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## **BUSINESS LAWS**

### **10 TOP TIPS OF WHAT YOU NEED TO KNOW BEFORE SETTING UP A COMPANY**

Starting up can be difficult especially if you are unsure of the processes and you are unfamiliar with the legal side of things. Emma Cameron, an Associate in the corporate department at the Watford based Legal Practice Matthew Arnold & Baldwin, gives the following top tips on what you need to know about the legal side of things when starting your business. Emma specialises in corporate finance and advises clients on the acquisition and sale of businesses and shares. She also advises on joint ventures, limited liability partnerships, shareholder arrangements and fundraisings.



#### **1. DECIDE ON THE BEST STRUCTURE**

It is possible to trade in a variety of ways, examples include: a limited liability company, sole trader, traditional partnership or limited liability partnership (LLP). Which structure is best for your business will depend upon a number of factors such as the number of persons involved, your tax situation and whether you want the protection of limited liability.

It is important to determine the best structure from the outset so as to maximise on the benefits of the structure you choose and avoid incurring extra costs by changing the structure at a later date.

#### **2. DOCUMENT YOUR STRUCTURE**

If your chosen structure involves other persons such as investors, lenders, shareholders or business partners, it is important to document the terms of your relationship with them. Even if these persons are friends or family, it is always best to formalise the relationship.

Consider issues such as:

- how should profits be divided?
- how will important management decisions be made?
- what happens if someone leaves or dies?

#### **3. WORK OUT HOW YOUR BUSINESS WILL BE FINANCED**

Consider all financing options. In addition to bank finance, you may qualify for Government grants. Business "angels" or "dragons" may also wish to invest. When negotiating the terms of any finance, take into account not just the amount of money lenders or investors will provide but the security they request. It is highly preferable not to put your personal assets at risk.

#### **4. CHOOSE THE BUSINESS NAME CAREFULLY**

If you wish to incorporate a company or a limited liability partnership, you will need to check that no one else has registered the same name (or a name which is essentially the same) at Companies House.

You also need to check that no one else is using the same or similar name for the same or similar goods or services. If you fail to check this, you may infringe someone else's trade mark.

There are legal restrictions on using certain words in a business name (for example, "dentistry" or "Inspectorate"). If you want to use such words, you need to seek the consent of the Secretary of State and any relevant regulatory authority.

It is best to give careful consideration as to the business name before you spend money on creating a brand.

#### **5. PROTECT YOUR NAME AND INTELLECTUAL PROPERTY**

Once you have chosen the name for your business, make sure that you protect the name and any logo. You should consider registered trade mark protection. You should also ensure that you register all relevant domain names, including variations such as .com and .co.uk. Dependent on the nature of your business, you may also require other forms of protection such as patents or registered design rights.

#### **6. DISPLAY YOUR NAME AND OTHER INFORMATION**

By law, companies and LLPs must display their registered name at their registered office, other places of business and on their website and other business communications such as letters and compliment slips (irrespective of whether the communications are in hard copy or soft copy).

Partnerships with 20 partners or less must list the names of all of the partners on all business correspondence. However, partnerships with more than 20 partners can refer their principal place of business and state that a full list of the partners' names and addresses can be



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inspected there.

It pays to take advice to check that all relevant details are included on your paperwork before paying for any print runs.

### **7. USE TERMS AND CONDITIONS**

Your business should contract on its own standard terms and conditions (T&Cs). These T&Cs are important as they will set out, for example, your payment terms, the limit of your liability and whether or not you retain title to goods sold pending receipt of payment.

These T&Cs should be properly brought to the attention of all your customers and suppliers so as to avoid the T&Cs being found to be unenforceable, or over-ridden by the T&Cs of your customers or suppliers.

### **8. ENSURE YOU COMPLY WITH EMPLOYMENT LAW**

Even if you do not put written employment contracts in place, certain minimum rights are implied by law. Therefore if the business takes on someone to help out on a temporary basis, that person will accrue certain rights. Take particular care if you wish to use foreign workers. You should check that any foreign workers have the right to work in the United Kingdom.

### **9. DON'T TAKE RISKS WITH HEALTH AND SAFETY**

Employers have legal duties relating to the health and safety of their employees, contractors and members of the public. If an employer employs 5 or more people, it must have a written statement of its health and safety policy and bring the policy to the attention of all its employees.

### **10. REMEMBER YOUR ONGOING DUTIES**

Once the business is up and running, you must continue to comply with legal requirements such as filing annual returns for companies and LLPs, submitting VAT returns and preparing annual accounts.