



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Set up and register a limited company (private or public)

Before your business can begin operating as a limited company, it has to be registered with the Registrar of Companies at Companies House. **Incorporation** is the process by which a new or existing business is formed as a company.

This guide will help you understand the registration process and looks at the requirements that different types of companies must meet. It focuses mainly on private companies limited by shares, but will also highlight some of the specific requirements for private companies limited by guarantee and public companies.

You can incorporate the company yourself, but should seek **professional advice** before you do so to ensure that incorporation is right for you. A company formation agent, solicitor, accountant or chartered secretary can, for a fee, carry out the process for you and offer you advice.

Registration documents and forms

To set up as a limited company in the UK, you - or the agent acting for you - will need to send the following documents to Companies House:

- **application form IN01 to register a company** which includes the company's registered office, type of articles, the names and addresses of its directors, statement of capital and initial shareholdings
- **Memorandum of Association** giving the names of each subscriber and authentication that they have agreed to become members of that company
- **Articles of Association** (unless the company adopts model articles in their entirety), describing how the company will be run, the rights of the shareholders, restricted objects if they have any and details of the directors' powers
- **additional information** if your application includes a prescribed or sensitive word or expression

Find the model articles of association on the Companies House website - Opens in a new window.

You can download form IN01 from the Companies House website (PDF, 1.03MB) - Opens in a new window.

What is the memorandum of association?

The memorandum of association of a company incorporated under the Companies Act 2006 confirms the subscribers' intention to form a company and become members of that company on formation. In the case of a company that is to be limited by shares, the memorandum will also provide evidence of the members' agreement to take at least one share each in the company.

Information on capital and shareholdings is no longer part of the memorandum and this information will be contained in application form IN01 as either a 'statement of capital and shareholdings' or, for those companies limited by guarantee, a 'statement of guarantee'.

Once the company has been incorporated, the memorandum will no longer affect the ongoing operation of the company and it cannot be amended. It will become, to a large extent, a historical document.

Download a template memorandum from the Companies House website (PDF, 228K) - Opens in a new window.

What are the articles of association?

A company's articles of association is an internal rulebook. Every company formed under the Companies Act 2006 or earlier acts will have articles of association - commonly referred to simply as the company's 'articles'.

The articles are chosen by the members and form a contract between the company and its members. They help to ensure the company's business runs as smoothly and efficiently as possible and will set out how the company will make decisions and include various matters connected with the shares. Every company is required to have articles by law and the articles are legally binding on the company and all of its members.

The articles cannot contain rules that do not comply with the Companies Act 2006 or make the company operate outside the law. Provided that the members observe this general principle they can choose which rules go into their company's articles, although they may find it convenient to use model articles. If the members decide to draw up their own rules, they should consider whether they need to get legal or other professional advice and have the articles drawn up for their company.

On incorporation, a company can adopt model articles, model articles with amendments or bespoke articles. Model articles are available for private companies limited by shares, private companies limited by guarantee and public companies.

Find the model articles of association on the Companies House website - Opens in a new window.

When you complete the application form IN01 to register a company, you will need to indicate if the proposed company is adopting:

- model articles in their entirety - the model articles should not be sent with the IN01
- model articles with amendments - a copy of the amended articles must be sent with the IN01
- bespoke model articles - a copy of the articles must be sent with the IN01

If you do not indicate which articles you are adopting, the model articles appropriate to your company type will be automatically applied.

The company's officers

The officers of your company are the people formally appointed to run it - the company directors and if it has or requires one, the company secretary. Among their other duties the directors have a responsibility to prepare and deliver documents - such as the accounts and annual return. They also have a duty to notify changes to, for example, its registered office or directors.

If officers resign or new ones are appointed, or if their personal details change, the Registrar of Companies must be informed straight away. You can find downloadable company registration forms on the Companies House website - Opens in a new window.

You can find out more about company directors and secretaries in our guides on company directors' responsibilities and company secretaries' responsibilities.

How many officers does a company need to have?

