

WiltonGroup
A Basic Guide To UK
Companies

UK COMPANIES

Types of Company

- Private company limited by shares.
- Public company limited by shares.
- Private company limited by guarantee,
- Private unlimited company.

Companies Used Most Commonly in Business

- Private company limited by shares.
- Public company limited by shares.

Private Company Limited by Shares

Main Features

- Name of company must end with the word "Limited" or "Ltd".
- At least one shareholder holding one share.
- Minimum paid-up share capital £1.
- May not offer its shares to the public.
- Liability of shareholders is limited to the amount unpaid on any shares they have agreed to take.

Public Company Limited by Shares

Main Features

- Name of company must end with the words "Public Limited Company" or the initials "PLC".
- At least two shareholders.
- Minimum share capital of £50,000 of which at least 25% must be paid up -Any share premium must be paid up in full.
- May offer its shares to the public.
- Liability of shareholders is limited to the amount unpaid on any shares they have agreed to take.
- May not commence business activities until issued with a "Certificate of Entitlement to do Business".

Private Company Limited by Guarantee

Main Features

- Name of the company must end with the word "Limited" or "Ltd".
- May not issue shares.
- Persons agree to become members and to contribute a fixed sum in the event that the company is wound-up and unable to meet its liabilities.
- Liability of members is limited to the amount they agree to contribute.
- No minimum contribution.

Private Unlimited Company

Main Features

- The members are liable without limit for the company's liabilities.

Incorporation Procedure

- To incorporate a UK company the following documents must be lodged at Companies Registration Office:
 - Memorandum and Articles of Association, (statutes) signed by the initial shareholders;
 - Signed particulars in the prescribed form containing the address of the registered office of the company, details of the directors and secretary and their consent to act as such.
 - A statutory declaration confirming compliance with the legal requirements for incorporation.
 - A fee of £20, or in the case of a same day incorporation, an increased fee of £100.
- In the case of a public limited company an additional statutory declaration must be filed and the company must obtain a Certificate of Entitlement to do Business.
- Incorporation normally takes a minimum of five working days but it is possible to incorporate a company within a few hours using the "same day procedure".

Names

- A company may not be registered if its name is the same as that of a pre-existing company. If it is deemed "too like" the name of a pre-existing company, the Secretary of State may direct the company to change its name.
- A company may be asked to change its name if the name is deemed by the Secretary of State to be misleading to or to cause harm to the public.

- A number of words and phrases are deemed sensitive in the naming of a company and the approval of the Secretary of State is required before they can be used.

Words which imply national or international pre-eminence.

e.g. International National European British
 England English Scotland United Kingdom

Words which imply governmental patronage or sponsorship.

e.g. Authority Board Council

Words which imply business pre-eminence or representative status.

e.g. Association Society Institute Federation

Words which imply specific objects or functions.

e.g. Charity Insurance Co-operative Patent
 Trade Union Foundation HoldingChartered

Officers

- Only one director is required.
- A company secretary must also be appointed.
- Where there is only one director that director may not also be the secretary.
- There is no residence requirement for directors or the company secretary.

Financial Statements

- First financial statements must be prepared to cover the period from incorporation to a maximum of 18 months and on an annual basis thereafter.
- With the exception of certain unlimited companies, all companies must file their financial statements at Companies Registration Office.
- In the case of a private limited company, (whether by guarantee or shares) the accounts must be filed within 10 months of the financial year end.
- In the case of a public limited company the accounts must be filed within 7 months of the financial year end.
- Special rules apply to the first accounts, which in the case of a public limited company must be filed within 21 months of the date of incorporation and in all other cases within 22 months of the date of incorporation.

Auditors

- Where a company is required to appoint auditors the auditors must be UK qualified or hold UK recognised foreign qualifications and be registered auditors.

Audit Exemptions

- In general most UK companies are required to appoint auditors and to produce audited financial statements.
- Total exemption from the requirement to produce audited financial statements is granted where, among other things, the company's turnover does not exceed £350,000 (£1,000,000 for accounting periods ending on or after 26/07/00), its balance sheet total does not exceed £1.4m and the company is not a subsidiary of another company or a parent company.
- It is important to note that the exemptions from the requirement to produce audited financial statements do not exempt a UK company from the requirements to produce and file financial statements as discussed at 3 above.

Statutory Returns

- All UK companies are required to prepare an annual return for filing at Companies Registration Office.
- The return attracts a filing fee of £15 and is usually filed within one month of the anniversary of the incorporation of the company. It includes details of the directors, company secretary, shareholder and registered office.
- If at any time a UK company makes any change amongst its directors, secretary, alters its statutes or undertake a new issue of shares it must notify Companies Registration Office, normally within 14 days of the relevant change.

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