

FEMINA

Inclusion of Women in the Cultural & Creative Sector

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Blended Training Program: Inclusion and Diversity within Cultural and Creative Sector (CCS)



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**‘Femina - Inclusion of Women in the Cultural and Creative
Sector’**

Blended Training Program:

Inclusion and Diversity within Cultural and Creative Sector (CCS)

Fundamentals of Business and Accounting

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About Femina

'Femina – Inclusion of Women in the Cultural and Creative Sector' (2022-1-LU01-KA210-VET-000081625) is a collaborative project funded by Erasmus+ that aims to promote the participation of women in the cultural and creative sector. The project involves two partners, Luxembourg Creative Lab a.s.b.l. and Budakov Films Ltd., who have extensive experience working with creative individuals on various projects and initiatives. During our recruitment and freelancer search, we have identified specific groups of women within the cultural and creative sector:

- Women with creative backgrounds who are currently not employed in the same field but have the potential to contribute their skills and expertise.
- Women who may lack confidence in their digital skills, despite being actively involved in the cultural and creative sector.
- Women who are currently employed but aspire to embark on an entrepreneurial or freelance path within the cultural and creative sector.

By identifying and addressing the specific needs and challenges faced by these sub-segments of women, the project aims to foster inclusivity, support their professional development, and empower them to thrive in the cultural and creative field.

Unit 1: From a Freelancer to Successful Businesswoman

Tags: business, planning, registration, patent law, accounting, legal requirements

Unit 1 - Introduction

People working in the cultural and creative sectors tend to see themselves as artistic and free-spirited. It is not surprising that many young women do not actually own businesses but opt to work as freelancers instead. While there is nothing wrong in freelancing per se, registering your own company will provide you with additional benefits and job security.

We will explore these in the first unit and - hopefully – by the end of it you will be convinced that you can do better than being “just” a freelancer and registering your own company and brand with put you on track to be a genuine businesswoman.

1.1 The transition from a freelancer to a business-owner

Why is registering a company important? In the modern day women working in the cultural and creative sector find new customers through dedicated groups in social media, with word-of-mouth marketing and directly – through their own websites. Owning a website is a necessity (see Module 2 for more information on how to develop your own), but owning a company is not mandatory for a successful freelancer.

Indeed, some people prefer not to register companies, processing payments through fintech solutions such as Revolut or Phyre instead and thus “saving” on any taxes that might be due on their profits. This is an illegal and immoral practice. It should be self-explanatory that not signing a formal contract with a customer leaves you vulnerable to fraud and the fruits of your labor could be stolen without any financial compensation. Signing temporary contracts for jobs that you undertake offers you a greater degree of legal protection.

Freelancers in most jurisdictions have the same obligations as business owners. Paying income taxes, for example, is the sole responsibility of the freelancer and in some jurisdictions estimated taxes must be paid in advance.

Working as a freelancer gives you all the responsibilities of a small business owner, but leaves out the benefit of enhanced credibility and eligibility for tax deductions.

Freelancers also lack employer benefits, such as insurance and retirement plans. While the specifics of freelance work may be different in the various EU member states, the drawbacks of freelance work can motivate people to take the next step in developing their careers.

Cherie Blair, founder of the Cherie Blair Foundation points out that “deep rooted gender inequality, damaging gender stereotypes and sexist attitudes persist everywhere – and this all impacts on women entrepreneurs’ success. Women face economic, social and legal barriers to setting up and running their own businesses.”

Even in the diverse world of the cultural and creative sector, these factors still can explain the discrepancy among entrepreneurs, who have registered their own company.

1.2. The benefits of registering your own company

There are several benefits for a woman working in the cultural and creative sector to register their own company instead of working as a freelancer. First and foremost, establishing a company provides a more professional image and enhances credibility with clients and collaborators. A registered company also offers greater financial stability and can help to separate personal and business finances, ensuring better financial planning and management.

Additionally, a registered company provides greater control over the work process, allowing you to consider expanding by hiring new people and providing a clearer definition of the roles and responsibilities of team members, and the ability to take on larger, more complex projects.

Having your own business can provide access to more resources, such as funding, business loans, and grants, which can be beneficial for expanding and achieving greater success. Finally, owning a company provides a sense of ownership and pride in one's work and enables the development of a long-term vision and strategy for the business.

Women in the cultural and creative sector who want to establish a strong professional presence, achieve financial stability, and have greater control over their work and future success.