This depends on the type of company:

- **Private companies** must have at least one director, one of whom must be an individual person (as opposed to another company) but not a company secretary.
- **Public limited companies** must have at least two directors, one of whom must be an individual person and a company secretary. The company secretary must be formally qualified.

Restrictions on company directors

It is up to the members to appoint the people they believe will run the company well on their behalf. The only restrictions that prevent anyone becoming a director are:

- they must not have been disqualified from acting as a company director - unless the court has given them permission to act for a particular company
- they must not be an undischarged bankrupt - unless they have been given

permission by the court to act for a particular company

- they must not be under the age of 16

Can one person form a company?

An individual can form a private company but the sole director must be an individual. A public company must be formed by at least two persons one of which must be an individual.

Types of limited company

There are four main types of company:

- **private** company limited by shares
- **private** company limited by guarantee
- **private** unlimited company
- **public** limited company (**plc**)

Most small and medium-sized businesses that opt for limited company status become **private limited companies**.

Private company limited by shares

Most private limited companies are owned by their shareholders and are **limited by shares**. This means that the liability of each member is limited to the amount unpaid on shares held by them.

Private company limited by guarantee

Companies limited by guarantee do not have shares, and its members are guarantors rather than shareholders. The members' liability is limited to the amount they have agreed to contribute to the company's assets if it is wound up. This structure is often used by charities, Right to Manage, **commonhold** companies and **social enterprises** to limit the personal liability of their directors and trustees. See our guide on how to set up a social enterprise.

Private unlimited company

This type of company may or may not have a share capital but there is no limit to the members' liability. There are relatively few unlimited companies.

PLCs

This type of company has a share capital and limits the liability of each member to the amount unpaid on their shares. PLCs:

- can raise money by selling shares on the stock market
- must have share capital of at least £50,000 or the prescribed equivalent in euros
- must have at least two directors and a qualified company secretary

See the page in this guide on requirements for public limited companies.

A private company limited by shares can convert into a plc, but it will need to re-register in order to do this. For more information on changing from a private limited company to a plc, see our guide on company changes you must report to Companies House.

Naming your company

You cannot choose a name that is the same as an existing company and you should avoid a name:

- that people may find offensive
- that is 'too much like' an existing company name unless it is part of the same group

You will need to obtain special approval for a name that:

- Suggests a connection to a government department, a devolved administration, a local authority or specified public body.
- Includes any sensitive words and expressions that require approval from Companies House. For example, you are not allowed to choose a name which includes words that are potentially misleading, such as 'international' if you are

business names that are potentially misleading, such as international if you are a UK-only business.

See our guide on how to choose the right name for your business.

Requirements for public limited companies

A public limited company (plc) must meet the following requirements:

- it must have at least two directors - who may also be members of the company
- it must have at least one director who is an individual
- all individual directors must be aged 16 or over
- it must have at least one qualified secretary

The secretary must:

- have held the office of secretary of a plc for at least three of the five years before their appointment
- be a barrister, advocate or solicitor called or admitted in any part of the UK
- by virtue of their previous experience or membership of another body, appear to the directors to be capable of discharging the functions of secretary
- be a member of the Institute of Chartered Accountants in England and Wales, Scotland or Ireland, the Institute of Chartered Secretaries and Administrators, the Association of Chartered Certified Accountants, the Chartered Institute of Management or the Chartered Institute of Public Finance and Accountancy

When can a plc start business?

A company incorporated as a plc cannot conduct business or exercise borrowing powers unless it has obtained a trading certificate from Companies House, confirming that it has the minimum allotted share capital. To obtain a trading certificate for a plc, you must file form SH50. You can download form SH50 from the Companies House website (PDF, 717K) - [Opens in a new window](#).

It is an offence to trade without a trading certificate and the directors are liable, on conviction, to a fine. For information on share capital and trading certificates, see our guide on company changes you must report to Companies House.

Different rules apply if you intend to re-register from a private company limited by shares or a private unlimited company to a plc. You can read about re-registration on the Companies House website - [Opens in a new window](#).

