

# Limited Company Formation

Optima Accountancy Services Limited

## Complete Guide to Forming a Limited Company

Forming a limited company is a significant step for your business. This guide explains the process, benefits, and ongoing responsibilities.

### Why Choose Limited Company Status?

- Limited liability protection for directors/shareholders
- Potential tax advantages over sole trader status
- Professional appearance and credibility
- Easier to raise capital and investment
- Separate legal entity from owners
- Greater flexibility in profit extraction
- Perpetual succession (company continues if owner changes)

### Formation Process

#### Step 1: Choose Company Name

Name must be unique and not too similar to existing companies. Check availability on Companies House website. Avoid sensitive words requiring approval.

#### Step 2: Choose Directors and Company Secretary

Every company needs at least one director (aged 16+). Company secretary is optional for private companies but recommended.

#### Step 3: Decide on Shareholders

At least one shareholder required (can be same person as director). Decide on share structure and initial share capital.

#### Step 4: Identify Persons with Significant Control (PSC)

Register anyone with significant control (25%+ shares or voting rights). This information is publicly available.

#### Step 5: Prepare Formation Documents

Create Articles of Association (company rules) and Memorandum of Association. Standard templates available or custom documents can be drafted.

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