

## New business structures have different tax set ups

### BUSINESS MATTERS

Deciding what legal status your new business should have is a key step says **Lisa Thomas** insolvency practitioner at Plymouth-based Neville & Co. Here, she looks at the different ways that businesses can be set up



Apart from deciding what your new business is actually going to do one of the next decisions will be how the business should be set up? There are three legal ways of how your new business can be structured.

These are as a sole trader, a partnership or a limited company. They all have different ways of being taxed so you will need the advice of an accountant but they also have different ways of dealing with liabilities if it all goes wrong.

It means that the risk of how well the business will do is also a very important factor in deciding what entity you wish to use.

#### Sole Trader

This structure tends to be used when you are starting a small business.

It is very easy to set up and you do not need to register with anyone apart from informing HM Revenue and Customs that you are now self-employed.

However, one disadvantage to this structure is that if the business fails you are personally liable for all the debts as the owner.

If you own a house it can be sold to repay your debts from your share of equity (not your spouses).

#### Partnerships

There are two main types of partnerships. One is a partnership and the other is a limited liability partnership.

A normal partnership means that all of the partners are jointly and severally liable for the partnership's liabilities.

An example of the implications of this is that if one partner of the business orders goods then all the partners are liable. A good example is a partner buying a very expensive item of equipment on a very expensive lease then all the partners are bound to that agreement. This is one of the reasons why partnerships should always be governed by a written partnership agreement (you will need a solicitor for this).

A limited liability partnership is one formed and re-

gistered at Companies House. It means the assets of the business partnership can be used to pay the partnership liabilities but not the assets of the individual partners. Consequently this can be quite an attractive structure to professional partnerships that have a risk arising from a negligence claim. You can spot a limited liability partnership as it will have LLP after the business name.

#### Limited Company

A limited company is a separate legal entity registered at Companies House and the shareholders and directors are normally protected if things go wrong. This means that if the company enters a formal insolvency procedure such as liquidation then the directors are not personally liable for the company's debts.

Having said that, sometimes directors may have given personal guarantees to third parties such as the company's bank, landlord and suppliers and these may be called in from the individual if the company is unable to pay the debt.

We often meet directors who are also the shareholders of a company and they treat the company assets as if they are their own, forgetting that although they own the company, the company owns the assets, not the directors. This can also lead to problems if an insolvency procedure takes place where directors have mingled in their money with the company's and then tried to pay themselves back just before the company fails.

If you need help deciding how to trade your business you should take professional advice from your accountants or solicitors. We can recommend some good ones if you need some names.



If you or someone you know needs insolvency contact Lisa Thomas on 01752 786800.

## Construction continues to grow

Britain's housebuilders saw a return to buoyant conditions last month after a weather-hit February, while confidence among construction firms rose to its highest level since before the recession.

The overall sector maintained a pattern of strong growth, with a reading of 62.5 in March on the closely-watched Markit/CIPS purchasing managers' index (PMI) – where 50 separates growth from contraction.

The reading represented the

11th month in a row of growth. But it was little changed on the previous month's figure of 62.6 due to a slowdown in the growth of civil engineering output, which had been buoyed by flood relief work in February.

New business growth slipped to a six-month low, but confidence about the 12-month outlook soared to a level not seen since January 2007. The rate of job creation in construction was the second-fastest since August 2007.



Newcross Healthcare's Michelle and Stephen Patrick with the firm's Casualty Commander game

## Healthcare firm takes hi-tech approach to skills

Specialist recruitment agency Newcross Healthcare has released an online game which it says is helping to bring together staff based around the UK, writes *Caroline Harvey*.

Newcross, based in Berry Pomeroy, places professionals such as nurses and carers in NHS trusts, community hospitals and care homes.

Stephen Patrick, CEO of Newcross Healthcare, devised the game. He said: "Newcross is renowned for leading the

way in quality care, but that wouldn't be possible without our dedicated employees."

According to Newcross, the Casualty Commander game is being offered to help connect staff, who may work in sites across the country. So far, the app, designed by Plymouth-based Mutant Labs, has received nearly 1,000 downloads.

While the game is fictional, there are similarities between the skills needed in a high volume healthcare setting

such as an A&E department.

As well as the game being offered to staff at Newcross, it has also been made available online with players asked to help the constant stream of patients who come in.

Mr Patrick said: "We know that everyone works hard to deliver the care our clients rely on, so we wanted to give something back that's fun, exciting but can also be shared and enjoyed by anyone."

The company moved into its

present headquarters in Berry Pomeroy, near Totnes, in 2004. It now has 27 branches throughout the UK with more opening shortly in Swindon, Oxford, Canterbury and Taunton.

The business has also developed a mobile care assessment app for use by staff when creating a personal care plan for a patient. Casualty Commander is currently available on Facebook, with iPhone, iPad and Android versions coming soon.

## £1 million broadband skills support contract awarded

BY LIZ PARKS

A supplier has been chosen to provide business and community support around the £94 million Connecting Devon and Somerset superfast broadband scheme.

The Cosmic Peninsula Consortium has won the £1 million Get Up to Speed! programme which will aim to encourage businesses and communities to take up superfast broadband and to develop the skills needed to successfully exploit it.

The consortium consists of Honiton-based social enterprise Cosmic and Plymouth-based Peninsula Enterprise.

Cosmic had previously been awarded the contract, along with and Cambridge-based YTKO, but the scheme was re-tendered last summer after timescales for the project were revised.

Connecting Devon and Somerset, which is being run by the two county councils, BT and the Government's Broadband Delivery UK programme, has a target of in-

stalling superfast broadband in 90% of premises by the end of 2016.

The scheme has also been given the go ahead to claim £22.75 million from the Government to increase superfast broadband coverage – defined by the EU as speeds of 24Mbps or above – to 95% of premises by 2017.

A commercial partner has yet to be chosen for this extension, which will require match funding in order to go ahead, but BT was the only bidder for many of the contracts covered by the nationwide BDUK and is likely to be bidding for the additional funding, which totals £250 million across the country.

Under the Get Up to Speed! programme, businesses will be able to get advice on a range of things such as online marketing, new technologies, apps and software that will help them reach new markets.

There will also be help for individuals and community groups to understand social media and services like iPlayer, live streaming and

gaming.

Councillor Andrew Leadbetter, cabinet member for economy and growth for Devon County Council, said: "The Get up to Speed! programme is an important element of Connecting Devon and Somerset. Ensuring our businesses and communities understand the way faster broadband speeds can open up

**'It is essential that we equip businesses and communities'** David Hall

understand the potential that digital connectivity unlocks. Taking advantage of that potential provides a major boost to economic growth. It is essential that we equip businesses and communities with the knowledge and confidence to use the improved connectivity that superfast broadband will bring."

Exchanges in communities such as Moretonhampstead, Holsworthy, Sticklepath, Bradford on Tone and Bishops Lydeard have already been upgraded but residents in other areas have expressed their frustration at a lack of information about the full roll out.

BT says that, as yet, it is not able to say which communities will be in the so called 'final 10%', leaving some businesses unsure about when and if they will get an upgrade.

The telecoms giant has already been hauled over the coals by the Public Accounts Committee, which scrutinises public expenditure, for its management of the first tranche of superfast broadband projects.