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#CREATESUCCESS

PART OF THE

AIM START-UP GUIDE TO MUSIC BUSINESS

MUSIC BUSINESS FUNDAMENTALS

There are a number of fundamentals that a business should have in place in order to commence trading in the music industry. Without a robust framework in which to function, a business runs all sorts of risks, from trading illegally, to operating in a way that is financially problematic or inefficient. Clearly then, starting off with the right foundations is vital.

These fundamentals include:

REGULATIONS

The government provides a guide for businesses in order to ensure that you are compliant with various regulatory issues, from health and safety to data protection. These are mostly straightforward, but are designed to help you avoid pitfalls, and provide a safe and legal framework within which to operate.

BUSINESS NAME

When setting up a company, or registering as a sole trader, you should think about the name you will trading under. This name can be used to open a bank account or register with a company at Companies House. You should always keep your business money separate from your personal finances.

TRADING NAME

Whether as a sole trader or company, it is advisable to research and purchase relevant corresponding web domain names and social handles at the same time and consider appropriate website content accordingly.

BUSINESS BANK ACCOUNT

A separate business account is necessary to clearly separate your business and personal finances.

Insurance – This will depend on the nature of the business, but as well as the obvious (relating to property, equipment or accidents in the workplace for example), it is also necessary to have insurance in place to safeguard your responsibilities as an employer as well as any public liability and professional liability cover, to ensure that you're protected against any potential claims of negligence.

LEGAL STRUCTURE

By law, you will be required to specify whether you are operating as a sole trader, partnership or limited company, or as some form of social enterprise. The nature of your business will likely dictate this, but each has its own implications and repercussions. Tax – The UK government department responsible for collecting tax (HMRC) will need to be informed that you're starting/running a business, what type of business it is that you're running and its legal structure.

VAT

It will also be necessary to find out if you're likely to start to have to charge VAT. This is determined by whether income is over a prespecified level. You can find out more about the HMRC guidance to starting a business on their website, which is very helpful. Alternatively, you should consult an accountant, small business advisor or other qualified specialist.

ACCOUNTING

The practice of accounting (at its simplest, keeping a record of all transactions) is essential not only for managing your own cash flow, but also making sure you know what tax you need to pay, how to deal with income & expenses, VAT and all the other aspects of managing your money as a business. If you are well organised and understand the rules, of course you can keep track of all of these things yourself. Often however, this is an important area for which to seek outside help. Employing an accountant can be expensive, but specialist bookkeepers can help you keep track of your money through the year and help you keep on top of things whilst keeping costs lower. An accountant can then review the bookkeeper's work and help you with your end of year accounts if required.

OTHER SECTIONS INCLUDE:

**RECORDING AND PUBLISHING CONTRACTS
COLLECTION SOCIETIES
FUNDING: COVERING THE INITIAL OUTGOINGS
CORE BUSINESS SKILLS
THE TEAM AROUND THE ARTIST
LAUNCH COUNTDOWN
PHYSICAL RELEASE
MARKETING PRINCIPLES
A NEW MODEL OF OWNERSHIP: DATA
PROMOTION
LIVE PERFORMANCE
SYNCHRONISATION AND THIRD PARTY COMMERCIAL DEALS
INTERNATIONAL EXPANSION
WELLBEING IN THE MUSIC INDUSTRY**