



What Could I Gain From Having a Company?

There are many circumstances in which it should help you to run your business through a Company, rather than operating your business simply as a Sole Trader or in Partnership with another individual. Incorporating a company to run your business has the effect of limiting your liability when things go wrong. Of course we all assume things won't really go wrong, but we still sensibly take the precaution of purchasing home insurance just in case of a fire and the same principle applies to your business. Whether you are a farmer, retailer or professional the potential risks to your livelihood are surely well worth guarding against.

- **Accidents at work**

Should one of your employees get badly injured at work, your Insurance Company could refuse to pay out if they weren't using full safety equipment for instance, and you had not (for whatever reason) taken the matter up. That injured employee perhaps can't work and may decide to take legal action against you. If the Court awards substantial damages you could find yourself without enough ready cash to pay the claim (particularly after a substantial legal bill of your own). Did you realise that all your own personal property could be at risk in order to satisfy the judgment?

- **A Falling Out**

Partnerships rely on total trust (absolute good faith) between the Partners. Few of us could honestly say we've never fallen out with anyone, particularly where money is involved. It could be the disagreement is extreme, and neither of you can see a way clear to continue working together. How do you decide to divide the partnership business without protracted disagreements, and will the division kill the business? Only too often there was never a Partnership Agreement prepared when the business commenced as no-one expected a fall out might come in future. Where do you stand? How much are you entitled to? If the partnership business ran through a Company instead there would be an agreed set of rules (Articles of Association) at the time the Company was incorporated, so that each partner knows at all times where things stand financially should they decide to part ways. Even businesses that have been operating a while can be dealt with, in order to regularise your affairs before a fall out has occurred. It's not too late!

- **Succession Planning**

You've ploughed a lot of money into the business over the years and have worked extremely hard, but now you feel the time is right to hand over the reins and take things a little easier. Who would want to take the business over from you? Will they still let you have a stake in it?

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If the business operated as a Company it would have an unlimited life span. You could sell it entirely, or otherwise sell a portion and still retain some shares in it, even if you were taking a back seat and letting someone else be responsible for the daily running of the business. Many people winding down still like to keep up an interest in the business they were wholeheartedly involved with for so long, and a Company could help you do that.

We have given you a few examples to think about, but there are so many ways in which we could tailor a Company to suit your exact needs, that perhaps it's worth having a chat about it?

If we can help you, please don't hesitate to get in touch and we'd be only too happy to talk the possibilities through with you.

For further information on setting up a company or any other corporate law issues, please contact us on (01624) 676868

This publication is intended only to provide a brief guide. It does not purport to be comprehensive or to provide legal advice.

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