



Fish Merchants Credit Management Ltd

21 Palmerston Road, Aberdeen, AB11 5QP, Scotland, UK

Tel: 0044 1224 587222 Fax: 0044 1224 587333 E-mail: info@fmcmltd.com Web: www.fmcmltd.com



MIND YOUR OWN BUSINESS

What sort of customers do you have? I'm not asking whether they are intelligent, handsome or slightly deaf, I'm trying to find out whether you know how their business is set up.

The traditional business start-up was A Fellow getting his demob cheque and starting out as "A Fellow Fish Merchant". Obviously he needs to produce annual accounts but is not obliged to make them public. He is personally liable for any debts owed by the business.

This is where I can call for a suspension of disbelief and ask you to imagine, as in any good fairy tale, that the business is going so well that A Fellow is struggling to manage everything and so decides he needs someone to help out. He might bring in his son, Odd, thus forming the partnership "A Fellow and Odd Fellow, trading as A Fellow & Son".

Again, it is necessary for the partnership to produce (but not to publish) annual accounts, but this time both A and Odd are personally liable for any debts owed by the business. Be aware that there is no limit to the number of partners in a partnership; if our two heroes decide to involve their respective spouses in the business then we could have "A Fellow and Daisy Fellow and Odd Fellow and Maisie Fellow trading as Fellows Fish". Promotion for the foreman might lead to "A, D, O & M Fellow and Gordon Bennett trading as Fellows". In the latter instance all five are personally liable for any debts.

With turnover rocketing the accountant might advise that the business should convert to a limited company, thus forming A Fellow Fish Merchant Ltd trading as Fellows Fish.

The company can have any number of directors, but please note that they are no longer personally liable for the debts of the business. Their liability is now limited to the sum they have invested in the company (which can be as low as £1). The company is obliged to produce annual accounts and these have to be made publicly available through Companies' House. It is also important to note that any type of business (sole trader, partnership or limited company) can have one or more trading styles: do not let this confuse you – you need to establish the title of the business with which you are dealing and invoice accordingly – the one certain way to determine this is by noting the details on the cheque book which will pay your invoice.

I hope you have found this informative – at FMCM our concern is to supply you with the information you need to manage your business. During 2008 I will be available to visit any of you who wish to learn more about trading safely – contact me on info@fmcmltd.com to arrange an appointment.

Bob Craighead, Director