

How to set up a limited company in the UK: A step-by-step guide

Are you looking to start or expand your business in the UK? Setting up a limited company is a practical and astute solution as it is a business entity that is legally distinct or separate from the person(s) that own or operate it. This means you have limited liability if the business is sued or fails. Your liability will be limited to the face value of your share in the company. By limiting liability, you protect your personal assets even in the worst-case scenario.

Here's your step-by-step guide to setting up a limited company in the UK and what you need to know.

Types of limited companies in the UK

There are two types of limited companies you can choose from in the UK – a private limited company (Ltd) or a public limited company (Plc). Start-ups and small businesses tend to prefer a private limited company because it does not have a minimum share capital requirement. Public limited companies, on the other hand, require a minimum of two directors, two shareholders, a company secretary, and a minimum share capital of £50,000.

Private Limited Company	Public Limited Company
<p>Pros:</p> <ul style="list-style-type: none">• Separate legal entity to the owners• Limited liability	<p>Pros:</p> <ul style="list-style-type: none">• Separate legal entity to the owners• Limited liability• Can sell shares publicly
<p>Cons:</p> <ul style="list-style-type: none">• Must hold AGM• Must disclose financial information annually• Cannot sell shares publicly	<p>Cons:</p> <ul style="list-style-type: none">• Must hold AGM• Must disclose financial information annually

Did you know?

Unlike sole traders, limited companies aren't required to pay income tax or direct national insurance. Their tax, known as Corporation Tax, is based on business profits minus salaries and allowable expenses.

Steps to set up a limited company in the UK

Before you move ahead with setting up the entity, make sure this is the right choice for you. Learn more about the pros and cons of a limited company in the UK and look for a partner who can help you on your entire journey in establishing the company and getting it registered. Here's what you do next:

Step 1: Choose the company's name

Choosing the name is a vital step because it needs to be available to be registered, is unique (not similar to an existing registered company), does not make false implications (such as being regulated or approved by a regulatory agency if it isn't), and is not offensive. The name

you choose is also important because it presents your business, its offerings, and brand value. This means it should be easy to remember and relatable.

Top tip

Check out available domain names online before finalizing your company name. This way, you can make sure that the domain name for your website matches the company name. Also, you can check out existing company names on the Company House register or Intellectual Property Office to ensure you choose a unique name.

Step 2: Choose the director(s) and secretaries

When you register your limited company in the UK, you will need to mention the names of the directors and secretaries who will be managing the company. Directors are responsible for managing the company's legal changes, finances, annual returns, and other affairs. To register a private limited company, you will need to have at least one director, while a public limited company will need a minimum of two directors on the board.

Secretaries act as representatives of the directors to take care of official business or during board meetings. They can be lawyers, accountants, or any other professional who can offer consultation services to the company.

Step 3: Decide on the shareholders

A limited company requires at least one shareholder. The director of the company can also be the shareholder. Of course, you could choose to have more than one shareholder. For example, you could choose to divide the shares among the directors, although not necessarily divided equally among them. A shareholder who possesses more than 25 percent of a company's shares is known as a "person of significant control" or PSC.

Did you know?

A big benefit of registering your company in the UK is that the business can have 100% foreign ownership.

Step 4: Get the documents ready

You will need to submit the following documents to Companies House to get your limited company registered:

- **Memorandum of Association** – This is a legal document that lists the company's name, its purpose, owner, business model, and the names of the director(s), shareholder(s), and managers.
- **Articles of Association:** This is also a legal document and contains the rules related to the way the company will be run, as agreed upon by the directors, company secretary, and shareholders. It delineates the responsibilities of the directors, rules regarding business operations, how profits will be divided among shareholders, and the responsibilities and rights of shareholders, such as voting rights.
- **Form IN01:** This document contains information regarding the company's capital, resources, compliance, guarantee, and proposed officers.

Step 5: Choose how you want to register the company

You can either register your limited company by following a DIY approach, or partnering with an experienced firm that will take care of the entire process on your behalf. If you choose wisely, you might not even have to visit the UK to get your company registered in the country. Although the registration process isn't too difficult, it does need you to travel to Great Britain and have a basic knowledge of the requirements. Plus, you'll be doing all the legwork yourself. The easier and smoother route is to choose a partner who specialises in company registration in the UK. They will take care of every step of the journey, including preparing the documents, filing them, and acting as the bridge between you and the government.

Did you know

The UK comes in at #8 among 190 countries by the World Bank for its Ease of Doing Business.

Step 6: Register your company

Now, all that's left to be done is to register your business with Companies House with an address in England, Scotland, or Wales, along with proof of identity. You will receive a confirmation from Companies House within a week and the Company Formation Certificate within 8-12 days. If the application is filed online, you will receive the confirmation within 24 hours.

Choosing the right partner for registration

Interpolitan Money offers professional services for businesses looking to the UK for growth. When you open an account on Interpolitan's alternative banking solutions platform, the team takes care of all your company registration needs in the UK completely free of charge. In fact, Interpolitan also pays the £12 + VAT incorporation fee on your behalf to Companies House, so that you have the smoothest experience of company registration in the UK.

Interpolitan Money is on a mission to support businesses to grow into global entities, with cutting-edge solutions for multicurrency transactions that eliminate the barriers imposed by traditional banking. Company formation and bank account opening can be one seamless process and certification from Companies House may be done in just 24 hours. Additional benefits include:

- No minimum investable assets required
- No minimum account balances
- No FX transactional limits
- No salary requirements
- No upper or lower turnover thresholds
- Open an account with multiple signatories.

For UK residents, non-residents, and international businesses looking to expand to the UK, Interpolitan offers additional corporate services. [Open an Interpolitan money account](#) and get your business registered in the UK.