1.3. Doing your homework on starting a business

To successfully register your own company, you should acquaint yourself with the local legal requirements for starting your own business. These will differ across different EU member states and even in local jurisdictions, but there are some commonalities that you will inevitably encounter:

- **Choosing a legal form for your company.**

In most countries there are three possibilities regarding the legal form of the company: 1) A sole proprietorship; 2) A limited liability company or 3) A public limited company. The latter is not applicable to a freelancer transitioning to a small business owner.

“Sole props” as they are often called put their personal assets at risk with zero liability protection. That means that they can be seized for company debts. It may be easier to register in most countries and does give all benefits of owning a company such as tax deductions, health insurance, unemployment benefits etc. With regards to your personal finances however – it is not too different than being a freelancer, who diligently pays their taxes.

Limited liability companies or LLC for short are more complex legal entities that separate you as a private individual from your business. The company and you have different assets and yours are protected. LLCs can secure more funding from banks, as well as grants from government programs. Registering an LLC also provides a more professional image.

In both Bulgaria and Luxembourg it is advisable to first register a LLC for legal protection and ease of doing business. The official term for LLC in Luxembourg is a “Société à Responsabilité Limitée” (SARL). You can register one either on your own or hire a consultancy company to handle the legal document on your behalf. The minimum authorized capital is 12,500 Euro. Registration services can be quick and typically can be completed within one working day.

Registering a company in Bulgaria is considerably cheaper by contrast. The minimum required capital is only 1 BGN. The Bulgarian term for LLC is OOD (Дружество с ограничена отговорност). The procedure is similar to that in other countries - you must visit the national trade registry. Alternatively you can hire the services of a law firm to complete the task for you. A typical waiting time for registering a company in Bulgaria is one to three days.

Reserve a company name

Once the legal form has been chosen, the company name must be reserved with the local Trade and Companies Register. All EU member states have an equivalent institution which manages the names of the companies and all relevant data regarding their scope of business, ownership, and business address.

Before starting a business or setting up a company you should confirm the availability of the commercial brand name or company name they plan to use. The availability request can be submitted online to the Luxembourg Business Registers (LBR).. Visit this page to view the location of their offices and online services: https://guichet.public.lu/en/organismes/organismes_entreprises/rcs.htm. The analogous service in Bulgaria is available at: <https://portal.registryagency.bg/>

Sharing information with the national register agency is mandatory and it will be freely accessible to the public. Make you sure take care to share correct data.

Your company name must not coincide with another company, nor should it imply that it is connected to a different company. Once you have registered your brand, it becomes legally protected, and no other person or corporate entity may attempt to register a product or business operation using the same name.

In Bulgaria, you should first prepare the articles of association, which should be notarized. This document should contain information about the owner (your name and details), the company name, address, business activities, capital size, and other relevant information. Once you are done with the Commercial Register at the Registry Agency. Present yourself in person and submit all the necessary registration documents, including the bank account certificate, notarized Articles of Association, and other documents required by the register.

- Open a bank account

Running a business bank account must be opened in the name of the company. The minimum initial capital in each country is different. In Bulgaria, for example, the required capital is only 1 BGN, which ranks among the lowest in the EU. In Luxembourg the capital ranges from 1 to 12 000 EUR, depending on the business.

The initial capital of the company is the deposited in the bank account. There is no limit as to the bank of your choice, but you will do well to compare the different solutions offered to corporate customers by banks.

- Obtain a business license

Business permits are standardized documents that usually issued by the local Ministry of Economy. Companies are legally required to specify the scope of their activities and this is usually displayed in the business license. Some activities may have additional restrictive measures in places (such as banking, law firms etc), but these are unlikely to affect enterprises in the cultural and creative sector.

In some EU states, such as Bulgaria, a Unique Identification Code (UIC) must be generated. If such a prerequisite is required in the country that your business is registered in, it is most likely issued either by the local Ministry of Economy or the Ministry of Finance.

- Register with the tax and social security authorities:

The final step in the process of registering your own business must be to register it with local tax authorities for value-added tax (VAT) and corporate tax purposes. If you choose to register a LLC, your company will inevitably employ people, because at the very minimum you yourself will be listed among the employees. You will need to provide all necessary documentation to the local social security agency so that retirement, healthcare and other social services are accounted for.

