

# To Plc or not to Plc - that is the question

It is very easy and cheap to form a private Limited Company but have you ever considered "going Public?" No, we don't necessarily mean being listed on a recognised market and having your shares traded by the general public. Rather, we mean that if you are setting up in business, then have you considered incorporating as a "Plc". Or if you already own a limited company, have you considered converting it to a Plc?

The principle downside to forming or converting to Plc status is the share capital requirement. A private company will often start up with whatever authorised capital it wishes, but can opt for only two subscriber shares issued for a couple of pounds, whereas a Plc has to have an authorised and issued capital of at least £50,000. There is, however, not such a massive difference between private and Plc status in that the £50,000 share capital only has to be paid up to 25p in the pound ie. an initial cash cost of £12.5K.

Why should you form a Plc when you could get away with paying out just a couple of quid? The main reason is the perception of the company. If you are a Plc then there is the natural assumption that you are probably of significantly greater substance than a private company and probably quoted. This can have a significant commercial advantage when dealing with smaller businesses that will be likely to consider your business more substantial than it possibly is or, equally, helpful with larger customers where they will want to be dealing with suppliers of substance.

In addition to the capital requirements there are a number of other differences between private and public companies and the main differences can be summarised in the illustration below.

There are a number of differences such as the extent of late filing penalties, being able to take advantage of audit exemptions for small com-

panies, and so on. If, however, you intend to tie up more than £12,500 and/or you want to punch above your weight, then why not consider forming or becoming a Plc?

If you require any further information or guidance with regard to the above article, then contact Malcolm Coomber on **020 7022 0060**.



	Private	PLC
Can raise money by selling shares to the general public	No	Yes
Minimum authorised share capital	Nominal	£50,000
Minimum paid up capital	Nominal	£12,500
Minimum number of directors	1	2
Formally qualified company secretary	No	Yes
Time limit for filing accounts	10 months	7 months

If you would like to discuss your company structure arrangements, please contact Malcolm Coomber on 020 7022 0060 or email [mec@hydeconsulting.com](mailto:mec@hydeconsulting.com)

