



FALMOUTH
UNIVERSITY

Lecture 9: Employment, Freelancing & Entrepreneurship

GAM340: Professional Practice
BA(Hons) Game Development

- Learning Outcomes
 - **Describe** the differences between employee, employer and director roles
 - **Assess** the pros and cons of different models of work
 - **Determine** which models could work for you, given your earlier interests, goals and ambitions (week 2)

- Employment, freelancing & entrepreneurship

- Employment, freelancing & entrepreneurship
 - These terms are often interchangeable
 - What do they really mean
 - And what impact will it have on your work

- Employment, freelancing & entrepreneurship

- Employment

- Typically you are an employee of some organisation
- You have
 - Contract
 - Rights
 - » Covered by employment law
 - » And whatever company wants to put in place over and above that
 - Or less, see WTD opt outs
 - Often
 - » Blocked from working for others, or yourself
 - IP rights assignment in contract of employment
- PAYE salaried

- Employment, freelancing & entrepreneurship

- Employment

- Notion that employment is a long-term activity
 - Games companies have a *typical* lifespan of 6 years
 - Either
 - » Collapse
 - » Closedown
 - » Get bought out
 - Don't plan for your retirement at company X just yet

- Employment, freelancing & entrepreneurship

- Employment

- Notion that employment is a long-term activity
 - Employment contracts are often temporary
 - Zero hours
 - Fixed term
 - » Fixed term contracts are very common in game dev
 - » Games are projects
 - » Projects require a lot of talented people *for a relatively short time*
 - » Staff are usually costed at £5-6kpppm
 - This will burn a lot of cash if not on a project

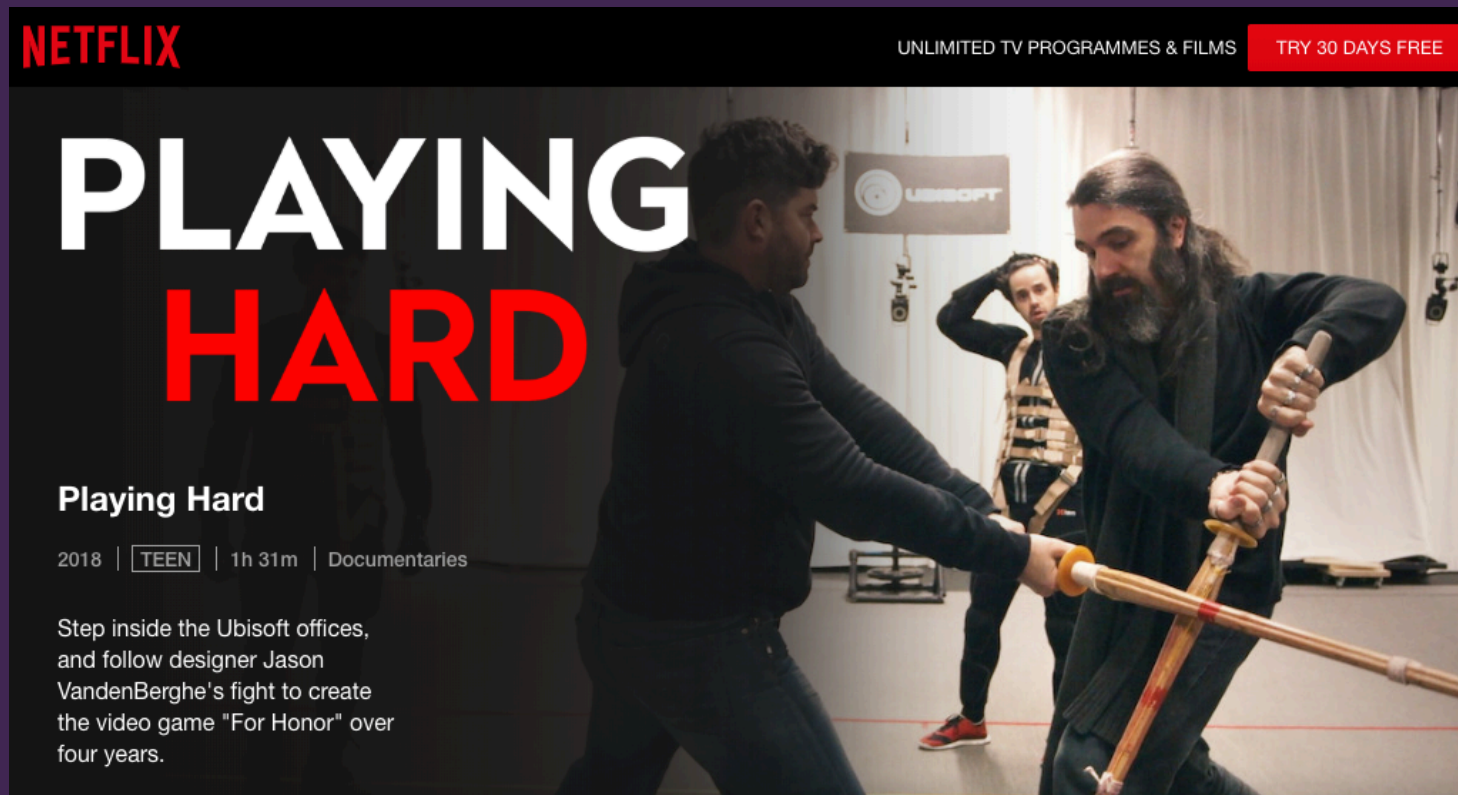
- Employment, freelancing & entrepreneurship