If you have opted for a sole proprietorship, depending on the EU member state that you are in, you may or may not be required to register with the social security authorities. Either way you are should at least consult with your local agency directly to avoid any mistakes.

1.4. Writing a business plan for your new company

Every business needs a plan in order to be successful. This plan should factor in a few specifics about your clients, target group and unique selling propositions (or USPs). We explore these points in Module 1: Brand Identity for Female Entrepreneurs. You are encouraged to review them in greater detail again.

In a nutshell – you must conduct thorough market research to identify the target market, understand the competition, and determine the potential demand for the products or services. This can involve collecting data on market size, growth trends, consumer preferences, and competitor analysis.

Blazhka Dimitrova, one of the female entrepreneurs who shared their best practices with Femina, chose a specific business plan related to her zero-waste practices in her business. Not wasting produce is in fact a way to balance out the cost structure of your business.

Assuming you are familiar with these fundamentals, you can move on to the next steps of your business plan.

- **Develop a business model:**

Any business model should contain details on how the company will generate revenue and how it will scale over time. This will usually involve defining two things:

1. Revenue streams

Revenue streams are the various sources from which a business earns money from the sale of goods or the provision of services. These can include products that you directly offer on the market or intellectual property rights you can monetize as part of your creative work. Remember, that having your own business requires diligent accounting on all revenue streams. We will talk more about accounting and budgeting in Unit 2.

2. Cost structure

In a way, the cost structure is the exact opposite of the revenue stream. Your cost structure reflects all the reasons you “lose” money while running your business. These can include the materials you buy, the office space that you rent, the money you spend on your daily commute to the workplace etc. You should separate all costs into different categories and constantly look for ways to optimize and reduce their overall impact.

- **Establish financial projections:**

As an entrepreneur, you should develop financial projections that detail the revenue, expenses, and profits for the business. This can involve forecasting sales based on market research and developing a detailed budget that accounts for all costs associated with running your creative business.

Projections are important and you should be able to use them to set targets for growth and expansion. As part of your projections, you should consider any external factors to the business that may affect it adversely – for example: inflation, political instability, recession etc. Of course, these could be notoriously difficult to predict.

It is always a good idea to make more conservative projections. Assume that the inflation will be higher, that it was last year. Assume that the economy will grow at a slower pace than the government projects. As the old saying goes - prepare for the worst and hope for the best.

Remember that projections are only speculative. At the end of the day, you must be ready to adjust your strategy when necessary.

- **Determine your scaling strategy**

Any modern business cannot stay static and those in the cultural and creative sector are no exceptions. You should have a comprehensive strategy to grow and scale your business.

1. Identify additional funding sources.

These are not limited to attracting new customers, although you cannot be successful in a sustainable way if it does not include this aspect. Additionally, you should look into different funding options available, such as grants, loans, and equity investments, and determine the terms and conditions of each.

2. Attract new customers

To achieve this you must consider diversifying your portfolio of products and services, exploring new markets and sales channels. Do not underestimate the potential of social media and word of mouth marketing in order to generate leads into new customers. We will discuss these in greater detail in Module 4 and Module 5, respectively.

Key Takeaways

- Registering a company is better in the long term than working as a freelancer. Having a limited liability company will separate your private person and your business entity and protect your own assets.
- Make sure you are diligently following all legal requirements mandated by your local authorities, to avoid any unnecessary administrative penalties.

- Prepare for the worst and hope for the best. Whenever you make financial projections or develop scaling strategies, always make conservative assumptions and estimates. It is better to underestimate your performance, than to overestimate it.

Recommendations for Further Reading

Registering your company is connected to protecting your intellectual property as well as to developing your own brand identity. To learn more about these topics, review Module 1.

References for Unit 1:

Hisrich, R. D., & Peters, M. P. (2018). Entrepreneurship (10th ed.). McGraw-Hill Education.
Reference: Hisrich, R. D., & Peters, M. P. (2018). Entrepreneurship (10th ed.). McGraw-Hill Education.

Barringer, B. R., & Ireland, R. D. (2019). Entrepreneurship: Successfully launching new ventures (6th ed.). Pearson.

Unit 2: Basics of Accounting and Budgeting

Tags: credit, debit, balance sheet, accounting principles

Unit 2 - Introduction

There is a popular internet meme which pictures high school children dismissing Microsoft Excel as something outdated and irrelevant, only to have it haunt them in their grown up life as white collar workers in the office.

