

The Private Limited Company

This is the most common form of incorporated company and is suitable for most commercial purposes. Private companies limited by shares constitute over 90% of all companies registered in the UK.

A limited company is a legal entity, which in the eyes of the law is a separate “person”. This basic principle means that a company can hold assets in its own right, it can conduct business, employ people, and it can sue and be sued. Importantly it outlives its directors and shareholders and it is therefore easily transferred to new ownership by sale of shares or under the terms of a will.

The shareholding of a limited company determines its ownership. The business can be transferred in part or in whole to new owners by a simple transfer of shares. This is a significant advantage over a sole trader or traditional partnership especially where the company owns physical assets, particularly property or land.

Another major benefit to individuals conducting business through a limited company as opposed to being a sole trader, or as part of a partnership, is the principle of limited liability. This means that the shareholders (owners) of a business as a limited company do not risk their own personal assets should the company fail and enter administration. Limited liability restricts the ability of an administrator to recover any shortfall from a company’s shareholders to the limit of the value of shares registered in a shareholder’s name that are unpaid at the time of entering administration.

The CRO Company Registration service allows you to choose the name of your new company, subject to availability, and structure your company to suit your own requirements. All applications are submitted electronically to Companies House as soon as orders are received and your company will normally be incorporated within hours of ordering. Your full company pack will be dispatched on the day your company is incorporated.

Key Points

- Private Limited Company with shares – minimum 1 share; maximum unlimited
- Suitable for any normal commercial trading purposes
- Objects are usually unrestricted
- Suitable for most commercial businesses
- Can undertake any nature of business
- Can operate anywhere in the world
- Members have limited liability
- Can have a sole director and sole shareholder
- Officers and shareholders can be resident outside the UK
- Limited companies are often advantageous for their shareholders regarding taxation
- Incorporated and dispatched usually within 24 hours
- Own choice of name subject to “sensitive names” and “same as” rules