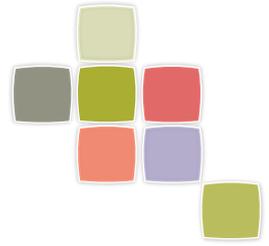


FINANCIAL DYNAMICS

Chartered Certified Accountants & Business Advisers



Business Insights

JULY 2013



PROTECTING PERSONAL FINANCES

One of the most misunderstood concepts in the law, especially for small business owners, is how to protect personal wealth. Many business owners find themselves being taken advantage of with high-priced asset protection plans that simply do not provide the protection they promise. Others avoid the topic altogether and buy more insurance, crossing their fingers that an expensive lawsuit or accident does not happen.

Asset protection is about protecting your personal wealth from the threat of business liabilities, which can be a real danger to both you and your business. Here are some ideas in order to ensure your personal wealth is protected in the event that your business is held accountable for something gone wrong:

CHOOSE THE RIGHT ENTITY FOR YOUR BUSINESS

While operating as a sole trader may seem like the simplest option when first starting out, it certainly is not your best choice when talking about protecting your personal wealth from business liabilities. As a sole trader your personal assets like your home, investments and personal property are completely exposed to a potential lawsuit. Setting up a limited liability company will better protect you in the event of a lawsuit.

KEEP WORK AND PERSONAL FINANCES SEPARATE

It is wise to maintain a separate chequebook for your business, use the company name on all documents, title the property in the name of the company if necessary, and most importantly, maintain a corporate book and do your annual minutes.

HAVE PROOF THAT YOU ARE THE BUSINESS OWNER

One of the easiest ways for creditors of your business to attack your personal assets is for you to act negligently or fraudulently.

PURCHASE THE PROPER INSURANCE

Watch out if any so called 'asset protection' company suggests you can avoid insurance by simply hiding your wealth or setting up an entity. Insurance is an important part of your business and should be budgeted for from the start. It gives whoever is after your money a target to pursue and can take care of an incident in your business. Always ensure you get the correct insurance policy. Depending on the nature of your business, you are going to need very different types of insurance.

STRAIGHTFORWARD

Asset protection steps generally are simple, straightforward and generally affordable. However, it is advisable to consult with experts specialising in asset protection and business planning which will minimize the personal financial risk you face in the operations of your business.



TIP OF THE MONTH

So, you have got a killer new product or a service that will have the world beating a path to your door. But is it really something people want? Or is it just something you think they want?

Having solid information about what your customers want to buy, rather than what you want to sell them, can save you hundreds of thousands of pounds, as well as peace of mind and sanity.

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For further help and advice
please telephone us on

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