Even if you are not office bound, as most creative minded people tend to be, you must consider familiarizing yourself with the numbers of your business if you want to be a successful entrepreneur. You don't have to do all the accounting by yourself. In fact, you will likely be legally required to hire an accountant or accounting firm, which will manage this for you. Having said that – you should be competent enough to know what your business needs. In this module we will explore the fundamental aspects of accounting and budgeting that every woman must know.

2.1. What is accounting

Accounting is the process of recording, classifying, and summarizing financial transactions to provide useful information to stakeholders. The stakeholders can be internal – managers, financial experts or external, such as investors, creditors, and tax authorities.

Based on these types of stakeholders, there are two main types of accounting:

1. Financial accounting

Financial accounting is focused on preparing financial statements, such as the income statement, the balance sheet, and cash flow statement, to report the financial performance and position of the company to external stakeholders. This mostly interests tax authorities, and you are subject to legal penalties if you provide inaccurate information, even if done unwillingly. This is why you must invest in a professional accountant for your needs.

2. Managerial accounting

Managerial accounting, on the other hand, is focused on providing information to managers, or to you yourself as a business owner, to help you make informed decisions about the operations of the company. Keeping records of all payments is critically important for identifying your cost structure and revenue streams, which we discussed back in Unit 2 of this Module.



Image X. The five stages of accounting. Source: tallysolutions.com

The accounting process can be subdivided into 5 stages, if we stick to the most classical examples in the sector, illustrated in img. X.

1. Recording – All financial transactions in your company must leave a paper trail.
2. Classifying – Once the raw data of a financial transaction has been gathered it must be categorized, according to its type.
3. Summarizing – All the numbers collected in the first stages mean little to a layman. It is the job of a professional accountant to summarize them into reports.
4. Reporting – At this stage the data leaves the accountant's desk and goes to whomever they report to – the tax agency in financial accounting and the managers in managerial accounting.
5. Interpreting – The last stage in accounting is actually interpreting the results. If you have developed a good business plan, as outlined in Unit 1, you can use this data to adjust your business strategy.

2.2. Key terms in accounting

Accounting is a complex industry, with a rich professional terminology that might be intimidating at first for someone working in a different field, such as the cultural and creative sector. While managing your own business you will inevitably familiarize yourself with several accounting terms. In this part of the course, we will explore several fundamental concepts:

1. The accounting equation

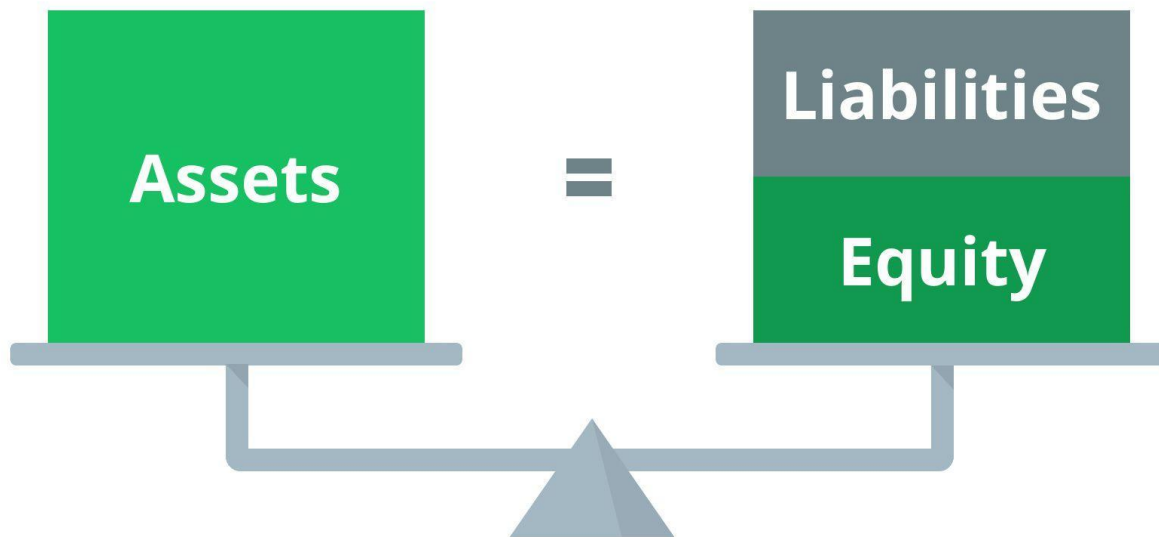


Image X. The accounting equation. Source: getpoindexter.com

The accounting equation is likely the first key concept that any student in the accounting field learns. As illustrated in Img. X, it states that assets equal liabilities plus equity. Liabilities refers to money your organization owes, while equity is the money that your organization has. This equation is used to ensure that the balance sheet is always balanced and that the financial statements are accurate. It is often expressed with the simple formula “ $A = L + E$ ”.

