

## **Most Important; Least Valued and Least Protected**

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Over the years as people have gone into business they have commonly spoken to either their accountant or lawyer (rarely both) as or after they started so they could get "set up" with what they need. Sometimes, but alas rarely, the advice is very detailed and comprehensive. These days to supplement this there is a plethora of courses and programmes conducted by a wide variety of organisations and government departments which also provide initial advice to business owners. These, being general in nature, tend to also lead the operator back to their accountant or lawyer. It is at this point that alas most commonly the advice can be simply translated as usually meaning setting up a company and doing some taxation registrations as well as some rudimentary advice re operational control. At its most extreme the additional advice is generally to set up a separate company to hold assets.

Any reference to assets at this point would be nothing more than cash, possibly; debtors and stock, possibly; and plant and equipment, highly likely if not definitely. Generally there would be no reference to Intellectual Property unless the business was using scientific formulas or something equivalent where an intense focus on this type of asset exists most commonly because they have acquired a right or possibly registered a right which is relevant due to the nature of the particular industry. However, with the advent of the World Wide Web, the quantum of available and relevant intellectual property that should be anticipated and guarded has grown exponentially.

These days businesses must ensure that they appropriately keep up with trends in internet marketing and position security. So this brings in the new assets such as web address, Facebook page, twitter account, web page design, various specialist networking site registrations, and the like. Add to this the traditional but oft ignored items such as phone numbers, including key and sales staff mobiles, logos and trademarks, standard contracts and other operational legal stationery and you have a veritable mountain of value. You only need to see the extent to which some major businesses have gone in an endeavour to protect their own rights where they have been infringed by others.

Often these assets are ignored because they are to put it simply "expended" because of both the taxation opportunity and benefit. They grow as the business grows and in one sense they are often changing, eg website content. Notwithstanding these, assets need to be valued and secured away from the day to day operational risks of the business. Furthermore where additional owners are being introduced then the initial need for the primary owner to retain some greater need for control can also be allowed for.

Further consideration needs to be given if it is proposed or more importantly it becomes necessary to later transfer said assets to a new entity then additional costs are likely to become payable including Capital Gains Tax which could be significant if it is coming off a zero cost base, that is they have been recorded in the businesses tax records for no consideration.

As many of the classes of hard assets in the typical SME businesses decrease, the relevance of these intellectual or soft assets will increase. Today their value is intrinsic to any business you would buy and if not properly protected you would not proceed; so be smart and protect what you should have built already. Do something little that can add great value, before someone else cuts your grass and runs off with the business!!