



Forming a guarantee company?



The unique qualities of a guarantee company

Guarantee companies are usually non-profit organisations that are run for the benefit of their members or for the benefit of others. They are not seen as commercial trading companies and they are able to obtain charitable status and raise funds, or operate as a members' company without charitable status.

A guarantee company is backed by guarantor members who agree to pay back any debts owed by the company if it fails. The amount can be from as little as £1. It's up to the company as to whether they'll allow ordinary members to become guarantor members and pledge financial support to the company.

Each guarantee company has its own membership list and rules. Guarantee companies usually exist to promote themselves and their activities; as a result, members are often not paid a salary, bonus or expenses for duties performed. However, this is all at the discretion of the company.

Examples of guarantee companies:

- charities
- sports clubs
- groups of property owners providing communal services to their properties. For example, a group of flat owners running a guarantee company to settle all accounts expenses on behalf of all owners. Often the name of the company is the property: for example, 'Millfield Flats Management Company'.



The features of a guarantee company

Guarantee liability

If a business fails, a small guarantee can protect you, the owner, from personal loss, or even bankruptcy. Unless you have given any separate guarantee for a particular transaction – or acted illegally – the debts become the company's and not yours.

A unique trading name

When a company name is registered it has to be unique. For as long as the company exists, the name can never be copied by another company. You can choose whether to have 'limited' at the end of the company name or omit it completely.

Forming a guarantee company in practice

The creation and running of a guarantee company is governed by various laws. For formation, every company must have:

1. A unique name

The company must have an original name and identity.

2. The right people

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 guarantee companies, directors are also members. A company must have at least one director. If there are two or more directors, one of them can also be company secretary.

3. A specific location

The 'registered office' is the legal address of the company (not necessarily its trading address) to which Companies House, HMRC, customers, suppliers and the public can send documents and assume they have been received by the

company directors. At this address, details of shareholders and officers must also be available for public scrutiny.

4. Clear objectives

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

Your company enters the register

National Business Register will register your company, obtaining a registration number, adding it to the company register and providing you with a certificate of incorporation. This, or a copy, must be displayed at the registered office, and a copy will be required by the bank. You will then be a member or director (or both) of your guarantee company, and you can begin to trade.

Requirements

Requirements after registration

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

Nameplate

You must display a company nameplate at the registered office address.

Company seal

You should obtain a company seal for sealing certain documents.

Statutory books

The company must obtain statutory books in which to keep the register of members, 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 company for VAT unless the turnover will be below the minimum level. This can be done by National Business Register or your accountant.

Business stationery

Now you can print your business stationery. The company name, registered number and registered office address must be shown on all stationery. You must include all that information plus your VAT registration number on invoices and statements, and for any other accounts related documentation.

Accounting date

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

Regular and annual requirements

Now that your company 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.

Change of company details

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

The register of members and register of directors must be kept up to date at the registered office.

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

Accounts

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

Annual accounts

Annual audit and accounts must be prepared for Companies House and HMRC. These must be signed by a director and the company's auditor.

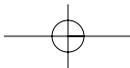
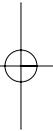
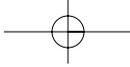
Companies House must have a copy of a company's accounts within ten months of the end of the financial year, or late filing penalties apply.

Annual return

Distinct from annual accounts, the annual return confirms current details of your company. You can file this either online or on paper together with the current fee.

Service address

We can supply the directors and shareholders with a service address so their private address is not on the public record and remains private.



Forming a guarantee company

Our guarantee companies are produced entirely to your requirements and take just hours to register. It means you'll have the name you want from the start and objectives which are specific to your company. Guarantee companies are formed with the members and directors' names from the outset. Nominees are not used but you can use our service address to keep your private address off the public record.

A 'company kit'

National Business Register provides your full 'company kit' and these contain the items needed before and after registration of your new company. We provide the following, neatly packed in an attaché case:

- certificate of incorporation
- six sets of memorandum and articles of association
- statutory books
- advice regarding the first meeting of directors
- company registers
- member's certificates.

The National Business Register range of services

As the leading company-formation agent, National Business Register offers one of the most comprehensive services available.

Guarantee company formation

Company formation includes a free company name search, completion of all registration requirements and an attractive company kit – containing all you need to start trading with your new company.

Registered office address facilities

National Business Register can provide both a registered office facility and, if needed, a company secretary.

Service address

We can supply the directors and shareholders with a service address so their private address is 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. National Business Register can supply an efficient, professional company secretary service and advise Companies House of any change of company particulars.

VAT registration

We can also organise VAT registration for you.

