



**h**  
**b** Hadden  
Business Solutions

# Limited Company set up and administration

simple, hassle free solutions  
for freelancers and contractors



If the idea of setting up and running a Limited Company is a bit daunting... don't panic!

We're here to help.

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**For freelancers or contractors, setting up and operating through a Limited Company can save time and money. But if the prospect of piles of paperwork and heaps of administration is putting you off, Hadden Business Solutions can help.**

We specialise in accountancy, administration and tax services for contractors who operate through their own Limited Company and over the past 7 years have helped thousands of people, just like you. Practice makes perfect, and we know the best ways to get things done quickly and with minimum fuss. So, with the admin sorted, you are free to get on with doing what you do best – your job.

**This brochure covers most of what we can do for you and if you want any more information, or have any questions call 0845 074 5739 and speak to one of our friendly support team - we are here to help.**



# Setting up a Limited Company made easy

## What is involved in setting up a Limited Company?

A Limited Liability Company is a separate legal entity so there is inevitably a fair amount of paperwork to complete, however we divide it up into manageable stages and help you every step of the way. With us along side you its surprisingly quick and easy.

## What are the benefits of operating through a Limited Company?

- Contracting through a Limited Company is considered the safest way to work because of the benefits of limited liability.
- Limited liability - a Limited Company's finances are separate from the personal finances of its owner and shareholders are not responsible for the company's debts.
- Preferred by clients – many clients prefer to deal with a Limited Company rather a sole trader.
- Tax efficiency - as the director of a Limited Company there are tax efficient options available to you for taking money out of the company.

## Company formation facts

A Limited Company must be registered with Companies House and have at least one director.

Appointing a Company Secretary is now optional.\* If you wish to appoint one, their details need to be provided with your Companies House registration.

You will need a registered office address for your Limited Company which will become the legal address. This can be your home address or we can provide a registered office service if preferred.

Shares are allocated when your company is formed; this is usually 10 standard shares issued at £1 each. There are benefits to allocating shares to spouses, however, we advise against your spouse being allocated more than 20% of the total shares.

\* If you appoint a secretary and later decide you no longer wish to have one, complete a TM02 form and post to Companies House. A TM02 can be downloaded from the Companies House website or [www.haddenbusiness.co.uk](http://www.haddenbusiness.co.uk).

