



Forming a Plc?



A company of your own

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Setting up a company which you own, manage and develop yourself is a big ambition.

It takes hard work and determination, but there can be rewards. You'll have more obligations and responsibilities but you'll also face exciting challenges. Most importantly, you'll have the pride of knowing your company's success is a direct result of all your hard work.

Limited or Plc?

Whether to form a limited company or public limited company (Plc) and how to go about it are questions which can be time-consuming and confusing. This guide will help you understand what a Plc is all about: the benefits, obligations and how to set one up.

The unique qualities of a Plc

There is one major difference between a limited company and a public limited company (Plc) and that's status. Having 'Plc' at the end of your company name adds prestige, respect and credibility.

Most people think Plc companies are listed on the stock exchange or alternative investment market (AIM), but virtually all Plc companies sold by National Business Register are unlisted on the investment markets. They are used by the first shareholders/directors who retain control over their company at all times.

Even by not being listed you can sell as many shares to the public or employees as you wish and thereby raise working capital for company use. Obviously if you sell more shares than your own shareholding you can find yourself outvoted or out of control, so read the share sections of this brochure carefully.

No-one can ever buy shares in your company without your consent. You can keep your Plc as private as you wish; a husband and wife business, for example, can still have the prestige and cachet of a Plc.



The advantages and disadvantages of a Plc

In a normal limited company, the amount of money an owner will be liable to pay if the company fails is governed by how many shares he has. For example, a director with 100 x £1 shares would only owe £100 to creditors. With a Plc company at least £50,000 x £1 shares must be issued; that means the potential liability is £50,000 to be paid to creditors. However, if you have invested money or assets into the Plc, then your liability has been paid up and creditors cannot come to you for more.

To minimise risk, some people trade through their limited company but own the Plc for status. A Plc does not need to trade: it can be formed for prestige and then remain dormant.

Prestige and status

There is something about owning a Plc which owning a limited company just doesn't quite have. A Plc is seen as having greater status. This may be partly image, but it does affect the behaviour of clients, customers, suppliers – and even employees.

Ownership and continuity

Because the ownership of a Plc is known precisely, it's often easier to value, buy and sell than other types of business. The owners are

listed along with the proportion of the company (or shareholding) that they own.

Plc shares can be sold or given away by other means: in a will, for example.

Setting-up costs

Forming a Plc is not expensive. Compared with the total investment required to establish a new business, setting up a Plc only needs a small amount of money. The prestige you get will outweigh the cost.

Published information

Plcs must have their trading results audited by a registered auditor – a chartered or certified accountant, for example. They must file their annual accounts with Companies House so that the public has access to them. This is how suppliers check up on a company before opening a line of credit. Plc status gives suppliers and customers greater confidence.

Assets and income

Company assets belong to the company and must be used for company business. 'Drawings' are taken as a 'salary' – plus dividends, after tax.

Taxation and National Insurance

Plc directors are normally employees of the company and must pay tax through PAYE. Directors can receive dividends on which the company pays tax. There is no National Insurance payable on dividends. There are many technical matters with regard to tax and National Insurance, so talk to your accountant before deciding what is the most advantageous way for you to take drawings.

Forming a Plc in practice

The creation and operation of a Plc is governed by various Companies Acts and the formation of every Plc must have:

1. A unique name

The Plc name must not be identical to any other company's.

2. The right people

Owners: A Plc has to be owned. It must have at least two owners. Owners are technically members. All members have some share in the business as shareholders and they must be listed in a register of shareholders.

Directors: Owners must appoint officers to manage the business, which includes operating it according to the requirements of the Companies Acts. These are the directors. In most Plcs, directors are also the shareholders. A company must have at least two directors and a company secretary. If there are two or more directors, one of them can also be company secretary.

A company secretary: A company secretary must be appointed by shareholders as the officer of the company specifically responsible for maintaining all statutory information about the Plc.

3. A specific location - the registered office

This is the legal address of the business (not necessarily its trading address) at which Companies House, HMRC, customers, suppliers and the public can send documents and assume that they have been received by the Plc directors. Details of shareholders and officers must also be available for public scrutiny at this address.

4. Clear objectives, Memorandum and Articles of Association

The nature of the business the Plc will carry out, along with other details, must be clearly defined in documents called the Memorandum and Articles of Association.

How to form your Plc

When gathering the following information to form a Plc, most people find that specialist advice can make the process quicker and more efficient. You will need:

- **the Plc name**
- **the people**
 - names of the First Members (shareholders)
 - names of the First Officers (directors)
 - name of the company secretary
- **the registered office address**
- **Memorandum and Articles of Association**
 - objectives
 - shareholding details
 - declaration of compliance
- **service address**

These details can be completed easily using our application form.

