Directors' Responsibilities
- Copyright
- Employment Law
- Administrative Duties
- Health & Safety
- Verbal vs Written Agreements
- Duty of Care
- Trade Marks
- Civil & Criminal Liability
- Breach of Duty
- Data Protection Legislation

This guide should give 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 consider or discuss the legal requirements of setting up and 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 your business?

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

Business Plan

A business plan is essential for any business and serves as a roadmap for the future. If you are trying to secure financing, then a business plan is among the first things a bank or investor will ask to see. Therefore, it is crucial to get it right.

You will have to consider factors such as:

- **Executive Summary** Highlighting the main points to capture the stakeholder's attention.
- **Market Research** Showing that you have analysed and understand the marketplace and the viability of your proposed venture.
- **Competitor Analysis** Competitors and their strengths and weaknesses. What makes your proposal valuable?
- **Marketing Plan** How are you going to deliver your product or service to your target audience? What is your unique selling point?
- **Financial Information** Key ratios, financial data, details of any debt financing required, and how you will pay back any finance return on investment for investors.
- **Summary** Set out your commitment and ambitions for the business.

This is a very brief insight – for further guidance, you can visit the following website, which has detailed information about preparing a business plan:
<https://www.gov.uk/write-business-plan>



Raising Finance

Every business needs 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
- Crowd Funding

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

Your legal trading status

You will also need to determine the legal structure and trading status under which your business will operate. Each business structure comes with its own set of advantages and disadvantages (see table below).

Legal Structure	Advantages	Disadvantages
Sole Trader	Independence, simple set up, lack of formality, full control, profits not shared	Less support, unlimited liability – you are personally responsible for the debts of the business
Partnership	Simple set up, shared responsibility and skills with partners	Disagreements can arise between partners, joint unlimited liability - all partners are personally responsible for debts
Limited Liability Partnership (LLP)	Flexible structure, each partner's personal liability is limited, no maximum number of partners	More complex and higher set up costs, less commonly understood
Limited Company	Limited personal liability to how much you personally invest in the business	Statutory filing duties, more regulation, higher compliance costs
Franchise (use any of the above formats)	Harness the success of an established business, support network	Limited freedom (constrained through franchise agreement), can be difficult to terminate, share of turnover goes to the franchisor and/or a commission

Protecting Your Business

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

- Patents
- Trade Marks
- Design Right & Registered Designs
- Copyright

It is important that before you create a new product or service, you carry out any appropriate intellectual property rights searches. This can help avoid costly disputes and a potential need for rebranding.

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

Employment Law

This is an area of law that is constantly changing. It is essential that you keep up-to-date with the latest legislation.

We can provide comprehensive employment advice tailored to your business, ensuring you stay up to date with all legislative changes.

We can advise on all employment law factors such as:

- Employment Contracts
- Health & Safety Law
- Employee Disputes
- Immigration Law
- Staff Records
- Policies
- Breaches of Contract
- Disciplinary / Dismissal Procedures
- Agency Workers

Taxes, Payroll and Returns

A variety of tax benefits and reliefs are 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 all reliefs, though. You need 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 savings and pitfalls can be significant.

You will also need to consider other items such as VAT and returns, National Insurance contributions, Business Rates, Corporation Tax and the like. You should seek advice early from an accountant or tax adviser.

See HMRC guidance for businesses:
www.gov.uk/topic/business-tax



What Should You Do Next?

With the foundations of your business in place, it's time to consider how you will promote and position your product or services.

Marketing encompasses a wide range of activities, but at its core, it involves identifying your target audience and determining the most effective way to reach them.

Avoid the temptation to invest in promotional materials, such as brochures or advertising, without first understanding your market and getting clear objectives.

There are also legal obligations to keep in mind when producing business stationery and setting up a website. Your materials should clearly display your company name, logo, contact details, VAT registration number and the name(s) of the proprietors, directors or parties, as applicable.

In addition, data protection regulations will become increasingly important as your business grows. Ensuring compliance from the outset will help you avoid potential legal issues down the line.

We are here to advise you on data protection and to help ensure your business meets its legal responsibilities every step of the way.

TAKE ADVICE EARLY

Call now for an initial consultation.



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It pays to get advice early. We can help you in the areas outlined above and more. We would be delighted to help you on your way to success.