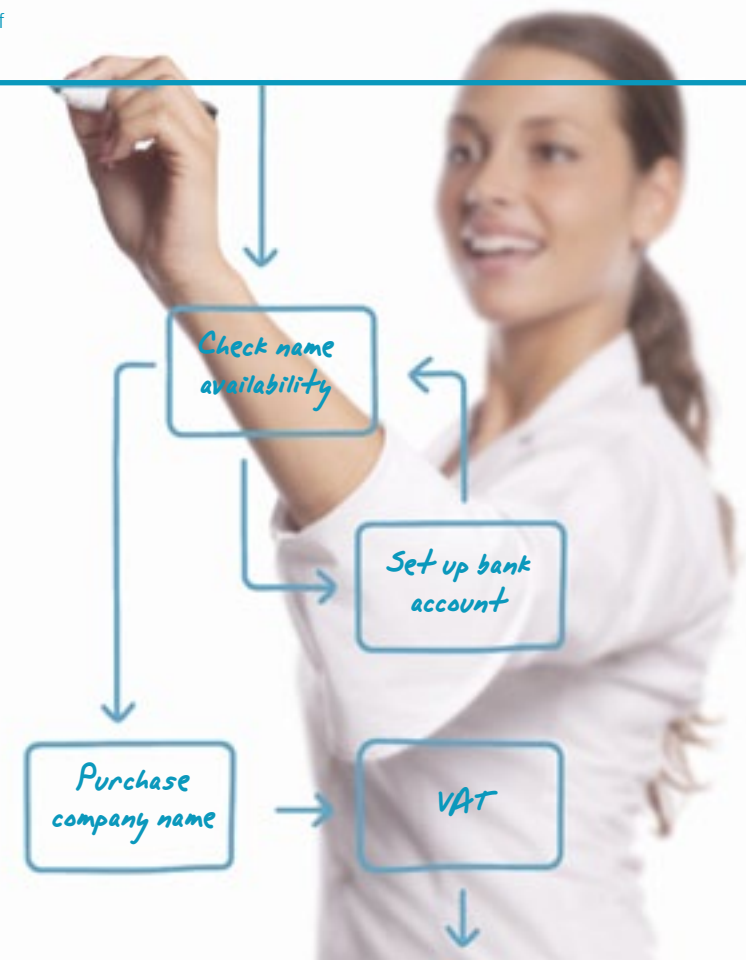


## Limited Company set up made easy

Hadden Business Solutions can take the hassle out of setting up a Limited Company, by doing it for you. This includes:

- Checking name availability with Companies House
- Purchasing your company name
- Obtaining your incorporation certificate on your behalf

**For company formation we charge a one off fee of just £49.00**



# Running a Limited Company made easy

## We take a load of work and worry away.

Once you've set up your Limited Company there's a small mountain of regular administrative tasks to climb. If accounting is not your profession its not easy to master the details of your P11D, Corporation Tax, annual returns, accounts, preparing and filing VAT returns or completing your dividend declaration.

That's why so many contractors are delighted to shift those tasks over to us. We have the knowledge and expertise to take care of everything. For as little as £110 a month you could have all your bookkeeping, PAYE, VAT, HMRC and Companies House obligations taken care of. And, for an additional £40, we can also run and manage your client invoicing, leaving you free to get on with your job.

## Our standard package includes:

- Quarterly bookkeeping
- PAYE, VAT & Corporation tax registration
- Personal PAYE/NI payment instruction
- Professional IR35 contract checking and status questionnaire service
- Support in setting up a business bank account via Cater Allen Private Bank
- Preparation and filing of Quarterly VAT returns
- Filing of year end PAYE returns
- Preparation of annual P11D return
- Dividend declarations
- Annual statutory accounts
- Filing statutory returns, including corporation tax returns
- Handling all correspondence from HMRC and Companies House
- Filing Companies House annual return
- Guidance on allowable expenses
- Unlimited support on the telephone, by email or in person at our offices

## Our enhanced package:

Includes all items listed in the standard package - plus running and managing your client invoicing

Let Hadden Business Solutions take care of everything leaving you to get on with your job!

Already have a Limited Company? It's easy to hand over the admin to Hadden Business Solutions

## Already running a Limited Company, but want to switch to our accounting service?

If you are already running a Limited Company, but would like to take advantage of one of our Limited Company accounting packages - its easy. We can start acting on your behalf as soon as you want, simply complete and submit a 64-8 form (available on our website) and send us the following:

- A copy of your Certificate of Incorporation
- A copy of your Memorandum and Articles of Association
- A copy of your latest accounts

For more information, give us a call on 0845 074 5739

PAYE, VAT and corporation tax

IR35 status

Preparation of P11D

# A guide to running a Limited Company

## Bank Account set up

You will need to set up a business bank account and can do so with any bank of your choice. The account must be set up in the exact same company name that has been registered with Companies House.

If you don't already have a business bank account set up, we can recommend Cater Allen Private Bank. The Cater Allen Reserve Account offers you a convenient and flexible way to achieve attractive returns, minimise your costs and have instant access to your money.



