

Bitesize Business Newsletter

Essential Legal Details to Protect Your Start-up Business

Starting a new business can be an exhilarating experience. Taking life by the horns and directing your own destiny, making your own decisions, and bringing your killer business idea to market. There's plenty to get excited about and more than enough to do.

Among all the exciting stuff there are also some basic legal structures to put in place. Because these are more mundane, and because there's so much else to do, these are sometimes seen as details that can be sorted out later. Not having the basic legal foundations in place from day one can easily come back and bite you.

Even the simplest form of business - a sole trader - is affected. You'll probably expect to be paid for work that you do. Without appropriate and legally enforceable terms and conditions, collecting money from your customers promptly will be more difficult. You might also need to employ staff; in which case a watertight and legally compliant contract of employment is essential before they start.

Partnerships carry additional risk. Often, they are started by people who know and trust each other. Formal agreements are sometimes not seen as a priority when you want to get a business venture off the ground. Unfortunately, this leaves partners unprotected if things go wrong. A robust partnership agreement, terms and conditions, and contracts of employment are basic structures any new partnership must have.

Similarly, with registering a limited company. The shareholder agreement and memorandum and articles of association are important documents to get right - alongside the terms and conditions and employment contracts.

Leave the 'boring' essential stuff to us

Basic company documentation is important. But it probably isn't where you want to concentrate your efforts when you are getting a business off the ground. So, the PowellsLaw team has made it simple by putting together three levels of business start-up pack: sole trader, partnership and limited company. For a fixed price these will get you up, running and protected with the minimum time and effort.

- The sole trader package includes T&Cs and a contract of employment.
- The partnership package includes T&Cs, employment contract and the partnership agreement.
- The limited company package includes everything you need to establish and register your company plus T&Cs and employment contract.

If your needs are slightly more complex, we will also provide a tailored package of documentation and advice at a competitive cost.

You can read more about our start-up packages [here](#). Or give the team at PowellsLaw a call and we'll be happy to advise you.





Business Acquisition or Disposal, How to Get the Deal You Won't Regret

Buying or selling a business is a process that often ends in last minute wrangling, going long into the night, to hammer out the details of the Sale and Purchase Agreement (SPA) before the deadline. No wonder details get missed - businesses get under or overvalued, many deals fall over at the last minute, and that litigation often follows the sale.

All of this is avoidable. The key is to start planning early and get professionals involved right from the start.

Selling

Whether you want to retire, move onto a new venture or divest a non-core part of your business you have two priorities. First, you want to achieve the best price. Second, you want the peace of mind that the buyer of the business isn't going to take legal action over something that should have been disclosed or clarified before the sale.

Careful drafting of the warranties and indemnities in the SPA offers critical protection for both sellers and buyers. Buyers will want warranties that are worded as broadly as possible. This may not be in your best interests as a seller. Warranties and disclosure can be a complex area, which is why legal specialists need to be involved throughout the due diligence process.

Buying

Clearly, you have to really understand what you are buying in order to pay a fair price. This involves more than analysing financial statements. In particular, you need to ensure that contracts are valued appropriately and that there is no change of ownership clauses that could breach agreements with banks or key customers.

Buying a business will mean taking over responsibility for the staff. It's important to understand your pension and benefits obligations. It's equally important to clarify which staff will transfer with the business. A large part of the value of smaller business can be tied up in the people, so you want to be clear that they will still be there after the sale and, ideally, not working for a competitor.

This article gives you a flavour of some of the issues you could face. You can find out more on our website about acquiring a business and selling a business. Or call us on 01934 623 501.

If You Weren't Around, could your Business Keep Running?

Making a Lasting Power of Attorney is a precaution that people are increasingly familiar with in their private affairs. But how many business owners or partners consider what would happen to their business if they were unable to make decisions and manage the finances?

Whatever happens there will still be bills and staff to pay. If nobody has the legal power to act on behalf of the business and sign cheques or make withdrawals from the business bank account, there is a real danger that unpaid bills and wages could cause the business to fail.

Sole Traders and Partnerships are particularly vulnerable. The incapacity of one partner could lead to the bank freezing the Partnership account, even if the remaining partners are fine. Companies are not immune either – imagine the problems if a key director, or substantial shareholder, lost capacity. In most cases, applying for a legally recognised Deputy to be appointed will take too long to be an effective solution.

Naturally, nobody thinks this will happen to them. But why take the chance when a Business Lasting Power of Attorney is normally straightforward to arrange and tax deductible.

