

An introduction to certain issues regarding new business start-ups

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Introduction

- Partner in the corporate team at Myerson Solicitors LLP
- Qualified in 1997
- Merges and acquisitions, shareholder/partnership arrangements and investments, share options, group re-organisation, distribution, franchising and licensing
- One of the largest independent legal practices in the North West, providing a genuine partner-led service
- Nationally recognised by The Times, listed as one of the “Best 200 Law Firms in the UK in 2019 and 2022”
- Consistently recommended “Top Tier” by the prestigious Legal 500, across a variety of specialist fields



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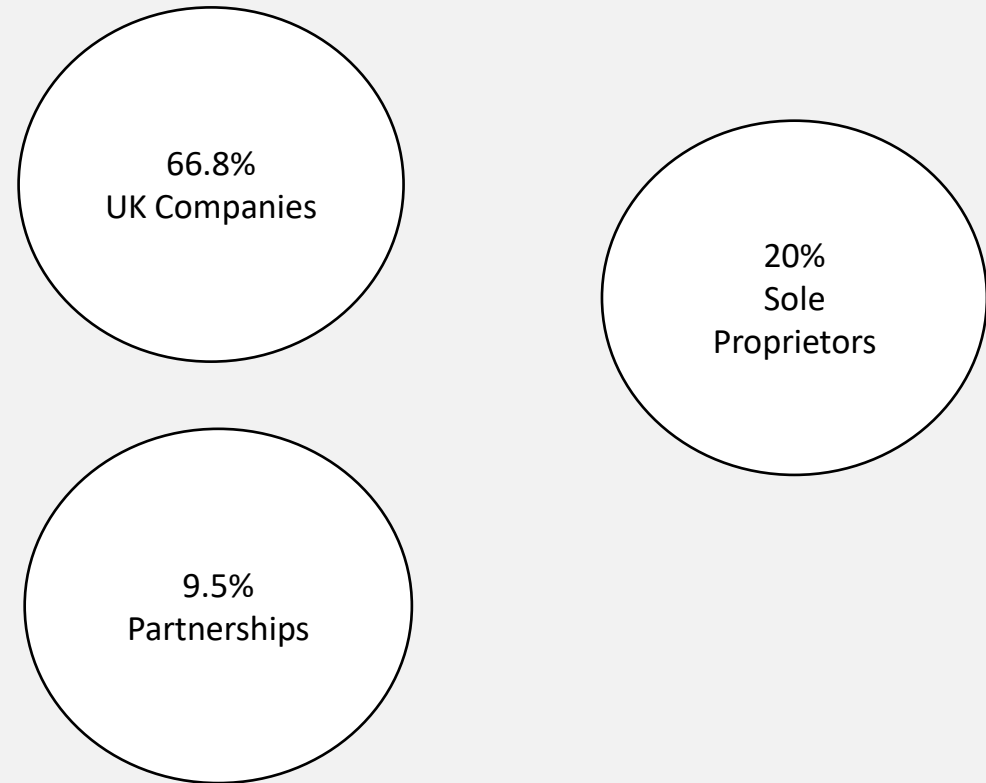
Choice of business structure

Two overriding factors in dictating choice:

- Limited liability
 - Tax treatment
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- Structures:
 - **Sole trader** - in name of business owner, personal liability.
 - **Partnership** - two or more persons, joint and several liability, partnership agreement recommended.
 - **Limited liability partnership or LLP** - two or more persons, limited liability, filings at Companies House, LLP agreement recommended.
 - **Private limited company** - limited liability, filings at Companies House, separation between the shareholders as the owners and the board of directors as the management. Consider if shareholders' agreement and/or new articles of association required.



Current Business Landscape



Source: ONS UK Business activity, size and location 2015.

Standard terms of business

- Terms of business (or terms and conditions) is the document governing the contractual relationship between the provider of a service and its customer.
- **Standard form:** Typically a standard form is adopted by the provider of the service and sent to each client at the outset of each new matter (for example dealing with inter-alia charges and payment, limitation of liability and termination).
- **Certainty:** While a verbal contract can be binding, proving its existence can be difficult should there be a challenge from the other party. Ensuring all contractual arrangements are clearly recorded in writing is essential. Formal written contracts provide clear evidence of the intention of the parties and their responsibilities. This includes the payment terms (i.e. scope of work, costs, period for payment), which can be critical for any start-up operating on fine margins.



Standard terms of business

- Redress if a problem arises: Will decrease the frequency of formal disputes and save costs.
- Flexibility: Your terms and conditions would be customised to suit your business offering. Thereby providing the protection you need, mirroring the exact way you trade day-to-day and the way which you wish to develop in the future and ensuring your compliance with any legal and regulatory requirements within your sector.
- Protecting value: If your business will receive or create intellectual property, for example copyright, patents or trademarks, there will be an inherent value to this. You should ensure that your rights in such intellectual property are properly protected.



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Standard terms of business

- Efficiency: Once you have standard terms in place, you can streamline the day-to-day running of your business (e.g. new instructions can be processed quickly under order forms which are incorporated into your standard terms).

Professional advice

- Instruct professional advisers to advise on start-up issues (legal and tax issues).
- Ongoing assistance (e.g. accountants – accounts/tax return, solicitors – legal advice).



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