



## 1. YOUR LEGAL OBLIGATIONS



### Legal Status of Young Enterprise Student Companies

All Young Enterprise student companies are, for the year of their operation, functioning as **branches of Young Enterprise**.

### Check before Naming your YE Student Company

When naming your Student Company, care needs to be taken to not directly or indirectly imitate, copy or trade using existing **company names, trademarks or copyrights**.

Before you finalise your Student Company name it is important that you check if anyone else has already registered that name and has the exclusive right to use it. By law, this prevents anyone using the same name or something which could be taken as imitating that name. They can take legal action against anyone who uses their brand/name without their permission. This is known as **Intellectual Property**.

Check that the name you are thinking of using hasn't already been registered by someone else by searching for existing registered marks at [www.gov.uk/intellectual-property/trade-marks](http://www.gov.uk/intellectual-property/trade-marks)

To find out more about **Intellectual Property** download an information sheet [HERE](#) and watch the [Video](#)

The name of your Student Company cannot include 'Ltd', 'Inc' or 'Company'. For legal matters the full name of your Student Company is your chosen **YE Student Company Name**, followed by the wording, **A Branch of Young Enterprise**.

### Include your Student Company Name and YE Registration Details

Under the Companies Act 2006 a Company must show its name and YE's place of registration, registered number and registered office on all business stationery, hard copy (printed), electronic or any other form – including invoices, receipts, orders, official publications, websites, emails.

The YE registration details vary depending on your location. Click [HERE](#) for full details

### Written Contracts

Young Enterprise Student Company members signing written contracts entered into by the YE Student Company, must add the words "FOR AND ON BEHALF OF <YE STUDENT COMPANY NAME > A BRANCH OF YOUNG ENTERPRISE".

## What is an Operating Framework?

All YE Student Companies are, for the year of their operation, legally functioning as **Branches of Young Enterprise** and the **Operating Framework** sets out the rules and processes you need to follow when **setting up and running** your YE Student Company. This is to protect **you and Young Enterprise** from breaking **UK laws governing companies and charities**. This Operating Framework details **Legal Requirements, Types of Student Company, Insurance Cover, Finances, Product Approval, Online Sales, Charitable Giving and Winding Up Fees for ALL YE Student Companies**.

More details are available at [YE Online](#)

## 2. CHOOSING YOUR TYPE OF STUDENT COMPANY



There are two different types of YE student company that you can run. Each of these business models has a slightly different legal structure and your choice will impact the decisions you make when setting up and running your student company.

 <b>Commercial Enterprise</b>	 <b>Social Enterprise</b>
<p>The primary goal of this type of student company is to make as much profit as possible for you and your shareholders. At the end of the Company Programme, 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.</p> 	<p>The primary goal for this type of student company is to have a positive impact on a social or environmental issue. When you wind up your YE student company you will distribute a large proportion of your profits and assets to a good cause that fits with your original mission and purpose. The focus is on making a difference to society. [It is important to read Section 7 of this document on Charitable Giving before starting a social enterprise]</p>

### 3. YOUR INSURANCE COVER



It is a **LEGAL REQUIREMENT** in the UK, when setting up a business, to make sure that your products and services are covered by **insurance** should something go wrong.

Young Enterprise has secured **Product and Public Liability Insurance for YE Student Companies**, up to £10,000,000. However, you **MUST** check that the product/service you are creating is covered by the insurance Young Enterprise provides for you and that you have received formal approval from YE.



