

HOW TO SET UP A LIMITED COMPANY

How can Blue Peak help?

We have vast experience in dealing with limited companies; from helping to determine whether a limited company is the right structure, right through to filing our clients' limited company accounts and corporation tax returns.

With backgrounds in the Big-4 and industry, we also provide pragmatic and clear advice and can help with forecasting and building out financial models as your business grows.



Andrew Wigmore - Director

andrew.wigmore@blue-peak.co.uk
0118 932 19151
07709 122002

**Please contact us for more information,
or alternatively visit our website**

www.blue-peak.co.uk

How do I set up a limited company?

To set up a private limited company you need to register the new company with Companies House. This costs £13 and typically takes less than half an hour. To help with this process we have outlined below the key information you will be asked to provide when completing the registration process.

Registration at Companies House

You will need to provide:

- a suitable company name (finding a unique name for your company can often be the hardest part of the process)
- an address for the company
- details of at least one individual who is happy to act as a director for the company
- details of how many shares you wish to create upon incorporation (we recommend a number divisible by 60 as this will allow you to split the share between 2,3,4,5 and 6 shareholders)
- the value of each share. This is usually paid to the company by the shareholders at incorporation, so ensure that this figure is not too large to prevent this from taking place.
- to check what your SIC code is - this identifies what your company does
- shareholder(s) to agree to create the company and the written rules (known as 'memorandum' and 'articles of association'). There are standard versions of these you can use, however you need to check whether these are appropriate for your business before going ahead. Seek legal advice if you are not sure.
- details of people with significant control (PSC) over your company, for example anyone with more than 25% of the shares or voting rights

The HM Revenue & Customs ("HMRC") website provides some useful guidance around how to register a new limited company and things that you need to consider.

Setting up a business bank account

The company you have created is its own legal entity, and it is always recommended that it has its own bank account. We recommend you do this as soon as practically possible after setting up the company.

Directors of the Company

The directors of the company can be anyone over 16 years old who is not disqualified from being a director. Directors have certain legal responsibilities towards the company and its shareholders that they must be happy with before becoming a director which can be found on companies house.

Register with HMRC for Pay As You Earn ("PAYE")

Assuming you will want to pay yourself a salary from the company, you will need to register with HMRC and they will then send you your reference numbers.



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VAT registration

The business must register for VAT with HMRC if its VAT taxable turnover is more than £85,000. You can register voluntarily if your turnover is less than £85,000, unless everything you sell is exempt.

An advantage of voluntary registration is that you can start to reclaim VAT you have paid on purchases for the company sooner than if you wait until you are required to compulsory register. You will need to register your company for VAT yourself, we are unable to do this. However, once registered we can prepare your VAT returns for you.

When you register, you'll be sent a VAT registration certificate. This confirms:

- your VAT number
- when to submit your first VAT Return and payment
- your 'effective date of registration' - this is the date you went over the threshold, or the date you asked to register if it was voluntary

You'll have certain responsibilities if you register for VAT.

Your VAT responsibilities

From the effective date of registration you must:

- charge the right amount of VAT
- pay any VAT due to HMRC
- submit VAT Returns
- keep VAT records and a VAT account

You can also reclaim the VAT you've paid on certain purchases made before you registered.

While you wait

You can't charge or show VAT on your invoices until you get your VAT number. However, you'll still have to pay the VAT to HMRC for this period.

You should increase your prices to allow for this and tell your customers why. Once you've got your VAT number you can then reissue the invoices showing the VAT.

Register for VAT

Most businesses can register online - including partnerships and a group of companies registering under one VAT number.

By doing this you'll register for VAT and create a VAT online account (sometimes known as a 'Government Gateway account'). You need this to submit your VAT Returns to HMRC.

Andrew Wigmore - Director

andrew.wigmore@blue-peak.co.uk

0118 932 19151

07709 122002

Catherine Bond - Director

catherine.bond@blue-peak.co.uk

0118 932 19151

07968 755857

Lucy Childs

lucy.childs@blue-peak.co.uk

0118 932 19151

07887 793270

Nikki Welch

nikki.welch@blue-peak.co.uk

0118 932 19151

07990 016113

www.blue-peak.co.uk

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