The unique name

The Plc name can be almost any name you want, although there are some specific limitations laid down in company law.

A Plc name must not:

- be the same as another company on the register. Check this by carrying out a name search through National Business Register
- contain the words 'limited', 'unlimited', or 'public limited company', except at the end of a name
- be offensive
- constitute a criminal offence
- give the impression that the business is connected with the government or a local authority.

There are certain words and expressions for which special permission must be obtained from the Secretary of State or from other institutions. These include words like 'international', 'royal', 'British' and so on. The idea is to stop companies implying that they are bigger than they actually are, or that they supply services that they don't, so do check with National Business Register on your choice of name.

Also be careful of creating a name which is similar to another company name. An existing

company has 12 months in which to complain to the Secretary of State that a new name is 'too like' theirs. Many new companies have had to change their name at this point, and it's a potentially expensive experience.

Names can be considered 'too like' others if they are phonetically identical, use similar spelling, have a similar distinctive element, or are similar in other ways. Companies House will not check for similar names, only identical names. So choose extremely carefully and use National Business Register's specialist search facilities.

Beware of 'passing off'. This happens when one business - whether a company or not - copies another, even in ignorance, and causes customer confusion or damage to the existing business. Companies House does not check non-company business names, trade marks or Consumer Credit Act licences, and owners of any of these can sue if you copy. We can therefore carry out comprehensive searches on your behalf before we form your Plc. If your business is likely to require a licence under the Consumer Credit Act (see page 6), its name must be different to all other licences registered with the Office of Fair Trading (OFT). We can check the register for you before you finalise your name.

Once you know the name you want, check with National Business Register that it's not already being used by another company so that you won't have any other problems with it!

Add your people to the forms

Once you have decided on the members, directors and secretary of your company, their details can be added to the necessary forms.

What to watch out for:

Anyone over the age of 16 can be a director, unless they are an undischarged bankrupt or subject to a disqualification order. Check out your potential directors if you are not familiar with their background.

The company secretary's duties include completion of various annual reports (see page 6). An agent, accountant or solicitor can take on this role for an annual fee. Failure to provide certain information on time, however, is an offence - for example, late filing of annual accounts will definitely result in a fixed fine.

A specific location - the registered office

The Plc must be registered in the region in which you have decided to locate the registered office (England and Wales, Scotland or Northern Ireland). The registered office need not be your trading address and Plcs often use the address of an accountant, solicitor or National Business Register, for an annual fee, as their registered office address.

What to watch out for:

Make sure that you check the annual fee for a 'hired' address and especially that the requirements for public access to information are met.

Memorandum and articles of association - clear objectives

The memorandum and articles set out the objectives and rules for the company.

What to watch out for:

If you have specific objectives in your company you may be restricted from doing various types of business, and any related bank borrowings can be difficult. National Business Register therefore uses a general objectives clause which is legally valid and allows your company to carry out any commercial activity whatsoever, as well as make any investments or borrowings.

Capital and shares

You must decide on the amount of both capital and shareholding your company will have.

The authorised capital represents the size of the company and how many shares could be issued in total. The minimum authorised capital for a Plc is 50,000 x £1 shares, to a value of £50,000. You must issue a minimum of 50,000 shares, of which 1/4 of the value must be paid up i.e. £12,500. You pay the money into your company account as 'paid up capital'. You are liable for the balance of the 3/4 shares which have not been paid up if the company goes into liquidation i.e. £37,500.

For example:

John Smith owns 25,000 shares, of which he's paid 1/4, making a total of £6,250

Bill Jones owns 25,000 shares, of which he's paid 1/4, making a total of £6,250

Both John and Bill still owe the balance of £18,750 each.

Remember: assets, such as equipment or cars, can be put into the company in exchange for shares. As long as you reach the value owed, your shares will be fully paid up.

What to watch out for:

Although control is achieved with 51 per cent of ownership, minority holders still have some legal rights. Check with your solicitor, accountant or with National Business Register before finalising arrangements with co-owners.

Your Plc enters the register

We will register your Plc and obtain a registration number once you have supplied all the required information on our forms and proposed a name which appears to be acceptable. We will then add these details to your company register and provide you with a certificate of incorporation. This, or a copy, must be displayed at the registered office, and a copy will be required by your bank. You are now a shareholder or director (or both) of your own Plc, and you can begin to trade under this name.

