

# NEW BUSINESS SURVIVAL KIT

## 12 tips - read them now.

### If you are taking a lease of commercial property.

- 1 Find out about what your repairing responsibilities are. Many Landlords seek to put the entire cost of maintaining a building on their Tenant. If the Lease is "full repairing", you will be responsible for putting and keeping the property in full repair, including fixing any existing structural faults. This can be an enormous burden, so:
  - a. if you are taking a new lease try to negotiate an "internal repairing only" lease.
  - b. if you cannot avoid "full repair", make sure you have a proper survey so you can assess and build into your Business Plan any likely costs.
  - c. Internal repairing leases with Service Charges may amount to the same thing as a full repairing lease, if the Service Charge covers structural repairs.
- 2 Check the rent review position. Most leases contain "upwards only" rent review clauses. This means that even if trading declines or an area goes down, the rent cannot reduce during the length of the term. It can be very difficult to sell a business where the rent is too high, even if the business itself is viable. If you are taking a new lease, try to negotiate "either way rent reviews".
- 3 Planning problems can often crop up and the sooner they do the more chance there is of their being sorted out. Do you need planning permission for a change of use, for instance, from a shop to a restaurant, or to an office use?
- 4 if you are buying an existing lease, make sure that your offer is made on the basis that the Seller pays any costs charged by the Landlord for agreeing to take you as the new Tenant, or for any change of the use permitted under the Lease, and never agree to pay any costs up front: it wrecks your bargaining position completely. if you are taking a new lease, you should avoid agreeing to pay any costs apart from your own.
- 5 Make sure you have shown the accounts for any existing business to your accountant. It is very easy to produce figures which hide problems.
- 6 If you are buying a business which is a "going concern" you should ask the Seller to agree not to compete within an agreed area for an agreed period.
- 7 Employees who are employed by a business you buy may have rights to remain after you have bought the business.

### Money, money, money.

- 8 Making a business work is not easy. It is essential that you have a proper Business Plan and have secured funding for the period of that Plan. An alarming percentage of businesses fail in their first year, mainly because start up costs are higher and income less than expected. Cash flow problems can also be fatal.
- 9 Don't part with any money without legal advice. If you do, you may lose it or find yourself locked into an arrangement you don't want to be in.

### Getting carried away.

- 10 Look very carefully at the deal offered. It is very easy to become convinced that a business proposition is better than it really is. Make sure that you get proper advice on all aspects of what you are doing, from accountants, solicitors and surveyors. Do not give in to the temptation to rely on what you are told by the seller or the landlord.

### Generally - keep your eyes open.

- 11 Tell us about..
  - a. Vacant sites near the property, or boarded up properties which might be developed.

- b. Council notices stuck on lamp-posts indicated changes in parking arrangements or potential developments.
- c. Any part of the property which appears to be unfenced and any parking spaces, years, or accessways.
- d. Any part of the property which looks as if it has been added or changed, including new signs, extensions, alterations.

12 If something comes up which you are not sure about, ask. Never assume that 'it will be OK'.

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