### *Business banking taken care of*

As part of our standard accountancy package, Hadden Business Solutions can help you set up a Cater Allen Reserve Account. To get started, simply download the application form from [www.haddenbusiness.co.uk](http://www.haddenbusiness.co.uk)

Key features of the Cater Allen account are:

- Earn higher returns on your funds without sacrificing access
- Cost-effective and flexible banking
- Account operated by telephone, post and online
- In-branch deposit taking available at Royal Bank of Scotland branches
- Visa deferred-debit cards available for your account
- Monthly statements by post as well as downloadable transactions anytime via internet banking
- View balances, pending credits and payments online
- Set up and manage standing orders, direct debits, transfers and payments online
- View-only internet access for multiple account users
- Interest is calculated daily and credited quarterly
- Full chequebook and banking facilities
- Pre-paid envelopes for easy paying-in to your account

## VAT

You must register for VAT (value added tax) if the annual turnover of the company will exceed £73,000 (2011/2012 rate) although we recommend you register anyway even if you anticipate a lower turnover figure.

VAT is usually added to your fees, the current prevailing rate is 20%. So for example if you invoice for your services at £1,000 you would add £200 to the total invoice value (£1,000 x 20%). You can off-set the VAT from any purchases made by the company against the VAT invoiced. The calculation of VAT invoiced versus VAT reclaimed needs to be submitted quarterly and any outstanding balance paid.

Flat Rate Scheme - If your turnover does not exceed £150,000 per annum then you will be eligible to register for the Flat Rate Scheme (FRS) – this scheme simplifies VAT for newly registered companies and could save you up to £2,500. You can only take advantage of this benefit in the first year your company is in operation.



### *VAT taken care of*

As part of our standard accountancy package, Hadden Business Solutions can complete your quarterly VAT return correctly and on time and set up an automatic direct debit payment from your business bank account.



# A guide to running a Limited Company

## IR35 Compliance

Through a Limited Company you can have one of two statuses – Employed or Self-employed. This status determines whether you should pay full PAYE on your earnings or whether you can have a smaller salary and draw dividends from your Limited Company. IR35 regulations are strict and can be confusing, this needs to be reviewed with each new contract assignment you take on as a Limited Company.



Hadden Business Solutions can provide complete peace of mind on IR35 compliance. All you need to do is complete our IR35 status questionnaire in relation to each new contract assignment and provide us with a copy of your contract paperwork issued by your end user client or recruitment agency for a fee of £25. One of our specialist accountants will review your case and report back to you to confirm your compliance or to make any recommendations. This should be carried out with every new contract assignment to ensure continued compliance.

## PAYE/NIC

To be paid a salary you will need to set up a PAYE (Pay As You Earn) scheme with HMRC. HMRC allocate a unique Limited Company reference number which means you will be required to deduct any tax and national insurance from salaries paid to company directors.

As a Company Director there are several responsibilities to meet in terms of PAYE/NIC, including:

- Filing annual returns to HMRC by the 19th of May after the end of the tax year, these returns are known as P35's & P14's
- Reporting any benefits and expenses paid to Directors by the 6th of July after the tax year, this report is known as a P11D

It is important that PAYE/NIC and the various returns are dealt with correctly from the outset as penalties can be incurred for missed deadlines or for getting this wrong.



As part of our standard accountancy package, Hadden Business Solutions can provide complete peace of mind by not only setting up your PAYE scheme with HMRC, but also managing your ongoing PAYE/NIC and preparing and submitting your annual returns.

## Corporation Tax

Once your company has been registered with Companies House, HMRC will issue a Corporation Tax form for new company details to your registered address. Once completed, HMRC will register your company for Corporation Tax. Corporation Tax is separate from any personal PAYE or NIC payments made via salaries and is a company tax deducted from profits. The current Corporation Tax rate is 20%.

As a Company Director there are several responsibilities to meet surrounding corporation tax, including:

- Submitting a complete annual Corporation Tax return with HMRC along with a set of annual company accounts. This should be done within 12 months of the period end date.
- Paying any Corporation Tax due 9 months after the period end date.



As part of our standard accountancy package, Hadden Business Solutions can complete and submit your Corporation Tax returns and arrange for automatic direct debit payment from your business bank account on the required date.