**The Product Liability Insurance policy** includes the goods or services your YE Student Company sells or supplies but the insurance **DOES NOT INCLUDE** the sale, supply, manufacturing, reconditioning, modification, alteration, repair of:

- ✗ **alcohol or tobacco** products including the set up of events where alcohol or tobacco are being sold or served even if students are not directly involved in serving these products
- ✗ acting as **Travel Agents, Tour Operators or Taxi Services**
- ✗ running **gambling** activities with the exception of raffles where cloakroom tickets are sold exclusively within the school or college
- ✗ **foodstuffs**, including buying unbranded products for consumption, or those subject to refrigeration and special storage arrangements, or product with a sell by date under 3 months, or which would have reached the sell by date at time of sale. This includes plants for consumption. [The only exception where the Student Companies may deal with food is when the Student Company is being run as part of a recognised catering course and where insurance cover already exists. Food Hygiene is not a catering course. Written permission should be requested in advance from [programmes.support@y-e.org.uk](mailto:programmes.support@y-e.org.uk) and must include evidence]
- ✗ goods for **animal consumption**
- ✗ **cosmetics** and beauty preparations including Henna products, face paints and essential oils for topical application, other than the re sale of proprietary branded products, including soap, perfumes and bath salts; [Proprietary goods must remain in the original manufacturer's packaging, and be labelled clearly detailing the name & address of the manufacturer and the ingredient list]
- ✗ any product which has to be plugged into the **mains electricity supply**.
- ✗ goods for use as component parts in **aircraft control**
- ✗ the repair and maintenance **of mechanically propelled vehicles** and goods used within the repair and maintenance
- ✗ acids, gases including **helium balloons, explosives, fireworks, chemicals; drugs and pharmaceutical** products
- ✗ **fertilizers, crop/weed spraying** preparations, the manufacture, storage, filling, breaking down or transport of **explosive gases**

#### ALSO EXCLUDED



- ✗ Operating with the **U.S.A. or Canada**, or any territory under their jurisdiction
- ✗ Operating with any financially country sanctioned by the UK - see [here](#)
- ✗ the cost or value of any product lost or damaged due to **defects**
- ✗ the direct or indirect costs of repair or replacement of any product
- ✗ losses resulting from damaged products designed by you or on your behalf and subsequently sold or transferred to some other party
- ✗ any liability assumed on behalf of Young Enterprise by means of an express agreement or contractual undertaking if such a liability would not otherwise have arisen.

#### PLEASE NOTE:

- The policy does not cover the first £100 of any one claim and depending on specific circumstances this may be higher
- Business Advisers and Centre Leads should ensure that the Young Enterprise is advised when an accident occurs.
- There is **NO** personal accident cover on individual participants in the Company/Team/Start-up Programme and all members should be aware that this cover is up to the individual concerned, as indeed many schools have their own schemes available to the parents of students.
- Any group considering products or services that are not covered by the YE Insurance policy, can arrange their own insurance cover if desired. You must be able to demonstrate that the level of any cover established is at least equivalent to that provided via YE. You must send a copy of the policy to the YE Support Centre prior to commencing with the product/service.

## 4. YOUR COMPANY FINANCES



Before you launch your product/service you will need to raise some money to get started. The rules you need to be aware of before you start this are as follows:

### ✓ Selling Shares

You can sell shares (to family, friends, in school/college or the public) to raise money to get you started. Each Student Company member must also hold at least 1 share each.



**Share Price**  
£1.00 per share

**Maximum Share holding per person**  
£25.00 (i.e. 25 shares)

**Maximum Share Capital per Student Company**  
Max number of shares you can sell is £500  
Permission to exceed this limit must be applied for by emailing [info@y-e.org.uk](mailto:info@y-e.org.uk)

### ✗ Grants and Donations

YE Student Companies may **not** accept financial support, grants or donations (e.g. from individuals, companies, educational establishments) to cover set up or ongoing running costs. Selling of a service as a trading transaction, such as advertising, to a company or organisation is acceptable but the amount should be proportionate to the service provided and must be fully detailed in the Student Company records and reports.

✓ YE Student Companies may seek support to cover the cost of taking part in **special** events. Such support must be fully detailed in the Student Company records and reports.

### ✗ Loans

YE Student Companies may not obtain any further financial support including loans (e.g. from individuals, companies, educational establishments.)

### ✗ Crowd Funding

YE Student Companies may not engage in crowd funding.

### ✓ Cheques and payments in excess of £200

These must be countersigned by an Adviser, or if no Adviser is available, the Centre Lead, who is automatically delegated by Young Enterprise to act on behalf of the Organisation.