2. The balance sheet

A balance sheet is a financial statement that provides a snapshot of a company's financial position at a specific point in time. It shows the company's assets, liabilities, and equity, and the relationship between them. The balance sheet follows the standard equation of $\text{Assets} = \text{Liabilities} + \text{Equity}$, which means that the total assets must equal the sum of the liabilities and equity. The balance sheet is divided into two main sections: assets (current and non-current) and liabilities and equity (current and non-current). The balance sheet is useful in assessing a company's liquidity, solvency, and financial health.

3. Income statement

An income statement, also known as a profit and loss statement, is a financial statement that shows a company's revenues, expenses, and net income (or loss) for a specific period of time, such as a quarter or year. The income statement equation is $\text{Revenues} - \text{Expenses} = \text{Net Income}$ (or Net Loss), which means that the total revenues must equal the total expenses plus the net

income (or minus the net loss). The income statement is useful in assessing a company's profitability and performance over time.

4. Double-entry accounting system:

The double-entry accounting system is a method of recording financial transactions that involves recording every transaction in two accounts - a debit account and a credit account. The system is based on the accounting equation and the principle that every transaction has two sides: a debit side and a credit side. For example, if a company purchases inventory for cash, the inventory account would be debited (increased) and the cash account would be credited (decreased). The double-entry accounting system ensures that every transaction is recorded accurately, and that the accounting equation always stays in balance.

2.3. Key principles in accounting

Mastering accounting can take years to complete and requires dedicated efforts. However a few key concepts, vital to the financial health of a company are in fact quite straightforward. By following these fundamental principles, companies can ensure that their financial statements are accurate, reliable, and consistent over time. This helps stakeholders to make informed decisions about the company and its financial performance.

1. The principle of accrual basis of accounting:

This principle states that revenue and expenses should be recognized when they are earned or incurred, regardless of when the cash is received or paid. This helps to provide a more accurate picture of the financial performance of the company.

2. The matching principle

This principle states that expenses should be matched with the revenues they help to generate. This helps to provide a more accurate picture of the profitability of the company. For example – if you expend X amount to rent a new store, you must match the revenue generated by that store with this expense.

3. The consistency principle

This principle states that accounting methods and procedures should be consistent over time to ensure that financial statements are comparable from one period to another. To continue the example of the new store – you must ensure that you follow the same accounting practices month after month.

4. The materiality principle

This principle states that only significant or material items should be reported in the financial statements. This helps to ensure that the financial statements are not cluttered with

insignificant information. In layman's terms – not every mundane object in your office is a company asset. Focus on things genuinely important to running your business operations. A professional camera might be such an example, but your smartphone – may not.

5. The conservatism principle

This principle states that when there are two possible accounting treatments for a transaction, the one that results in lower profits or assets should be used. This helps to ensure that the financial statements are not overstated. This is reflected in the financial projection, which we discussed in Unit 1.

Key Takeaways

- There are two types of accounting – internal and external. You submit the external reports to the tax authorities and internal ones – to the management of your organization.
- The accounting equation is likely the first key concept that any student in the accounting field learns. It states that assets equal liabilities plus equity.
- Be consistent in your accounting. This will help you track the development of your company over time.

Recommendations for Further Reading

References for Unit 2:

Piper, M. (n.d.). Accounting Made Simple: Accounting Explained in 100 Pages or Less.

Kimmel, P. D., Weygandt, J. J., & Kieso, D. E. (n.d.). Financial Accounting: Tools for Business Decision Making.

Unit 3: Business Law for Beginners

Tags: law, contracts, employment, intellectual property

Unit 3 - Introduction

Much like accounting, business law is a major field in corporate life in itself. While you could dedicate several years of your life to get a degree in law, this following unit will outline several fundamental concepts that any successful businessperson must be familiar with.

As your business grows and develops, you should consider hiring a legal professional who will take care of more complex issues. Having said that, at any point in time a good entrepreneur will know what needs to be done, even if they do not possess all the detailed knowledge that a jurist would.