Requirements

Requirements after registration

Once your company is registered, you must immediately meet a number of further requirements.

Nameplate

You must display a nameplate at the registered office address.

Statutory books

The Plc must obtain statutory books in which to keep the register of shareholders, the minutes of annual and general meetings, and so on.

PAYE registration

HMRC will contact you to register for PAYE purposes. Remember that directors are employees, so you must register even if you do not employ anyone else initially.

VAT registration

You must register your Plc for VAT, unless the turnover will be below the minimum rate. This can be done by National Business Register or your accountant.

Business stationery

Now you can print your business stationery. The Plc name, registered number and registered office address must be shown on all stationery. All invoices and statements must display your VAT registration number as well as the above listed information. Make sure all these details are correct as directors can lose their limited liability rights if they are incorrect.

Accounting date

The company secretary or your accountant can inform Companies House of the accounting date, which is the end of the company's first financial year.

Share certificates

The company secretary must issue share certificates and detail these in the shareholder's register.

Regular and annual requirements

Now that your Plc is fully established, there are a number of statutory requirements which must be met on an ongoing or annual basis. The company secretary is responsible for seeing that these are done:

1. Change of Plc details

Companies House must be notified of any changes to Plc ownership, officers or registered office address or service address.

2. Registers

The register of shareholders and the register of directors must be kept up to date at the registered office. Share certificates must be issued as appropriate.

3. Company meetings

Minutes of annual general meetings must be kept in the statutory books.

4. Accounts – bookkeeping

Books must be kept up-to-date and reflect the current financial position of the Plc. Check your systems with your accountant early on.

5. Annual accounts

Annual audits and accounts must be prepared for Companies House and the HMRC. These must be signed by a director and the company's auditor. Companies House must have a copy of Plc accounts within six months of the end of the financial year, or late filing penalties will apply.

6. Annual return

Distinct from annual accounts, the annual return confirms current registration details of the Plc. You can either file this online or by paper form together with the current fee.



Forming a Plc

New Plcs

All Plcs set up by National Business Register are produced entirely to your requirements and are formed in only a couple of hours. You can choose exactly the name you want, with its details and shareholdings recorded from the beginning.

We have a sophisticated system which allows us to transmit information about your Plc from our office to Companies House for immediate formation at no extra cost to you. This super fast-service can get your company formed and up and running immediately.

A 'company kit'

We provide your full 'company kit' in an attaché case. The kit contains all the items you'll need before and after registration of your new company. We provide and complete the following:

- Plc certificate of incorporation
- Plc certificate to trade and borrow
- six sets of memorandum and articles of association
- statutory books and completed register
- share forms
- accounting date notification
- share certificates
- Plc company seal and press in wallet (optional)
- advice regarding the first meeting of directors.

This is all boxed in an attractive attaché case.

Registered office address facilities

We can provide a registered office facility in Birmingham.

Service address

We can provide Directors and Shareholders with a service address so their private addresses are not on the public record and remains private.

Company secretary service

The role of a company secretary is a vital one, but the responsibilities can seem daunting. We can supply an efficient, professional company secretary service and advise Companies House of any change of Plc particulars.

VAT registration

We can also organise VAT registration for you.

Company seal and name plate

Our service to new Plcs extends to the final details such as provision of your statutory company seal and nameplate. You may select from a wide range of plates.

Internet services

We register domain names, set up email facilities and webspace and also offer a website design service. Please see our need a website brochure.

Business name and trade mark search and registration

A simple name check will not guarantee your absolute 'ownership' of a name, nor protect you from possible 'passing off' claims against your chosen name. That's why we offer a thorough and comprehensive check of all business names, company names and registered trade marks. We can arrange to register your trading name, or any product name, as a trade mark on your behalf. Detailed information on how to choose a business name is available. We're also able to register internet domain names.

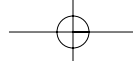
Consumer Credit Act search and registration

You will need a Consumer Credit Act (CCA) licence from the Office of Fair Trading (OFT) if your Plc is in any way connected with transactions where customers are given time to pay (for example, if it sells on credit, hires or leases out goods, lends money, issues trading checks or credit cards, arranges credit for third parties, offers hire purchase terms, collects debts, helps others with debt problems or advises on the credit standing of individuals).

Every trading name licensed by the OFT must be different. You will need to check your Plc name is original before registering for a CCA licence. We can check this register for you, and apply for an OFT licence if required, on your behalf.

International and offshore companies

We also form offshore and international companies for worldwide tax-efficiency and trading. Ask for our brochure. An offshore company network can be cost-effective at surprisingly low levels of turnover.



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