

# START UP OPERATING FRAMEWORK



**What:** This is a legal framework which contains the rules you must follow when setting up your Young Enterprise student company.

**Why:** It will protect you and Young Enterprise from breaking UK laws which apply to companies and charities.



## Legal Status:

In the year they are running, all Young Enterprise student companies are run as branches of Young Enterprise.

As branches of Young Enterprise, student companies must not independently register themselves with Companies House during their participation in the programme.

## Company Name:

On all invoices, receipts, orders, documents, websites and emails, your student company must show:

- Your company name
- Young Enterprise's place of registration
- Young Enterprise's registered number
- Young Enterprise's registered office

Please check your local registered office details on [Company Connect](#).

## Contracts:

If a member of your company signs any written contracts with your company, you must add the words: "FOR AND ON BEHALF OF <YE STUDENT COMPANY NAME> A BRANCH OF YOUNG ENTERPRISE".







### **Please note:**

- From now on, when we say "you", we are talking about your Young Enterprise student company.
- The Start Up Operating Framework is the property of Young Enterprise, no part of the Operating Framework or its content may be reproduced, copied or replicated in any way without written consent from the owner.

# 1. Your legal obligations (part 2)

## Check before naming your YE company:

When naming your student company, you cannot imitate, copy or use existing company names, trademarks or copyrights like in these examples:

-  N3w L0ck
  -  Frymark
  -  H&MMM
- 

Make sure you check if the name you have chosen is available or if anyone else has the exclusive right to use it. You can do this by searching for your company name at: [www.gov.uk/intellectual-property/trade-marks](http://www.gov.uk/intellectual-property/trade-marks).

## Intellectual Property:

Intellectual property law stops anyone using the same brand name or one which can be seen as imitating that name. Companies can take legal action against anyone who uses their brand/name without their permission.



Watch this video to find out more about Intellectual Property (IP)

The name of your student company cannot include 'Ltd', 'Inc' or 'Company'.

The full name of your YE student company is your chosen name, followed by the words, "A branch of Young Enterprise."

# 2. Choosing your type of student company

## Profit-making:



Aims:

You exist to make money and your goal is to make as much profit as possible.

Actions:

After winding up, you could decide to give some of the profits to charity, but this is not the main business purpose. The focus is on making money.

## Social enterprise:



Aims:

You are set up to support a specific social or environmental purpose.

Actions:

At the end of the programme you will distribute a large proportion of your profit toward this. You can distribute some profit back to your shareholders, but the focus is to support a good cause.

\*Read section 7 before starting a social enterprise

### 3. Young Enterprise insurance cover (Part 1)



It is a **LEGAL REQUIREMENT** in the UK to make sure that your products and services are covered by insurance in case something goes wrong.

Young Enterprise has secured **Product and Public Liability Insurance** for YE student companies, up to £10,000,000.

You **MUST** check that the product/service you are creating is covered by this insurance.







Your insurance cover **DOES NOT INCLUDE** the sale, supply, manufacturing, reconditioning, modification, alteration, repair of:

- ✗ **Candles or wax melts**, including handmade or shop bought.
- ✗ **Gambling activities**, except for raffles when the tickets are only sold within your school or college.
- ✗ Any product which needs to be plugged into the **mains electricity supply** or that uses a USB charger.
- ✗ **Acids and gases**, including helium balloons, explosives, fireworks, chemicals, crop or weed sprays, drugs or pharmaceutical products like medicine.
- ✗ Acting as **travel agents**, tour operators or taxi services.
- ✗ Products used as parts for **aircraft control**.
- ✗ **Pet foods** or any products for animal consumption.
- ✗ **Foodstuffs** including any unbranded products for consumption and products that need to be in the fridge or have special storage requirements. Any product with a sell by date under 3 months, or which would reach the sell by date by the time you sell it. Any edible plants.
  - ✔ (The only exception for this is if your company is run as part of a catering course where insurance cover already exists. Food Hygiene does not count as a catering course. To do this, you must ask for written approval from [programmes.support@y-e.org](mailto:programmes.support@y-e.org) with evidence of insurance cover.)
- ✗ **Alcohol or tobacco**, including setting up or promoting events where these are being sold or served, even if students are not serving these products.
- ✗ **Mechanically propelled vehicles** and anything used to repair/maintain them.
- ✗ **Cosmetics** or beauty preparations including Henna products, face paints and essential oils. You **can** re-sell branded products, including soap, perfumes and bath salts. These must remain in their original packaging, with the manufacturer's name, address and the list of ingredients.

### 3. Young Enterprise Insurance Cover (Part 2)

#### Not covered by the Young Enterprise insurance:



-  Operating within the USA or Canada, or any country under their jurisdiction. The sale of any product imported from China, or any product which cannot be traced back to the manufacturer.
-  Operating within any country which is financially sanctioned by the UK. The gov.uk website shares a full list of countries that you cannot operate in. Please check this list [here](#) before moving on.
-  The cost or value of any product lost or damaged due to defects or any costs from repairing or replacing a product. Losses from damaged products designed by you / for you and sold to buyers.
-  The cost of any personal possessions lost or damaged.
-  Anything your company agrees to be liable (responsible) for through an agreement or contract outside of this operating framework.
-  Registering yourselves as a limited company with Companies House

#### Please Note:



The policy does not cover the first £100 of any claim and under certain circumstances this can be higher. When an accident occurs, students should tell their educator or mentor who should inform Young Enterprise of this. There is NO personal accident cover on participants of this programme. Universities may have their own schemes available.