Please note the name of a public company must end with 'Public Limited Company', or 'plc' or, if it is a company whose registered office is in Wales, 'Cwmni Cyfyngedig Cyhoeddus' or 'CCC'.

Where to register your company and get help

The registration process for a limited company can be handled directly with Companies House or you can use the services of a company formation agent, accountant or solicitor to do it for you.

How much will registration cost?

Companies House charges a standard registration fee of £20. It also offers a premium same-day registration service for a fee of £50.

Find the model articles of association on the Companies House website - [Opens in a new window](#).

The **quickest** way to incorporate a company is to file the application electronically. To find software filers, who provide this as a chargeable service, see the list of software filers on the Companies House website - [Opens in a new window](#).

You can also file on paper. For further information about the fees and services offered by company formation agents, accountants and solicitors, check your local telephone directory, business directories or search the web.

Where can I get help?

Companies House can advise you on the basics of the registration process, but they cannot give you detailed advice on how to draw up the necessary

documentation. You can handle the registration process yourself, but it is a good idea to seek **professional advice**. A company formation agent, solicitor or accountant can carry out the process for you, for a fee, as well as offer advice. Again, look in your local telephone directory or search the web.

Tax matters of a limited company

Limited companies have to pay corporation tax on their income and profits. They also need to operate a PAYE (Pay As You Earn) system to collect and pay income tax and National Insurance contributions from their employees - including company directors.

The company itself must work out how much corporation tax it needs to pay, using a self assessment system. To avoid paying penalties, it's important to understand how this system works and when your company needs to make returns. Your accountant or auditor will be able to advise you.

What do I need to do about taxes when I set up a company?

When you register a new company, the Companies Registrar will pass on the details to HM Revenue & Customs (HMRC). You must also contact your own local HMRC office to let them know that your company exists. If you do not do this, you may have to pay a penalty.

If you have any questions about tax for companies, you should contact the HMRC Employer Helpline on Tel 08457 143 143. For new businesses contact the HMRC New Employer Helpline on Tel 0845 60 70 143.

Use our interactive tool to find out which legal structure is right for your business.

Checklist: setting up and registering a limited company (private or public)

As well as registering your business as a company, there are several other things that you need to do to put it on a proper legal footing. Make sure you:

- Display your company's name so it can be clearly seen by all visitors to its registered office or other places of business.
- Display your company's name clearly on all its business stationery, including letters, invoices, receipts and cheques.
- Show your company's place of registration, registered number and registered office address on all its business letters, order forms, emails and faxes.
- If any company directors' names are included in letters (other than in the text or as the person signing it) you must include the names of **all** the directors.
- Send all the necessary registration documents and forms to the Registrar of Companies, completed and signed. See the page in this guide on registration documents and forms.
- Check you have received confirmation - certificate of incorporation - from the Registrar of Companies that your application for limited company status has been successful. The company comes into existence only when the Registrar of Companies issues a certificate of incorporation.
- Contact HM Revenue & Customs.

It's worth remembering, though, that the above checklist only covers the basics. There are many other tax and reporting obligations that your company must meet from year to year. Use our interactive tool to find out the records you must keep as a business.

Use our interactive tool to find out which legal structure is right for your business.

Right to manage companies and commonhold associations

If you are a right to manage (RTM) company or commonhold association then there are certain rules you need to follow for incorporation.

RTM companies

RTM companies were introduced under the Commonhold and Leasehold Reform Act 2002. This means that leaseholders can transfer the landlord's management functions relating to, for example, repairs and maintenance, to an RTM company registered by them.

The company must be limited by guarantee and its memorandum and articles must comply with the RTM Companies (Model Articles) (England) Regulations 2009.

To incorporate an RTM you need to complete application form IN01 to register a company. You can download form IN01 from the Companies House website (PDF, 1.03MB) - Opens in a new window.

You may choose any name available so long as it ends with 'RTM Company Limited' or the Welsh equivalent, and it complies with rules on company names. You can download RTM companies information from the Communities and Local Government website (PDF, 81K) - Opens in a new window.

