

Don't Hesitate Incorporate

Every new business should consider registration because of the benefits which it provides. In brief these are:

Benefits of the limited company

Protection of personal assets

Registering your business puts a block between what the company owns and what you own personally. Only where you act as personal guarantor or where you act dishonestly or fraudulently can your personal assets be attacked. Consider the following scenarios:

- Small business with a small number of clients. You lose your best client who may make up the majority of your of examples of revenue. The business suffers and your own funds will have to bail you out. This would not happen if you were registered.
- There is a problem with a contract and your client sues. Without registration the client sues you personally. Conversely, subject to there being no malpractice by the directors the personal assets of the owners/managers are protected.
- You and a friend set up business together. There is a fall out. Division of spoils is messy. If registered the shareholding determines the entitlement and the personal assets are kept out of it.

No audit

The audit threshold has been further increased which means that unless the company operates at a turnover in excess of £6.5m it will not require an audit but the shareholders can choose to have one.

Borrowing

An unincorporated business cannot utilise the floating charge scenario which is a form of borrowing over all the business assets. If registered this facility is available. In addition, institutions are less inclined to lend to unincorporated businesses and prefer the registered vehicle.

Financial

See panels right for just a couple of examples of how operating as a registered company can give your greater return and with the changes to NIC in 2011/12 the benefits are set to increase.

Name = £s – Name protection

Do not underestimate the value of the business name. If you are successful then your name will stand for that success and will carry value. If registered no competitor under the law can register with the same name as yours.

Succession

Without registering your business the business does not continue after you have gone to more peaceful climes. Registering your company means that even where the directors and shareholders change, the company still exists.

From the point of view of longevity the registered company provides a structure where there is continuity of the business for next generations.

Benefits of a Limited Company

Example one

Sole trader (unincorporated)
2010/11

Profits	£20,000
Class 2 NIC	£125
Class 4 NIC	£1,143
Tax costs	£2,705
Net income	£16,027

Small Company (incorporated)
Y/E 31 March 2011

Profits	£20,000
Salary	£5,715
Pre tax profit	£14,285
Corp tax at 21%	£3,000
Income tax	£0
Dividend paid	£11,285
Net income	£17,000

Net gain **£973**

Example two

Sole trader (unincorporated)
2010/11

Profits	£50,000
Class 2 NIC	£125
Class 4 NIC	£3,114
Tax costs	£9,930
Net income	£36,831

Larger Company (incorporated)
Y/E 31 March 2011

Profits	£50,000
Salary	£5,715
Pre tax profit	£44,285
Corp tax at 21%	£9,300
Income tax	£160
Dividend paid	£34,985
Net income	£40,450

Net gain **£3,709**

Compliance

Every business must keep accounts. Good housekeeping means measured cashflow and resource management. Registering the company simply obliges management to comply with this ethos and to make public some of the compliance e.g. filing of accounts.

Advice

When setting up in business consideration should be given to the benefits of registration. Appropriate advice should be taken on the financial aspects of the new business as each business set up is exclusive and different from the rest.

For more information on incorporation
go to www.stanleydavis.co.uk



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Our 'eformations' online incorporation service has been designed to make the process as quick and easy as possible. Cost effective too.

Our service is the most competitive and the best on the market today. Thousands of clients are now using the service regularly. Here are the key benefits:

- No complicated software to download, just log on to the website and off you go
- No minimum order value
- No paper statutory forms to complete, cutting out lots of time
- Appoint your own company officers and shareholders without the need for our subscribers, share transfer forms etc.
- Use credit card or account on our secure online system
- Order additional items only if you need them.

Your certificate of incorporation will be mailed to you within 3-4 hours of the details being submitted.†

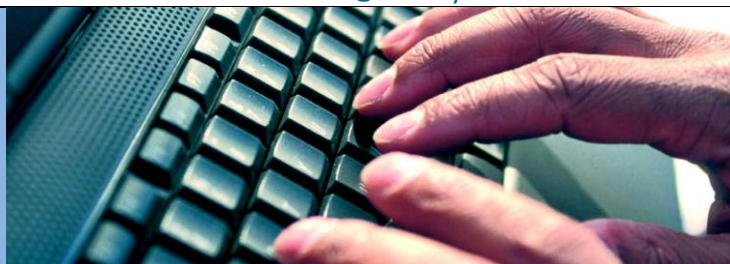
*£30 to form a standard company.

†Depending on Companies House.

Just complete the forms on
www.stanleydavis.co.uk

Alternatively, you can call us, fax us or email us with your instructions

Call 020 7554 2220 Fax 020 7554 2201
Email: formations@stanleydavis.co.uk



How Stanley Davis can help you

On-line data entry only takes five minutes...

- Eformations allows you to form a basic company for only £30 +VAT – it's the least expensive way to form a company quickly
- Simple, quick and reliable
- A great, informative and easy-to-use website
- Fast delivery of everything – as promised

Here's what you do

- Log on to www.stanleydavis.co.uk
- Fill in the online form following the simple step by step instructions
- Within 3–4 hours – depending on Companies House – a Certificate of Incorporation is emailed to you
- And that's it – you're now incorporated!

Company formations - quick answers

Q. "Is a company secretary required?"

A. No. The Companies Act 2006 removed the need of appointing a secretary in most companies.

Q. "Am I able to buy a company in a packaged format as though 'off the shelf'?"

A. Yes, these are called readymade companies.

Q. "Am I able to buy a company with a clean history?"

A. Yes, Stanley Davis are able to offer a range of 'Vintage' readymade companies.

Q. "Are licenses required to start a company?"

A. Yes, but only for certain specific groups such as banks or financial companies.

Q. "How much does it cost to submit an annual return to companies house myself?"

A. £15.00 electronically or £30 via paper. Stanley Davis are able to offer this service as part of an annual maintenance package.

Q. "What types of companies can be formed in the UK?"

A. There are many, however the most common types are:

- Private Limited Company (LTD)
- Public Limited Company (PLC)
- Company limited by guarantee (e.g: charity)
- Unlimited Company
- Limited Liability Partnerships (LLP)

Q. "Can proxies be appointed?"

A. Yes, to act as representative at Annual General Meetings and/or Extraordinary General Meetings.

Q. "What currency can my share capital be in?"

A. Any, however the usual is pounds (£) sterling.

Q. "How many officers/shareholders/directors do I need to have?"

A. Directors: minimum of one Director.
Shareholders: minimum of one

Q. "Can the company act through power of attorney?"

A. Yes.

Q. "Are there any special requirements regarding the company secretary?"

A. No, not for a Limited company. For a PLC the Secretary has to be qualified within the provision of section 286, must be a member of a recognised UK professional body.

Q. "How long does it take to form a company?"

A. By using the Stanley Davis online formations system you could have a company formed the same day.



