



Setting up in Business?

THE LAW SOCIETY
OF NORTHERN IRELAND



SETTING UP IN BUSINESS

Whose Business will it be?

You will be in business as a sole trader, a partnership or a limited company complete with a board of directors.

Sole Trader

As a sole trader all the profits (and losses!) are your own. The management decisions are yours and you are free to take advice from whatever source you prefer.

Partnership

If you choose to start as a partnership, it is essential to legally define the respective rights and duties of each person. With such an agreement, difficulties which may arise as the business grows are more easily resolved.

Limited Liability

You should consider whether or not to incorporate as a company with limited liability. The decision will depend upon your own particular circumstances and you should talk this over with your solicitor and accountant. As a limited company, the liability of the company is limited to the extent of the assets owned by it and a creditor cannot get at the assets of the individual shareholders. There may be disadvantages arising in taxation, additional costs in setting up and in annual auditing.

Premises

Where to set up in business is a matter of choice. You may need Planning Permission. Whether to rent or buy is complex. Your solicitor will advise you on both types of tenure.

Employees

The law relating to employees is constantly changing and is in fact a specialist area in itself. A solicitor's advice is essential.

Contracts of Employment

You are obliged by law to give your employees a statement containing the main conditions of their employment with you. This document prepared by your solicitor should be explicit to protect you as well as your employees.

Debt Collection and Litigation

The problems of cash flow created by bad debts can sometimes be severe enough to ruin a small business. For small claims it may not be cost effective to go to court. A solicitor's letter can often have the desired effect at very little cost and without taking the matter any further. If you have to take harsher action, your solicitor can pursue the matter in the County Court or High Court.

How To Use Your Solicitor

Solicitors, like dentists, are often consulted somewhat late by clients. Your solicitor will do everything the law permits to ease a legal problem after it arises but in every case it is easier and cheaper to prevent a problem than to cure it. The golden rule in getting the best from your solicitor is: SEE YOUR SOLICITOR EARLY...YOUR BUSINESS IS THEIR BUSINESS

Employee Selection and Dismissal

It is illegal to discriminate by sex, religion, race or disability. You should ask your solicitor about how to select your staff in an unbiased but effective way. Similarly the law is a potential minefield for employers if an employee is dismissed, particularly if dismissal is a result of union activity. You should see your solicitor BEFORE you dismiss an employee to check the possible consequences of a claim against you.

Financial Assistance

Financial assistance can often be obtained from government bodies or other community bodies. The rules about assistance change from time to time. It is worth discussing with Solicitors what bodies you should approach with a view to getting assistance. LEDU may be able to help or it may be possible to get an inexpensive loan from a local enterprise association.

The Law Society of Northern Ireland
96 Victoria Street
BELFAST BT1 3GN
Telephone: 028 9023 1614
www.lawsoc-ni.org

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