If you are offering a service whereby you are engaging directly with customers on a one-to-one basis or in small groups either in person or online, please ensure you have considered appropriate safeguarding for you and your customers.

### 4. Your Company Finances (Part 1)

#### Shares explained:



If you own a share, you own one of the equal parts into which a company's capital is divided. Each Student Company member must hold at least one share.



You can sell shares for £1 each.



Each person can hold a maximum of 25 shares - spending maximum £25.










The maximum number of shares you can sell is 500.

Find out more about our rules for YE student company finances on the next slide.




## 4. Your Company Finances (Part 2)

Before you launch your product you will need some money to get started. Here are some rules to follow when raising money.



-  You can sell **shares** to raise start-up capital. Each student company member must hold at least one share.
-  You may not take **loans** (e.g. from individuals, companies, schools) or use **crowd funding**.
-  **Trade Fairs:** You may seek support to cover the cost of taking part in national and international trade fairs. This support must be written into your student company records and reports.
-  **Grants and Donations:** You may not accept financial support, grants or donations to cover running costs.
-  You can accept financial support to cover the registration fee (Scotland only) and for taking part in special events like national or international trade fairs.
-  Selling a service as a trade for money, such as being paid to advertise is allowed. The amount you receive should be fair for the service you provide. You should list the payment you receive in your records and receipts.
-  You must keep a record of approval from the educator or mentor for **payments over £200**.

## 5. Approving your Products and Services




Before you can sell your product or service, it must be approved by your local YE Educational Partnerships Manager to make sure it is covered by our insurance. Product approval requests can be submitted on Company Connect.

Even if you aren't using Company Connect, you will need to get all products approved before you sell them. You can do this by filling out the simple application form [here](#). Please note: To sell on YE Trading Station, you will need a product code which is generated by securing product approval on Company Connect.




In Milestone 2, Task 3, you will recap what product approval is and how to ensure your product of service follows the legal rules of the programme. At end of the task, you will be directed to the product approvals page to submit an approval request. Here you will answer a series of questions about your product/service. The questions are designed to help make sure your product will be approved and covered by the YE insurance.

After you have sent your product for approval, a Young Enterprise staff member will let you know if:

- 
- ☺ It has been approved
  - ☹ More information is needed
  - ☹ It can't be approved (and why)

You can monitor the status of all your product approval requests from your company profile page on Company Connect. If you are using the offline form, you will receive the decision via email. If your request is declined, you can submit a new one at any time.



Once your product/service has been approved, you can start selling online and in person! To sell online, you'll need to register on our digital marketplace [YE Trading Station](#). Find out more about selling in section 6.

## 6. Selling your Products/Services



### In Person



We provide access to a bespoke business current account for Young Enterprise student companies who are over 18, which offers subsidised fees and charges. More information about setting this up can be found on [Company Connect](#) in Milestone 2.



To protect cash received at a trade fair or other sales events you should keep it safe at all times in a lockable box or cash tin. If left unsupervised, cash should be kept in a lockable box in a locked room. Keep the box in a drawer or cupboard where it is out of view to reduce the chances of theft.



If you use handheld card readers, e.g. SumUp, Zettle etc. they should be connected to your Start Up COM business current account to ensure you receive any payments directly.

1. You should ensure that you are fully aware of the T&Cs, responsibilities and liabilities of using the card reader and associated services.
2. Your YE student company will be responsible for the cost of any transaction or other fees associated with the use of card readers.
3. YE are unable to provide support regarding the use of card readers, or any issues with their providers.



### Online

Once your product or service has been approved, you can use the product code generated by the product approval on Company Connect to list it on [YE Trading Station](#), our bespoke online sales platform. This allows you to showcase it to friends, family and a wider audience of potential customers.

You can use YE Trading Station to keep track of your products and orders and view all of the other products being sold. You will also take part in online trade fairs, where you can promote your YE Trading Station store and enter it into competitions.



You can use your own website or social media to promote your product or service and you can sell it online via YE Trading Station. As over 18's you can also choose to sell through other platforms if you prefer (Ebay, Amazon etc.) though must take responsibility for any associated T&C's and/or fees.








YE Trading Station does not offer online payments. All payments for products and services will need to be made by providing an invoice to customers. They can then pay by bank transfer.



## 7. Your Charitable Giving

As a registered charity, Young Enterprise's funds must legally only be used for their own goals. Whether registered as a commercial or social enterprise, as branches of Young Enterprise, student companies cannot fundraise for another charity.

This means that while running, YE student companies **cannot** state the intent to give any of their profits to charity. For example:

-  Teams should not state that a percentage of profits will go to charity in their sales and marketing activities or materials.
-  Teams should not promote a specific named charity on their trade stand or in marketing materials, including online and via social media.
-  Social Enterprise teams can promote their general social aim in line with their mission and vision.
-  After the end of the company year (after the point of winding up), students are free to keep, donate or reinvest any profits that they have made.
-  Teams could choose to donate to a good cause, donate to their educational establishment to support future enterprise activity, or divide profits to their shareholders.