# A guide to running a Limited Company

## Salary and Dividends

Presuming you are not caught by the IR35 regulations and you are able to draw dividends from your Limited Company you will need to decide on the level of salary you will be paid. There are two usual scenarios for this:

- Set your salary at the tax and NIC personal allowance amount – this is £7,475 for 2011/12 and will increase to £8,105 for 2012/13
- Set your salary at National Minimum Wage (NMW) level (£5.93 per hour from October 2010), usually calculated on a 37.5 hour week this would equate to £11,564. Paying a higher salary attracts Corporation Tax relief.

You can then draw down the remainder of your monthly income via dividends. Dividends are defined as a portion of a company's post tax profit paid to its Director(s). Providing the recipient of the dividend is not a higher rate tax payer there will be no further tax due. Higher rate tax payers will be charged additional tax on dividends exceeding the higher rate tax bracket.

Before a dividend is declared you must ensure there are sufficient funds held in the company to pay out. A Directors meeting needs to be held to declare the dividend. There is no limit on the amount of dividends declared by a company but it is most common to declare once a month.



### *Salary and dividends taken care of*

As part of our standard accountancy package, Hadden Business Solutions can offer some guidance, including supply of payment illustrations to ensure you pay just the right amounts in salary and dividends to be as tax efficient as possible, without tipping the balance.

*We have the knowledge and expertise to take care of everything*

## Expenses

HMRC guidelines regarding expenses are that they must be incurred 'wholly, necessarily and exclusively' for the purpose of your contract assignment.

Here are a few examples of commonly claimed expenses:

- Travel for the purpose of your assignment
- Accommodation if you need to stay away from home for the purpose of your assignment
- Subsistence whilst on an assignment away from home
- Accountancy fees (i.e. Hadden Business Solutions monthly package cost)
- Mobile phone costs – only for the purpose of the assignment, not personal calls



### *Expenses taken care of*

As part of our standard accountancy package, Hadden Business Solutions can advise on and prepare your Limited Company expenses, ensuring that you claim for everything you can, without breaching the guidelines.

Check out [www.haddenbusiness.co.uk](http://www.haddenbusiness.co.uk) for a more detailed guide to expenses.



## Self Assessment Tax Returns

As a Company Director, HMRC will require you to complete and file a self assessment tax return each year to declare your liability for taxation. This can be complex and daunting, and if not completed correctly can lead to unnecessary payments being made or penalties incurred.

### Self assessment tax returns taken care of

For a fee of as little as £150\*, Hadden Business Solutions can take care of your self assessment return, including:

- Completion of your tax return and all other necessary schedules
- Calculating your tax position
- Sending you a full copy and explanatory notes for your approval
- Filing your return online
- Advising you of any tax due
- Claiming any refunds due to you
- Dealing with HMRC on your behalf
- Checking any statements you receive from HM Revenue & Customs
- Being available for all your tax queries and questions

\*Applies to instructions made by 31st October. May be up to £300 if instructed between 1-31st January. These prices apply to a basic tax return, pages TR1 to TR6.

## Insurances

The common insurances required by Limited Company contractors are Employers and Public Liability as well as Professional Indemnity, however dependant on your circumstances, you may also consider Business Insurance, Legal Expenses Insurance, Contract Review Insurance, Personal Accident, Sickness, Travel or Health and Safety Insurance.

### Insurances taken care of

We have teamed up with a specialist insurance broker, Counce O'Hara, who can advise and provide bespoke and cost effective insurance packages which suit your needs.

For more details check out our website [www.haddenbusiness.co.uk](http://www.haddenbusiness.co.uk)

## If you need more information

We offer a free consultation service (face-to-face or by phone) which will give you all the information you need to make an informed decision about setting up and running your own Limited Company.

## If you want to get started

We're here to help you every step of the way and make the whole process as easy as possible. Please contact one of our team to find out more.

T: 0845 074 5739

E: [info@haddenbusiness.co.uk](mailto:info@haddenbusiness.co.uk)

W: [www.haddenbusiness.co.uk](http://www.haddenbusiness.co.uk)



Book your free consultation today to see what we can offer your business!



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