A Business LPA has a number of advantages:

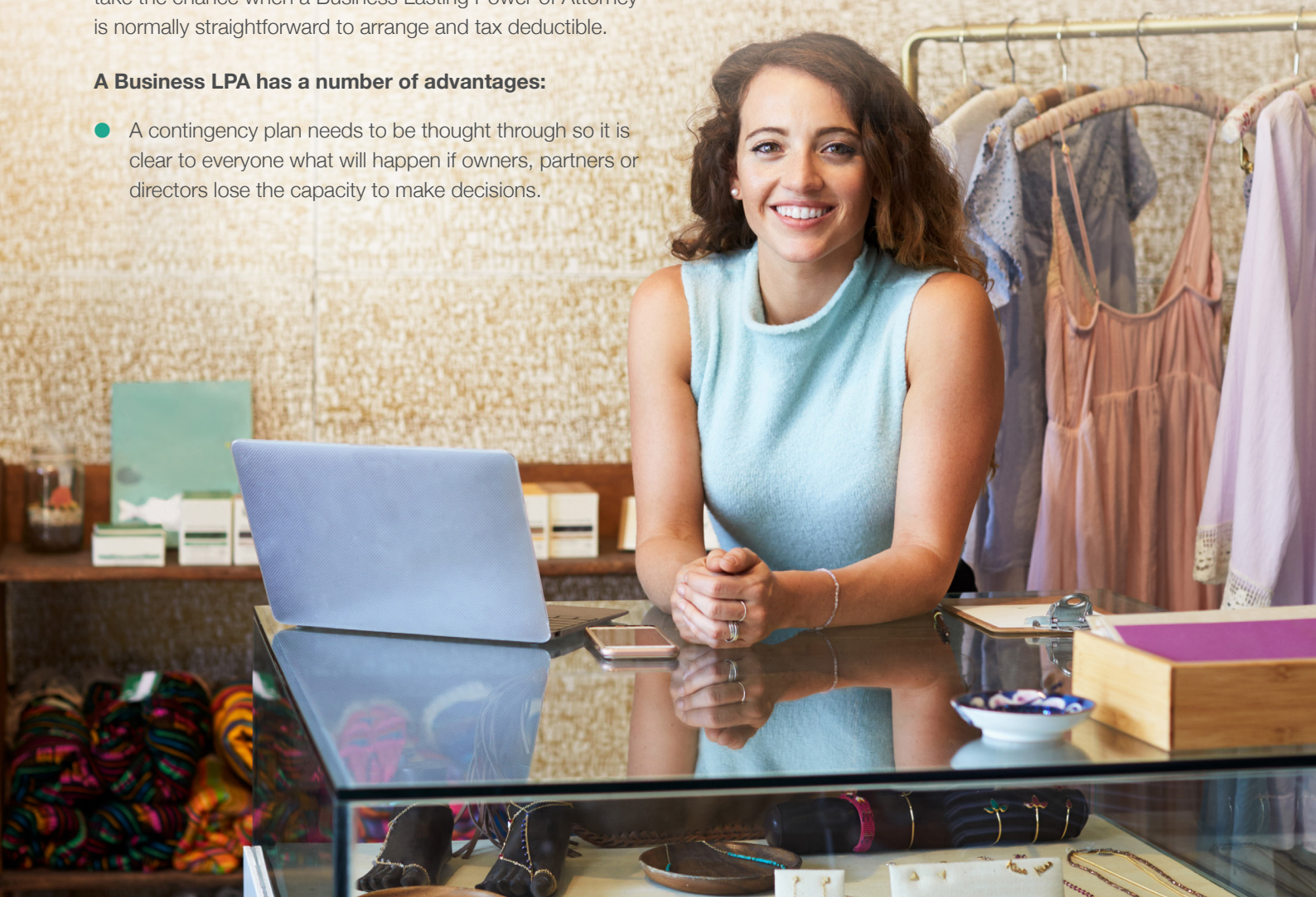
- A contingency plan needs to be thought through so it is clear to everyone what will happen if owners, partners or directors lose the capacity to make decisions.

- The business can keep running while longer term arrangements are put in place.
- Families and loved ones are spared the additional distress of having to deal with a crisis in the business alongside what may also be a personal crisis.

Although a personal Lasting Power of Attorney may be in place, the person appointed may lack the relevant skills and abilities to act competently and appropriately in a business capacity.

If you think your business would be vulnerable if you or a business partner lost the capacity to make decisions, you should act now. PowellsLaw are extremely experienced in dealing with these situations, making them well placed to advise you on the best Business LPA for your circumstances.

For any questions or to book an appointment with one of our solicitors contact us on 01934 623501.





Employment Tribunal Compensation Limits to rise from April 2019

With effect from 6 April 2019, the compensation limits for employment tribunal claims will be as follows:

- Maximum compensatory award in unfair dismissal cases £86,444.00 (up from £83,682.00)
- Maximum statutory redundancy payment (and basic award for unfair dismissal) £15,750.00 (up from £15,240.00)

- Maximum week's pay for calculating various awards £525.00 (up from £508.00)

For advice on calculation of compensation in employment tribunal cases or for any other employment law advice please contact Glyn Evans on 01934 637911 or evans@powellslaw.com

Bitesize Breakfast meetings

Have you heard about our Bitesize Breakfast meetings? On the first Thursday of every month, we open our office to the local business community, with a chance to network and discuss topical business issues. Why not pop in for a coffee at our next session? **It is free to attend and everyone is welcome.**

The next meeting is: Thursday 2nd May

Location: 7-13 Oxford Street, Weston super Mare, North Somerset, BS23 1TE

If you would like to know more before attending, please call Rebecca Sage on **01934 637 908** or email rsage@powellslaw.com.



www.powellslaw.com