3.1. What is Business Law

Business law is a set of rules and regulations that govern the activities of businesses and the people who work for them. These rules and regulations are designed to ensure that businesses operate in a fair and ethical manner and that they are held accountable for their actions.

Although the intricacies of law - such as share ownership, capital markets, and business culture norms will vary between different EU member states, there are common legal characteristics and issues that exist across many of them.

Business law serves to regulate the relationships and interactions between corporations, investors, shareholders, directors, employees, creditors, and other stakeholders, including consumers, the community, and the environment.

The terms "company law", "corporate law" and "business law" are often used interchangeably. In either case, this aspect of the legal world typically encompasses broader concepts of commercial law, which pertains to the legal aspects of commercial and business-related activities. This may sometimes involve matters related to corporate governance or financial law.

Business law has many areas that it operates in, and we will list a few of the in this Unit.

1. Employment law

Employment law governs the relationship between employers and employees. This includes laws related to hiring, firing, wages, benefits, and workplace safety. It's important for businesses to comply with employment laws to avoid legal issues and protect your employees.

2. Tax law

Tax law governs how businesses are taxed and what deductions they can take. Complying with tax laws, and indeed any law, is mandatory, but this in particular is also related to the work of your accountants. This is why you must be familiar with the fundamentals of accounting, which were discussed in Unit 2 of this Module.

3. Intellectual property law

Intellectual property refers to the legal rights that protect creative works, such as inventions, trademarks, and copyrights. It's important for businesses to protect their intellectual property to prevent others from using it without permission. We discussed legally protecting your brand in the first Unit of this module. For further instructions on how to develop your brand identity with respect to your target audience, review Module 1 “Brand Identity for Female Entrepreneurs”.

4. Business liability

Liability refers to the legal responsibility that businesses have for their actions. If a business causes harm to someone or something, they may be held liable and required to pay damages. Limited liability companies separate the individual from the business, which is why it is generally considered a good practice to establish such a company, as opposed to a sole proprietorship. This issue was discussed in greater detail in Unit 1.

3.2. Key terms in business law

Business law, not unlike other areas of jurisprudence, has a set of professional jargon. Not all aspects are common knowledge, so – as an aspiring entrepreneur yourself – you should consider familiarizing yourself with the most important terms that you will encounter.

1. Contracts

Contracts are legally binding agreements between two or more parties. They can be written or oral and cover a wide range of business activities, including sales, employment, and partnerships. It's important to understand the terms and conditions of any contract before signing it. While it is possible to find draft versions of many of the most common contract types used in business online, you should consider having a legal professional develop those that your business will use.

Once you have standardized forms for your contract you can generally reuse them, by replacing names, companies and addresses, whenever you require a similar arrangement with a different party. If ever in doubt, however, do not hesitate to contact a legal professional.

2. Intellectual property

Intellectual property covers all legal rights that protect creations of the mind, such as inventions, literary and artistic works, and symbols. This is particularly important for the cultural

and creative sector where many products and services are in fact intellectual work. Infringement of your copyrights is a crime, and you may seek financial compensation by legal means.

3. Consumer protection

The set of laws that aim to ensure fair treatment of consumers in the marketplace and protect them from fraudulent or deceptive practices is referred to as consumer protection. Just as registering a LLC provides some protection to the business-owners, jurisdictions worldwide take additional measures to ensure that consumers are also protected from fraudulent claims by businesses.

4. Corporate governance

The system of rules, practices, and processes by which a company is directed and controlled, including the roles and responsibilities of its directors and officers is referred to as “corporate governance”. While this may be established by internal documents, certain terms and positions are also legally defined to avoid confusion.

5. Bankruptcy

Ideally, bankruptcy is a term that your business will never have to deal with. This is a legal process by which individuals or businesses that cannot pay their debts may seek relief from creditors and restructure their finances.

It is important to note that creditors also take a risk, by choosing to finance a business. For example, if a bank lends you money to start your own company and it goes bankrupt, the bank cannot demand the money indefinitely. At some point, depending on the specific national bankruptcy law – the financial institution also incurs a loss.

All these general terms can be found in various legal systems in use throughout the EU. It would be best to acquaint yourself with the specifics of your own national laws before registering your company or to hire a legal professional to help with the draft of all internal legal documentation needed by your business.