- Employment

- Employment contracts are often temporary
 - Project-based contracts
 - » Senior staff, typically *cradle to grave*
 - » Junior / specialist staff often only in production phase
 - Companies will often use a mixture of *fixed term* and *freelance* roles for a project
 - » Fixed term as PAYE employment contract for a period
 - » Freelance services contract for work/period

- Employment, freelancing & entrepreneurship

— Employment



- Employment, freelancing & entrepreneurship
 - Freelancing (contracting)
 - Working for a company based on a contract to provide services
 - You are generally ‘free’ to lance elsewhere
 - Often day rate or fixed rate
 - Day rate is great if the project slips ;)
 - Fixed rate shows you are taking on risk (IR35)
 - Often, contracts will get extended
 - 6month rolling is common
 - Need to be aware of acceptance criteria for contract work

- Employment, freelancing & entrepreneurship

- Entrepreneurship

- Typically, 'a person who sets up a business or businesses, taking on financial risks in the hope of a profit'
- Look to work with businesses (B2B) or customers (B2C)
 - Impression is of a start-up making products & services (like Launchpad)
 - Your *business* may involve selling your services to companies as a freelancer
- Draw your salary from company profits
- Hire and fire staff



- Company vehicles

- Company vehicles
 - As a freelancer or entrepreneur
 - You are required by law (HMRC) to operate as a business
 - Sole trader
 - Limited Company
 - (business partnership of traders)
 - Both have strengths and weaknesses depending on what you want to achieve with your business

- Company vehicles
 - Sole Trader
 - *You are the business*
 - The defining difference between sole trader and limited companies, is that you are the business.
 - All profits in the business are taxed at personal rates
 - You are responsible for all risks (financial)
 - Designed for companies that don't have a lot of residual profits
 - Model
 - Revenue – costs = pre-tax profit
 - HMRC(pre-tax profit) = your income
 - Reporting
 - Simple book keeping

- Company vehicles
 - Limited (liability) company
 - *You are a director in the business*
 - Business is an entity in its own rights
 - All profits in the business are taxed at corporation rates
 - Business is responsible for all risks (financial)
 - Designed for companies that do have a lot of residual profits
 - Can have multiple ownership (shares & directors)
- Model
 - Revenue – costs = pre-tax profit
 - HMRC(pre-tax profit) = company profit
 - Draw profits as a director through company dividends
 - » Pay personal tax at dividend rates
- Reporting
 - Full published accounts through accountants

- Company vehicles

	Employee	Sole Trader	Director
Revenue	50,000	50,000	50,000
Expenses		15,000	15,000
Director Salary			12,000
Profit	50,000	35,000	23,000
Corp Tax			4,600
Post tax profit			18,400
NI	5,000	3,000	400
Income Tax	7,500	4,500	1,350
Profit	37,500	27,500	28,650
monthly (net)	3,125	2,292	2,388

- Company vehicles
 - Why?
 - Sole trader works well when:
 - You're the only boss
 - There's little money in the business and you want to keep what you make
 - There's little risk
 - Limited companies work well when:
 - There's multiple directors that want to draw income from the business (like a start-up games business)
 - There's scope for lots of money to go through the company
 - You want to keep profit inside the company
 - There's a lot of risk (start-up, game dev etc)

- Company vehicles
 - Freelancing / contracting
 - Typically, if you freelance you will be expected to provide a business to freelance through
 - Sole trader or Limited
 - HMRC are cracking down on *disguised employees* that freelance through Ltd company vehicles (IR35)
 - Criteria:
 - » Taking on risk of business
 - » Right of substitution
 - » Provision of equipment
 - » Time-bound / feature-bound contract

- Company vehicles
 - Freelancing / contracting
 - Typically, if you freelance you will be expected to provide a business to freelance through
 - Sole trader or Limited
 - HMRC are cracking down on *disguised employees* that freelance through Ltd company vehicles (IR35)
 - Criteria:
 - » Taking on risk of business
 - You run the risk of losing money if the project slips
 - » Right of substitution
 - » Provision of equipment
 - » Time-bound / feature-bound contract

- Company vehicles
 - Freelancing / contracting
 - Typically, if you freelance you will be expected to provide a business to freelance through
 - Sole trader or Limited
 - HMRC are cracking down on *disguised employees* that freelance through Ltd company vehicles (IR35)
 - Criteria:
 - » Taking on risk of business
 - » Right of substitution
 - The contract doesn't name you as the explicit contractor.
 - Your business will provide staff to do the job
 - » Provision of equipment
 - » Time-bound / feature-bound contract

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 - Criteria:
 - » Taking on risk of business
 - » Right of substitution
 - » Provision of equipment
 - You provide the equipment and licences to work, not the business you are contracting to
 - » Time-bound / feature-bound contract

