

Incorporating a limited company guide



ACCOUNTING
— SERVICES —

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What is a limited company?

A limited company is a type of business where the owner's liability is limited to the amount they have invested in the shares or guaranteed to the company.

In other words, the owners of a limited company are not personally liable for the debts of the company.

Unlike a sole trader, the owners are a completely separate tax entity to the business.



What you need to do

If you're a sole trader or partnership looking to incorporate a limited company, then there are several things you must do:

Incorporate (form) your company

You'll need to choose your company name, select your start date, notify Companies House and HMRC, appoint a director and pay a set up fee.

Open a business bank account

Open a new business bank account for the limited company (using the company name).

Notify your suppliers

Inform your existing suppliers that you are going to be trading through a limited company, and the date that this will start.

Consider your VAT implications

If your business was previously VAT registered, you must either apply for a new VAT number or transfer the number across to the new company, which is usually easier to do.



We can incorporate your limited company for free if you're one of our clients, saving you up to £120.



Set up your new payroll

If your sole trader or partnership business was an employer then you must apply for the company to become an employer also.

The employees should be given P45's by the old business, then added to the new company payroll (we can handle this for you). You may also need to renew their employment contract to show the new company entity.

Change your company information

Change the information on any stationery (such as letterheads and invoices etc.) to reflect the new company details.

It is mandatory that the company number and registered office address is displayed on all stationery and your company website.

Start fresh bookkeeping records

If you use an accounting package, then you will need to create a new account, starting fresh from your chosen start date.

Opening balances will also need to be introduced, including any assets you want to introduce into the company. If you use our accounting software [Pandle](#), then we can help set this up for you.

Your responsibilities

Directors have more responsibilities than sole traders so you must understand what these are before setting up your company.

If you would like more information on this then please click [here](#).

Paying yourself

Taking money from your company is done in a different way to that of a sole trader or partnership.

This is typically done through a small salary and dividends (which are payments to the company owners from profit).

If you're looking for more information on this then please read our in our [salary and dividends guide](#).



Looking for more help with incorporating your company?

If you have any further questions simply call us on 020 3355 4047 and one of our friendly accountancy advisors will be happy to help.



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