

BENEFITS OF INCORPORATION FOR SOLE-TRADERS

- ✓ Protect your business in future from personal liability you may have undertaken in the past
- ✓ Protect you personally from future liability your business might undertake
- ✓ Companies are the more common and convenient business structure for trade of any reasonable size
- ✓ A company structure “packages” a business
 - lends itself to participation by others - including employees, supporters and investors
 - makes a business saleable / transferable (e.g. on death)
 - enables a business cleanly to be ended if necessary
- ✓ As many businesses can be suspicious of dealing with sole traders, and companies are the “normal” SME form, so companies may find it relatively easier than sole-traders to
 - get credit
 - win customers
 - obtain favourable supplier terms
 - undertake leases and so on
- ✗ There is an on-going administration
 - Annual accounts have to be prepared and filed with Companies House [equivalent to personal accounts for tax purposes]
 - Companies House have to be informed of changes to the constitution of a company as they occur
 - Annually Companies House’s records have to be confirmed, for which there is a £15 fee payable
- ✗ There is some loss of privacy, as documents filed with Companies House are public

In general I strongly favour incorporation for any clients who are currently sole-traders; I would be glad to discuss this further with any of my clients.

Yours Faithfully,



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