## 5. APPROVING YOUR PRODUCTS AND SERVICES



Before any Student Company can sell a product or service, that product or service must first be approved by Young Enterprise to ensure it adheres to the YE insurance policy. In order to submit a product or service for approval, you must register on YE Trading Station ([www.ye-tradingstation.org.uk](http://www.ye-tradingstation.org.uk)).

YE Trading Station is an online selling platform where you can promote and sell your product or service. Even if you do not intend to use YE Trading Station to sell your product or service, you will still need to register for an account in order to complete the product/service approval process.

In order to gain approval for a product or service, you will need to answer a series of questions and provide specific information about your product or service. Most of the questions will relate to the requirements set out in this Operating Framework. When submitting your first product or service for approval, you will also need to complete a series of quizzes in order to show that you have understood the requirements of this Operating Framework. The quizzes cover the following topics:

- Terms of Agreement for using YE Trading Station and selling online
- Product/service safety and insurance
- Legal requirements (including intellectual property)
- Promotion and marketing

You will need to pass each quiz before you can proceed to the next stage of the product/service approval process. Once all quizzes have been successfully completed, you will be able to submit further products or services for approval without having to complete the quizzes again.

Once you have submitted your product or service for approval, a Young Enterprise staff member will review your submission and let you know whether your product/service has been approved, whether further information is needed before approval can be granted, or whether your product/service does not satisfy the requirements and therefore cannot be approved.

When you receive confirmation that your product/service has been approved, you will be able to add it to your online Trading Station store.

## 6. SELLING YOUR PRODUCTS/SERVICES ONLINE



- The only approved way for YE Student Companies to sell online and to ensure they are covered by YE's £10m insurance is through **YE Trading Station**. YE Trading Station allows student companies to create an online store to take orders for their products or service. YE Trading Station does not offer online payments – all payments for products and services will need to be made offline following provision of an invoice (e.g. bank transfers or cheque payments). YE Student Companies can use their own website to promote their product or service, but all orders should be directed through YE Trading Station.
- YE Student Companies are **not** permitted to use electronic payment platforms, such as PayPal or a card machine, or any other online sales platforms, including eBay or Amazon, that require individuals to be aged over 18 to register.
- If an individual over the age of 18 sets up an alternative sales platform or payment provision on behalf of the YE Student Company, then this person must be aware they will **not** be covered by YE insurance and that they are doing so **independently from YE** and that they **accept the obligations that they are undertaking as individuals** for any online sales or payment activity undertaken by the YE Student Company. They must be aware that **YE will not take responsibility for using alternative payment providers**. YE must be advised by the individual over the age of 18 that they are accepting the obligations by emailing [info@y-e.org.uk](mailto:info@y-e.org.uk) prior to trading.
- Student Companies must also ensure that **do not** use a personal bank account to make and receive payments on behalf of their company. More information about setting up a bank account for your Student Company can be found [here](#).

## 7. YOUR CHARITABLE GIVING



As a registered charity, Young Enterprise's funds must legally only be used to further its own charitable objects. As branches of YE, Student Companies must also comply with this requirement and are not able to fundraise for another charity whose objects will differ from YE's.

**Only after the end of the company year (after the point of winding up) are students free to keep, donate or reinvest any profits** that they have made. For example, teams could choose to donate to a good cause, or they could reinvest funds to the educational establishment to support future enterprise activity, or they could provide dividends to their shareholders.

However, the Student Company **cannot explicitly operate off its intent to give some or all of its 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

## 8. YOUR WINDING UP FEES



By registering for the Young Enterprise Company Programme, Student Companies are agreeing to pay Winding Up Fees.

This is payable to Young Enterprise at the point the YE Student Company is winding up. It includes amounts equivalent to taxes which would have been payable to the authorities on winding up if the Student Company had been a standalone entity subject to normal tax rules.

The YE Online finance package will automatically calculate the fees due and this can be paid through the online payment portal on YE Online.