3.3. Hiring the right legal professional

All these legal processes may seem intimidating for non-professionals. Despite this most companies hire a law firm only when a specific need arises, as opposed to trying to establish a long-term relationship with a law firm in advance.

Most lawyers will charge you by the hour of their work, if you are not a regular customer. However, establishing a professional working relationship with a law firm will enable you to sign a better contract.

The conditions of the contract will be better than those compared to hiring a lawyer for an ad hoc need. A professional law firm will provide legal advice in the areas of law that routinely affect business operations. Examples of these include corporate governance, mergers and acquisitions, purchase or sale of assets, employment issues and new contracts. These are common issues that will arise on a regular basis.

A start-up is unlikely to need an in-house lawyer at such an early stage, so it is better to outsource this activity. This leaves you with two options:

1. Hire an independent practicing lawyer.
2. Hire a professional law firm.

Independent practicing lawyers can be a slightly cheaper option initially, but their availability may be limited, even if you do sign a long-term contract. A decent law firm, on the other hand, will always be capable of providing timely advice, regardless of the availability of particular employees there.

In that sense it is generally better to hire a regular law firm, as opposed to a solo lawyer. The price discrepancy will be compensated by increased availability and by corporate discounts if you work with the same company continuously.

A common concern among business owners is whether they can trust the law firm with sensitive information regarding their company. It is fair to say that law firms base their business on their reputation and it is extremely unlikely that any confidential information will be misused for whatever reason.

Key Takeaways

- Although the intricacies of law - such as share ownership, capital markets, and business culture norms will vary between different EU member states, there are common legal characteristics and issues that exist across many of them.
- Creditors also take a risk, by choosing to finance a business. For example, if a bank lends you money to start your own company and it goes bankrupt, the bank cannot demand the money indefinitely.

Recommendations for Further Reading

Knowledge of Business Law is helpful in managing your business even if you are a legal professional on your own. View more on this topic in Module 6.

References for Unit 3:

Clarkson, K. W., Miller, R. L., & Cross, F. B. (2018). Business Law: Text and Cases. Cengage Learning.

Cross, F. B., & Miller, R. L. (2018). The Legal Environment of Business: Text and Cases. Cengage Learning.

Good Practices

Maurane Populo: Being a woman working for herself can be surprising for some people, but it doesn't stop me

Maurane is a freelancer, working since 2019 in communication, web design and graphic design. It gives her the possibility to let my creativity support projects, companies and people to enhance their visibility online and offline.

How important is it to have a well-structured portfolio in your business?

My portfolio is the reflection of what I do but also how I do my job and who I am. I worked for different sectors: 3D, education, B2C, interior design, hence my portfolio has to be organized, just like my mind is. One of the biggest advantages the portfolio gives me is that it shows how I can adapt myself to the client's needs. Furthermore, it is hard to select a project over another. I try to choose according to the ones I am the most proud of and if I had the chance to work on it «360 degrees' '.

Have you encountered any gender-based biases towards your work, when presenting your portfolio?

I think that we never stop learning, I always try to dig for new inspirations around me: stay updated about new trends, take courses for new techniques, go to museums, conferences, scrolling on social media. I also like to try new creative activities, which will help me to increase my global creativity, which I can add up to communication, web design or graphic design in a way.

Being a woman working for herself can be surprising for some people, but it doesn't stop me nor affect me.

Do you have a website and/or professional social media accounts and how do you engage with the online audience?

Presence online is important to showcase your work, and how active you are. It's like a second job, to be your own social media manager to grow your list of clients and views which is highly related nowadays. I prefer knocking on doors and sending my portfolio to companies directly.

Marta Pitorak: People are not surprised that I am a female entrepreneur, but they are surprised by my age and maturity

Marta has been working on her project for 6 months now and her team has 3 members. In a nutshell, her business is running a content optimization tool that is meant to revolutionize the way people consume authentic content online for their professional or academic purposes. We reached out to her to tell us more about her idea and the future of her company.

How important is it to have a well-structured portfolio in your business?

I do not have the foundation set up yet, so I do not have a business portfolio. We are only developing an MVP for now.

How did you decide on the business legal form of your entity? Are there any financial and accounting skills you have acquired that are traditionally attributed to men?

No, it does not surprise people that a woman decided to be an entrepreneur. People are surprised about my age and maturity, though. I did not acquire any financial or accounting skills, we are about to register the company in the near future. I do not want to reveal details regarding the form of the entity as it is still being discussed.

