



# LEGAL ISSUES FOR BUSINESSES

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# Four core areas

- Business Structuring
- Relationships within the business organisation
- Protection of intellectual property
- Relationships with third parties ie suppliers and customers

# Business Structuring

## Potential structures:

- Sole trader
- Partnership and Limited Partnership
- Joint Venture (incorporated and unincorporated)
- Investment Trust
- Company

# Raising funds

Raising of funds can be by:

- Issue of new shares in the Company – increases equity
- Borrow of funds from an investor – increases debt

# Relationships within the organisation

**Engaging others to perform work for you either as:**

- Employee – subject to Employment Relations Act 2000
- Contractor – governed by contract

**Factors considered when assessing whether someone is *actually* a contractor:**

- They use their own equipment and materials
- They have autonomy to decide how and when to get the job done
- The appointment is for a temporary period
- Written agreement that shows the intention between the parties
- Contractor pays tax themselves to IRD

# Relationships within the organisation cont...

- Constitution – amends provisions of the Companies Act 1993 - publicly available registered document
- Shareholders Agreement – private arrangement between individuals

# Intellectual Property

**Vigilant protection of Intellectual Property can have significant value for a business:**

- During operation of business (against competitors)
- Upon sale of the business – succession planning.

# Relationships with suppliers / customers

## Typical Examples of Third Party Relationships

### Bank assistance – potential security required:

- Over assets of the business ie a General Security Agreement
- Director Personal Guarantee

### Relationship with customers and suppliers – Terms of Trade:

- Sets out the terms upon which the goods and services are supplied
- Registration on Personal Property Securities Register (PPSR) – to secure goods provided on credit
- Retention of title clauses and Romalpa clauses no longer have any affect if they are not registered on the PPSR



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