RTM companies do not exist in Scotland or Northern Ireland.

Commonhold associations

Commonhold associations were introduced under the Commonhold and Leasehold Reform Act 2002. Commonhold is a form of land ownership available in England and Wales. The company must be limited by guarantee and its memorandum and articles must comply with the Commonhold (Amendment) Regulations 2009. You can download Commonhold Regulations information from the Department for Constitutional Affairs (DCA) website (PDF, 214K) - Opens in a new window.

Commonhold associations:

- are an alternative to long leasehold ownership of flats and other interdependent properties
- combine freehold ownership of a single property or unit in a larger development with membership of a limited company that owns and manages the common parts of the development - for example a block of flats where each flat is a unit and all the other parts, such as the hallway are commonhold

To incorporate a commonhold association you need to complete application form IN01 to register a company. You can download form IN01 from the Companies House website (PDF, 1.03MB) - Opens in a new window.

You may choose any name available as long as it ends with 'Commonhold Association Limited' or the Welsh equivalent and complies with rules on company names.

Commonhold associations do not exist in Scotland or Northern Ireland.

Companies House Contact Centre

0303 1234 500

TSO Customer Services

0870 600 5522

HMRC Employer Helpline

08457 143 143

HMRC New Employer Helpline

0845 60 70 143

Related guides on the Welsh Assembly Government Business website

Use our interactive tool to find out which legal structure is right for your business

Manage your personal list of starting-up tasks with our Business start-up organiser

Legal structures: the basics

Rules for naming your limited company or limited liability partnership (LLP)

Change your business structure

Company directors' responsibilities

Companies House late filing penalties

Company secretaries' responsibilities

Company changes you must report to Companies House

Use our interactive tool to search for an available company name and trade mark

Choose the right name for your business

Set up a social enterprise

Get started with company incorporation for agents

Use our interactive tool to find out the records you must keep as a business

Introduction to Corporation Tax

Choose and work with an accountant

PAYE for employers: the basics

Expenses and benefits record keeping

Company and LLP strike-off, dissolution and restoration

Commonhold property

Related web sites you might find useful

Companies Act 2006 information from the Department for Business, Innovation & Skills

<http://www.berr.gov.uk/whatwedo/businesslaw/co-act-2006/index.html>

Chartered accountant search with the Association of Certified Chartered Accountants

<https://www.acca-business.org/dom/>

Download form IN01 from Companies House (PDF, 1.03MB)

http://www.companieshouse.gov.uk/forms/generalForms/IN01_application_to_register_a_company.pdf

Guidance for company directors and secretaries from Companies House

<http://www.companieshouse.gov.uk/about/gbhtml/gp1.shtml#ch5>

Company formation guidance from Companies House

<http://www.companieshouse.gov.uk/about/gbhtml/gp1.shtml#ch1>

Download form SH50 from Companies House (PDF, 717K)

http://www.companieshouse.gov.uk/forms/generalForms/SH50_application_for_trading_certificate_for_a_public_company.pdf

Solicitor search with the Law Society

<http://www.lawsociety.org.uk/choosingandusing/findasolicitor.law>

Chartered accountants search with the Institute of Chartered Accountants in England and Wales

<http://www.icaewfirms.co.uk/business/index.php>

Sources of professional help from Yell.com

<http://www.yell.com/ucs/HomePageAction.do>

Corporation Tax information from HMRC

<http://www.hmrc.gov.uk/ct/managing/company-tax-return/how-to.htm>

Guidance on displaying the company name and other details from Companies House

<http://www.companieshouse.gov.uk/about/gbhtml/gp1.shtml#ch9>

Download commonhold association incorporation advice from the DCA (PDF, 214K)

<http://www.dca.gov.uk/legist/commonhold/commguid.pdf>

You can find this guide by navigating to:

Home > Starting up > Choosing and setting up a legal structure > Set up and register a limited company (private or public)

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