Company seal and name plate

Our service to new companies extends to the final details and we can provide you with 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 can also offer a website design service. Please see our need a website brochure.

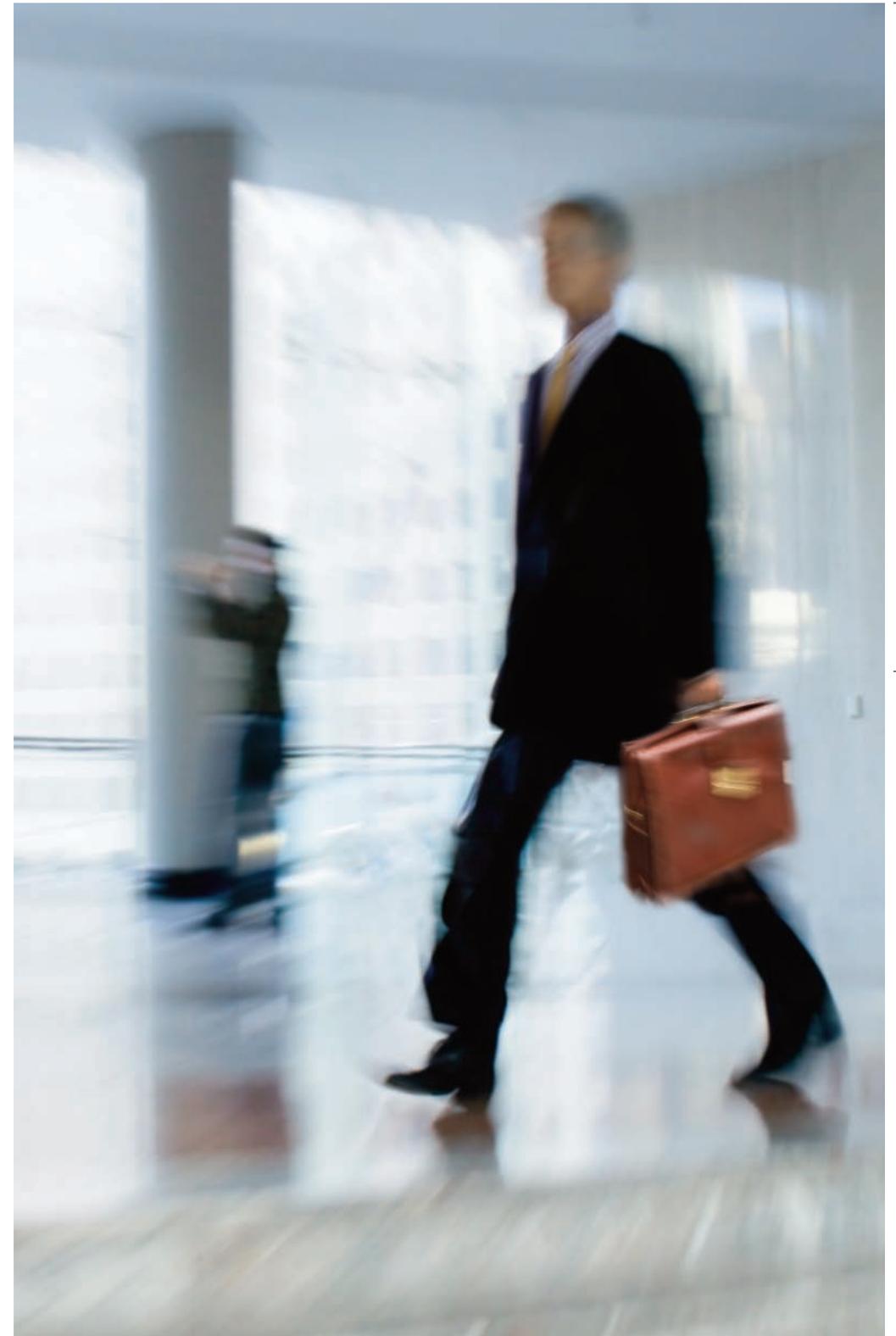
Business name and trade mark search and registration

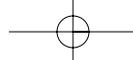
A simple name check will not guarantee your absolute 'ownership' of a name, nor protect you from possible 'passing off' claims against your chosen name. National Business Register offers a thorough and comprehensive check of all business names, company names and registered trade marks. We strongly recommend trade mark searches and can arrange to register your trading name, or any product name, as a trade mark on your behalf. We can also provide you with detailed information on how to choose a business name.

Consumer Credit Act search and registration

You will need a Consumer Credit Act licence from the Office of Fair Trading (OFT) if your company 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. It is very important that you check your trading 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.





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