

Self-employment or Ltd Co

An ICAEW Chartered Accountant can offer advice that will enable you to confidently select the most appropriate format for your business. There are four main options available to you:

Sole trader

Setting up in business on your own gives you complete control and fewer administrative burdens, but has implications for tax and raising finance. Also, you have unlimited liability and could therefore risk personal loss if something were to go seriously wrong.

Partnership

If two or more people run a business together as partners, they share profits, losses and unlimited legal liability. It is a common – and often very successful – formula, but it is essential to define the rights and responsibilities of partners and to set them out in a partnership deed. This complex process requires special accountancy and legal skills.

Limited Company

A limited company is a legal entity separate from its owners. Ownership can be changed or extra capital raised through the selling of shares, without necessarily affecting the management of the company. However, the number of statutes and regulations involved can substantially add to the time and money spent on administration, so the costs and benefits of this approach need careful analysis.

Limited Liability Partnership (LLP)

Unlike in a standard partnership, the liability of the partners in a LLP is normally limited to the amount of their partnership commitments. Requirements regarding accounts, audit, returns to Companies House, winding up and insolvency all follow normal company law rules, but taxation follows the rules for partnerships.