

Business Startup Checklist

Starting up a new business can present you with many issues and decisions to be made. Below is a list of issues to consider before proceeding with your new business venture.

What choices do I have if I want to start my own business?

Some methods of starting up in business are:

- Starting from scratch on your own
- Buying an existing business as a going concern
- Buying a Franchise or business package
- Buying a business as a going concern in a distress situation
- Doing a management buy-out
- Becoming an agent or re-seller

What entity should I use as my business vehicle?

There are many business vehicles that can be utilised each having their own benefits and disadvantages. In most cases the choice of entity is dictated by taxation considerations and to a lesser extent the issue of personal liability. This is where advice from your accountant and lawyer will be invaluable.

The main choices are:

- Private Limited Company – Most commonly used where limited liability is paramount
- Public Limited Company – generally used where PLC status is of benefit to your business image
- Partnership – finances are kept private
- Limited Liability Partnership – useful for limited liability but accounts made public
- Sole Trader - easiest and least costly start-up

What are the Pro's & Cons of each entity?

Business Entity	Pro's	Cons
Private Limited Company and Public Limited Company	<ul style="list-style-type: none"> • Liability is generally limited to stock ownership, except where fraud or negligence is involved. • Can be tax efficient in the right circumstances. • Small, closely held corporations can operate more informally, but record-keeping cannot be eliminated entirely. 	<ul style="list-style-type: none"> • The corporate structure is usually the most complex and more costly to organize than the other business formations. • Records must be kept to document decisions made by the board of directors. Some records and all final accounts are made public. • Officers of a corporation can be liable to stockholders for improper actions.
Partnership	<ul style="list-style-type: none"> • A general partnership can be formed simply by an oral agreement between two or more persons, but a legal partnership agreement drawn up by a lawyer is highly recommended. Legal fees for drawing up a partnership agreement are higher than those for a sole proprietorship, but may be lower than incorporating. A partnership agreement could be helpful in solving any disputes. 	<ul style="list-style-type: none"> • Partners are responsible for the other partner's business actions, as well as their own. • No limit on personal liability.
Limited Liability Partnership	<ul style="list-style-type: none"> • Incorporate din a similar way to companies. • LLP Agreement highly recommended. • Liability is generally limited, except where fraud or negligence is involved. • Can be tax efficient in the right circumstances. Uses taxation system similar to a partnership. 	<ul style="list-style-type: none"> • The corporate structure is usually the most complex and more costly to organize than the other business formations. • Records must be kept to document decisions made by the Members. Some records and all final accounts are made public.

Sole Trader	<ul style="list-style-type: none"> • This is the easiest and least costly way of starting a business. A sole proprietorship can be formed by finding a location and opening the door for business. Legal fees for starting the business will be less than the other business forms because less preparation of documents is required and the owner has absolute authority over all business decisions. 	<ul style="list-style-type: none"> • Possible lack of credibility?
-------------	---	---

What Documentation is required for each type of entity?

Business Entity	Controlling Documents
Private Limited Company and Public Limited Company	Memorandum and Articles of Association Shareholders Agreement Directors Service Agreement Employment Contract
Partnership	Partnership Agreement
Limited Liability Partnership	Limited Liability Partnership Agreement
Sole Trader	None

How do I protect my business going forward?

All businesses face risks in being in business. It is key to ensure you identify and manage those risks as follows:

- Obtain all usual business insurances
- Ensure you have legal expenses cover
- Consider joining the Federation of Small Businesses
- Ensure you have a good and up to date set of standard terms and conditions of business tailored to suit your needs

- Consider the need for key-man insurance and related cross options
- Consider income protection policies
- Consider reviewing your will to ensure it covers your business if required
- Ensure you identify and protect your business intellectual property

What else should I consider?

Other matters you may need to consider are as follows:

- Do I need a website?
- If so what T's & C's do I need and what other protections do I need such as privacy policy and disclaimers?
- What information do I need to provide on my website and e-mails to comply with the law?
- What business stationery do I need and what are the requirements in law?
- If I will have employees, what employee contract should I have in place and what policies do I need to stay within the law?
- Will I need to have access to a debt recovery service?
- What happens if I have a commercial dispute with a third party customer or supplier?
- Will I need any bespoke contracts drawing up or advice to be given on them?
- What business premises will I require (freehold/leasehold/tenancy/licence to occupy etc)?
- Have I got the backing of my bank, do I have a good relationship with my business manager?
- Do I have a good relationship with an accountant/lawyer who is proactive?
- How will I finance my business? How do I get funding?
- What marketing do I need?
- What assets do I need – how will I finance them?
- Check that you will not be infringing other parties' intellectual property rights, as well as protecting your own intellectual property.

CALL NOW to speak to a member of the Company & Commercial team.

We would be happy to discuss your particular situation and offer specific guidance to help you navigate this transition more effectively and efficiently.

Disclaimer

These notes have been prepared by **Curwens Solicitors** as general guidance only and cannot be taken as legal advice. **Curwens Solicitors** will not be liable for any loss, direct or consequential, suffered by anyone acting or omitting to act as a result of the contents of these notes

Enfield:
020 8363 4444
enfield@curwens.co.uk

Cheshunt:
01992 631 461
cheshunt@curwens.co.uk

Hoddesdon:
01992 463 727
hoddesdon@curwens.co.uk

Royston:
01763 241 261
royston@curwens.co.uk