

# 11 steps to starting a business

**Starting a company is a new and exciting opportunity for people, there's a lot to think about from the branding, websites, email domains, hiring people etc. but it is also key to seek professional legal advice early on to protect you and your business from the start.**

**If you are thinking of starting up a new company, here are 11 things that you may need to think about:**

## **1 The application to incorporate the company**

When registering your company with Companies House you will need to provide the following information:

- Proposed company name
- Registered office address
- The director(s)' details
- The company secretary's details (if you choose to have one)
- The proposed initial share capital
- The shareholder(s)' details
- Details of the persons with significant control
- A description of the nature of your company's business

## **2 The articles of association**

The articles of association outline the rules for the running of the company. Companies House offer model articles, which you may use. Alternatively, we can draft a bespoke set of articles. Our bespoke articles deal with items that the model articles do not deal with, for example, employee shareholders who

leave the company and what happens to their shares, multiple classes of shares if you want different shareholders to have different voting and dividend rights or restrictions on the number of shares that can be issued by the directors.

## **3 Shareholders' agreement**

A shareholder's agreement provides protection and is useful where there will be two or more shareholders. The shareholders' agreement governs the relationship between the shareholders. They typically deal with decision making and what happens when the shareholders are unable to agree, profit sharing and restrictive covenants which can prevent the shareholders from being involved in other businesses similar to that of the company whilst a shareholder and for a certain period after they leave.

## **4 Business premises**

If you intend to rent premises, you may be required to enter into a lease with the landlord of the premises. You may have obligations under a lease such as restrictions on the times you can do business or accept deliveries etc. We have a dedicated commercial property team who can assist with the negotiation of your lease to ensure that it meets your business' needs.

## **5 Employment contracts**

If you are looking to hire people, you may consider employment contracts for your employees which set out the employment conditions, employee responsibilities and health and safety. Although not strictly a legal

requirement there are certain particulars that must be given to employees in writing (such as the hours of work, remuneration, holiday entitlement etc.) and therefore, an employment contract can ensure you stay compliant. An employment contract also serves to provide certainty; in particular, it could come in useful in the event of a dispute with your employees.

## 6 Terms and conditions

It is inevitable that you will be dealing with customers or key stakeholders during the course of the running of your business. Customer contracts with thorough terms and conditions will be key to outline your customer's obligations, ensure you get paid and outlines what happens if something goes wrong. Without a contract, it will be difficult to determine contractual terms and should a dispute arise it may be left to the judge's discretion to determine the contractual terms, which can be both costly and timely.

## 7 Licences or permits

You may need a licence to carry out a particular business. For example, you need a licence from the Copyright Licencing Agency if you are a company and want to make copies of content protected by copyright. Or you may need a Performing Rights Society for Music licence if you play recorded music in public or on your business premises. We can help you to determine which licences you need for your business and obtain those licences.

## 8 Insurance

You may want to consider taking out some or all of the following insurance depending on the nature of your business:

- public liability insurance to protect your business against accidental injury to your customers;
- professional indemnity insurance to protect you from a negligence claim if your client thinks that you have done

something wrong in the provision of your services;

- employer's liability insurance to cover you against work related injuries suffered by your employees; and
- product liability insurance if one of your products or defective products causes an injury to a person.

## 9 Intellectual property

With intellectual property protection you can protect an invention, name, brand, design or a product. Our commercial, contract and intellectual property team can review your business, brand and products and help you to protect your intellectual property.

## 10 Tax

You will need to register for corporation tax which is currently set at 19% and may need to register for VAT if you think your business turnover will be in excess of £85,000 per annum. We work closely with a number of reputable accountancy and tax firms that can assist you with all of your tax planning. Our existing close working relationships with the accountancy firms ensures transparency and an efficient process.

## 11 Company books and annual filings

Each company in the UK needs to file an annual confirmation statement and company accounts. Moorcrofts offers a company secretarial service in which it maintains the company's registers and makes the necessary filings at Companies House for your business.



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