

Setting up? How to grow your own practice

Author : ADAM BERNSTEIN

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- Starting a veterinary practice can be a process fraught with delays, difficulties and unforeseen circumstances, but with a bit of thought and the right advice, mighty oaks can grow from the smallest acorns.

THE FIRST STAGE of setting up your own business is to understand your aspirations: are you planning to be a single-site practice or are you aiming for multiple sites within a few years? Will you care for small animals or specialise in equine?

There are countless sources of finance – search the web for “finance for veterinary practice” and plenty of sector-specific options will be returned, such as Braemar Finance, ASC and the Practice Loan Company. But apart from the traditional banks, there are new alternatives such as www.fundingcircle.com (for funds between £5,000 to £1m) and www.zopa.com (funding £1,000 to £25,000) where borrowers effectively put their requirements out to the web for private funding. This funding can be less expensive than the traditional banks and may be unsecured.

The entity

One critical step in the startup phase will revolve around the structure of the practice – will you be a sole trader, form a partnership or create (buy) a company? Each has different risks, and rewards and advice from a good accountant or solicitor will be invaluable in deciding. The Law Society (<http://bit.ly/OG5Ort>) regulates solicitors in the UK and offers help in finding a solicitor. Professional bodies, such as the Institute of Chartered Accountants in England and Wales (<http://bit.ly/TRWUeh>) and the Association of Chartered Certified Accountants (<http://bit.ly/QcACmy>), offer facilities on their websites to find qualified accountants. Asking friends and colleagues for recommendations is worthwhile too.

In terms of the entity, a sole trader is simple to set up and administrate – relatively speaking – and will offer lower costs to run. However, a sole trader will be liable for all business debts and may find it harder to access finance. A partnership, in comparison, offers a structure for two or more people

to work together and share expertise. Like a sole trader, the partners will be liable for the business debts, but also for each other's business debts; partners will each account for tax personally.

Another option is to form a company, a separate entity from its owners (shareholders) who are only liable for the shares they've bought (or agreed to buy); unless they offer a guarantee, personal assets are secure. The company pays tax on its profits and the shareholders pay tax on their dividend income. A derivative of this is a limited liability partnership, where the partners have a liability akin to that of a company, but the flexibility of a partnership.

Companies and limited liability partnerships have to be registered at Companies House (<http://bit.ly/6yyE8c>) and their business affairs are in the public domain. Sole traders and partnerships are more secretive as there is no obligation to publish business information.

Name

There are rules as to the names and words that can be used, especially if certain key words such as "royal" or "British" are involved.

Further to this, if trading other than as a sole trader it's important to let those traded with know the entity type. This must be done by, for example, adding the words "Ltd" or "Limited" to the end of the business name. Failure to do so – whether on letters, invoices, email or otherwise – will make an individual liable for any contracts or debts.

Furthermore, if practices intend to trade via a limited company using the words "vet" or "veterinary" in the company name, Companies House will require a letter of non-objection from the RCVS. This can be obtained by emailing the Professional Conduct Department at profcon@rcvs.org.uk with details of the proposed company name.

The [Government website](#) also offers advice while Companies House has [guidance on sensitive names](#).

Tax

Businesses (and owners) need to tell HM Revenue and Customs (HMRC) at the earliest opportunity about the new enterprise. Individuals will need to start filling out self-assessment returns and will be responsible for paying their own national insurance. If the business is incorporated it'll need to register to pay corporation tax.

Hopefully the turnover of the business is going to exceed £81,000 per year so you will need to register for VAT. VAT schemes such as Annual Accounting and Cash Accounting (both are for practices with a turnover lower than £1.6m) may help alleviate the administrative pain – an accountant can advise further. Failure to register to pay VAT could mean paying the missing VAT,

interest and penalties without being able to recharge the VAT to clients.

Businesses employing staff will encounter other requirements that revolve around PAYE, which itself has been changing. See <http://bit.ly/RtkRKp> and <http://bit.ly/1wFa6VI> for HMRC's guidance on the subject. HMRC has a series of web pages for those starting a business that outlines obligations and responsibilities at <http://bit.ly/15KR9c>.

RCVS standards

Those setting up a new practice should consult information from the RCVS Practice Standards Scheme, a voluntary accreditation scheme that provides quality assurance for practices and their facilities. Although the scheme is voluntary it is a requirement of the *RCVS Code of Professional Conduct for Veterinary Surgeons* that practices must at least meet its core standards, which signify compliance with legal and health and safety requirements.

Information on these standards can be obtained by contacting the RCVS Practice Standards Department on pss@rcvs.org.uk or by consulting the Practice Standards Scheme Manual, which can be found at www.rcvs.org.uk/pss

Staff

Employees and job applicants have rights and aren't afraid to enforce them. Further, the law places obligations on employers to, for example, pay the national minimum wage, ensure the legal right of someone to work in the country, handle dismissals in a given way and follow health and safety legislation.

Practices should consult a solicitor for employee contracts and guidance through the recruitment and employment processes. Further advice can be obtained from acas.org.uk – a Government-funded, but independent, organisation. Acas also offers free help and mediation should awkward and possibly litigious circumstances arise. Yet more help on employment matters can be obtained from the [Government's website](#).

Banks

You will need a business bank account and, not surprisingly, accounts do differ. Helpfully, the British Bankers Association (BBA) has an [online tool](#) where you can search and sort bank offerings according to entity – sole trader, partnership or company. Further search criteria can be set to look out accounts that are branch based, that offer cheques and credit or debit cards, that offer (decent) overdraft facilities or that pay credit interest. There are options to select introductory offers and to compare accounts.

Premises

Choosing practice premises is littered with booby traps. Landlords invariably write contracts in their favour with clauses for “dilapidations” (where tenants have to pay to repair premises for the landlord both before and after rental), high insurance or common usage charges, infrequent “break clauses” (that make it hard to end a lease part of the way through), or upwards-only rent reviews. Using a good surveyor or lawyer is essential to wend your way through this maze. Surveyors can be found via the Royal Institution of Chartered Surveyors (www.ricsfirms.com).

Practice premises must be on the Register of Veterinary Practice Premises for them to store and supply veterinary medicines. This is to enable the VMD to fulfil its obligations under European law to maintain and improve traceability of, and accountability for, veterinary medicines. Registered premises are inspected by the VMD. Practices can join the Register of Veterinary Practice Premises by contacting the RCVS registration department (rvpp@rcvs.org.uk). For advice on complying with the Veterinary Medicines Regulations, practices should [contact the VMD directly](#).

Utilities

Much can be said about the utilities, but there are two key points. The first is to shop around for the best deal with the power utilities. Using comparison websites such as [Uswitch](#) or [Gocompare.com](#) or a third party consultant such as [Utility Options](#) will offer savings. The second point is to understand the business market is very different from the domestic market in terms of pricing, notice periods and contract terms. While Ofgem has done much to help small businesses, it is possible to pay 30% to 40% over the odds if you're not careful.

Telecoms

Telecoms options now include fixed line phones, mobiles and internet telephony (think Skype) and a route to savings includes checking for the call setup fee, any minimum call charges and how the billing is made up (by the second or penny). Again, the comparison websites such as [Gocompare.com](#) and [Broadbandchoices](#) or a third party consultant such as Utility Options can help.

Nobody ever said running a practice was easy; however, it does offer plenty of freedoms and rewards. The key is to sensibly navigate through the maze of rules and regulations.



Mighty oaks from little acorns grow.