Do you have a website and/or professional social media accounts and how do you engage with the online audience?

We do not engage with our audience yet, only with communities relevant to our business, such as DFINITY Discord channel. In my opinion, the tool should be developed before starting an intense social media promotion, not saying that there should be no promotion. We also do not have enough resources to focus on marketing activities and are dedicating 100% of our attention to business development.

Tips & Recommendations

- Accounting encompasses two main types: internal and external. External accounting reports are submitted to tax authorities, while internal reports are intended for the management of your organization.
- The accounting equation serves as a fundamental concept taught to students in the field of accounting. It states that assets are equal to the sum of liabilities and equity, providing a basis for understanding the financial position of a company.
- Consistency in accounting practices is vital. By maintaining consistency, you can effectively track the progress and growth of your company over time, allowing for accurate financial analysis and decision-making.
- While the specific details of law, such as share ownership, capital markets, and business culture norms, may vary among European Union (EU) member states, there are certain legal characteristics and issues that are commonly shared across many of them.

Glossary

Assets - Anything of value that is owned by a business, such as cash, property, equipment, or inventory.

Business strategy - A plan of action designed to achieve a specific goal or set of goals for a business. It involves making decisions about how to allocate resources, identifying opportunities, and managing risks.

Credit - An agreement in which a lender provides money or resources to a borrower with the expectation that it will be repaid with interest over time.

Corporate law - The legal framework that governs the formation, operation, and dissolution of corporations. This includes issues such as corporate governance, securities regulation, and mergers and acquisitions.

Debit - A transaction that results in a decrease in a company's assets or an increase in its liabilities.

Financial projections - Forecasts of a company's future financial performance based on assumptions about revenue, expenses, and other factors. These projections are typically used to assess the feasibility of a business plan, make investment decisions, or secure financing.

Jurisdiction - The geographic area or legal authority in which a business operates. This can include local, state, or national laws and regulations.

Liabilities - Debts or obligations owed by a business, such as loans, accounts payable, or taxes.

Scaling - The process of increasing the size or scope of a business in order to achieve greater efficiency, profitability, or market share. This can involve expanding operations, entering new markets, or increasing production capacity.

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Check Your Knowledge (Multiple Choice with one correct answer)

1. **What is the benefit of registering your own company?**
 - A) More flexibility with working hours
 - B) More opportunities for vacation time
 - C) Financial stability and separation of personal and business finances
 - D) The ability to work exclusively on personal projects

2. **Which of the following factors adversely impact women entrepreneurs' success?**
 - A) Economic and social barriers
 - B) Deep rooted gender inequality
 - C) Sexist attitudes
 - D) All of the above

3. **Which of the following types of companies will ensure that your personal assets are not subject to confiscation for company debts?**
 - A) A public limited company
 - B) A sole proprietorship
 - C) A non-profit organization
 - D) A limited liability company (LLC)

4. **What is the purpose of a business license?**
 - A) To separate personal and business finances
 - B) To specify the scope of the company's activities
 - C) To provide a sense of ownership and pride in one's work
 - D) None of the above

5. **What should be considered when developing financial projections for a creative business?**
 - A) The costs associated with running the business
 - B) The revenue streams available
 - C) Any external factors that may affect the business
 - D) All of the above

6. What is a potential drawback of a sole proprietorship?

- A) Personal assets are at risk with zero liability protection
- B) More complicated legal requirements
- C) Difficulty registering for VAT or corporate tax purposes
- D) Difficulty hiring office spaces

7. How can a registered company help improve a woman's professional image?

- A) By providing more flexible working hours
- B) By enhancing credibility with clients and collaborators (correct)
- C) By making it harder to separate work and personal life
- D) None of the above

8. What does tax law govern in a business context?

- A) How businesses should operate.
- B) How employees should be hired and onboarded with company policy.
- C) How businesses are taxed and what deductions they can take.
- D) All of the above.

9. What is a contract?

- A) A legally binding agreement between two or more parties.
- B) An oral agreement between two private individuals.
- C) An informal agreement made through email.
- D) An illegal agreement between two parties.

10. What does the principle of accrual basis of accounting state?

- A) Revenue and expenses should be recognized when they are earned or incurred, regardless of when the cash is received or paid.
- B) Revenue and expenses should only be recognized when the cash is received or paid.
- C) Only significant items should be reported in financial statements.
- D) Accounting methods and procedures should be consistent over time.