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 - Criteria:
 - » Taking on risk of business
 - » Right of substitution
 - » Provision of equipment
 - » Time-bound / feature-bound contract
 - You are contracted to deliver something, not just body shopping

- Company vehicles
 - Freelancing / contracting
 - Typically, if you freelance you will be expected to provide a business to freelance through
 - Sole trader or Limited
 - Sole traders are exempt from IR35 😊

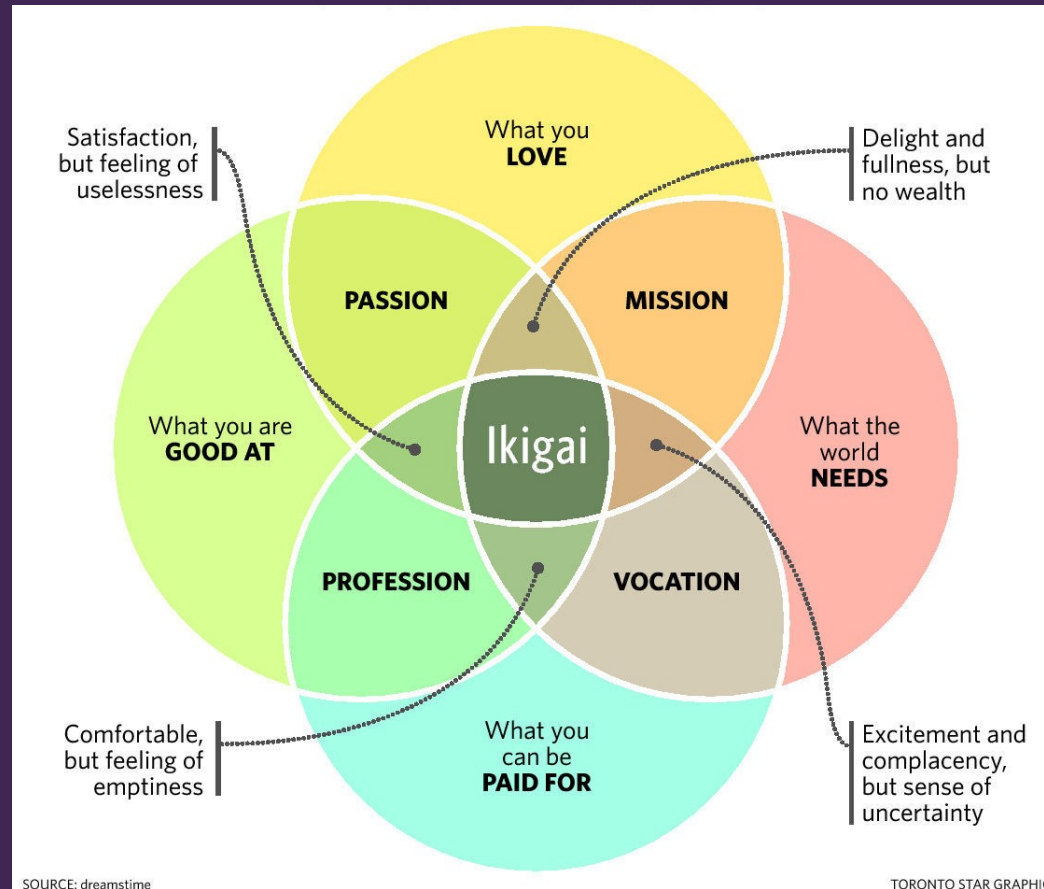
- Wrap-up
 - There are many routes to work
 - You need to find what suits you
 - And be aware of the issues of different approaches
 - Support is available for whatever you want to do
 - Need to be aware of the alternatives before you end up in a final interview being asked to commit to something you didn't understand
 - <https://www.gov.uk/browse/business>
 - <https://www.gov.uk/browse/business/setting-up>
 - <https://www.gov.uk/set-up-self-employed>

- Module wrap-up

- Module wrap-up
 - Over the last 9 weeks we've looked at different aspects of professional practice:
 - Determining what you find interesting
 - Creating portfolios to develop and showcase your work
 - Creating resumé and social media to detail your experiences and channel people to your portfolio
 - Applying for jobs
 - Attending different types of interviews & selection processes
 - Evaluating different ways of working

- Module wrap-up
 - To a large degree, what you end up doing in the games industry will be driven by what drives you
 - This can be a very tough industry to get into
 - It often feels like the axe can fall at any moment
 - There's always a job out there, if you are prepared to do it.
 - Eventually, good things will come
 - <https://www.linkedin.com/in/pedramk/>

- GAM340 Assignment 1 '~~Professional Practice Report~~'
 - Hero piece(s)
 - Peer Review, week 9
 - Discipline led, done in review sessions
 - Done in Learning Space
 - Make sure you have some content for review
 - Due 12/12/2019 (week 12)
 - Hero content for your portfolio
 - Submit a link
 - Showcase after xmas (week 13)
 - Non-UK students can phone this in (skype) if they can't make the dates



- Questions?