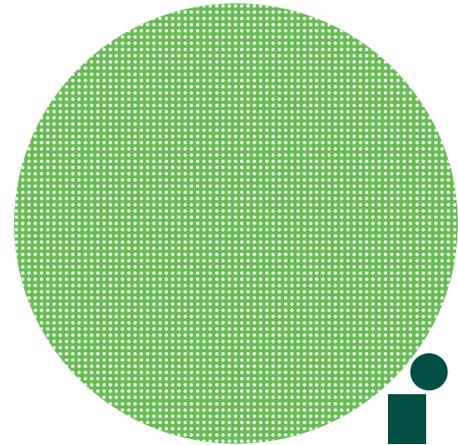


# PRIVATE LIMITED COMPANIES HAVING A SHARE CAPITAL

## FACTSHEET



### KEY FEATURES

#### PRIVATE LIMITED COMPANIES HAVING A SHARE CAPITAL (AN "LTD" COMPANY)

Key Features	Commentary	Ref. in Act
Governing legislation	Part 2 of 14 of the Companies Act 2014 (the "Act")	Part 2 to 14
Definition	Means a private limited company having a share capital	s.15
Contractual capacity	Any activity that a company may be lawfully formed to carry on and includes the holding, acquisition or disposal of property of whatsoever kind	s.15, s.38
Corporate Governance	Constitution - single page	Sch.1
Name	Company name must end in "Limited" or "Ltd" or in Irish "Teoranta" or "Teo"	s.26
Liability of members	Limited to the amount, if any, unpaid on the shares registered in the member's name at the relevant time	
Share Capital - Statutory Provisions	No minimum required	
Members - minimums	1	s.17
Members - maximum	149	s.17
Directors	A single director permitted, who must be over 18 and resident in the EEA	s.128 and s.137
Company Secretary	Required	s.129
Resolutions	Resolutions, whether ordinary or special can be passed by majority of members	s.191
Annual General Meeting	To be held once every year, but the requirement to hold an AGM can be dispensed with	s.175
Financial Statements	Can claim audit exemption and dormant company audit exemption	

# Is an LTD the right set up for you?

Find out how UHY FDW can assist your business



Richard Windrum  
Director  
UHY FDW Corporate Compliance Limited  
Phone +353 42 933 9955  
Email [info@fdw.ie](mailto:info@fdw.ie)  
Web [www.fdw.ie](http://www.fdw.ie)

UHY Farrelly Dawe White Limited \*(the "Firm") is a member of Urbach Hacker Young International Limited, a UK company, and forms part of the international UHY network of legally independent accounting and consulting firms. UHY is the brand name for the UHY international network. The services described herein are provided by the Firm and not by UHY or any other member firm of UHY. Neither UHY nor any member of UHY has any liability for services provided by other members."

© 2020 UHY Farrelly Dawe White Limited.  
June 2020.

## TYPICAL USES

A private limited company is the most commonly used company within Ireland and are typically used in circumstances which require a separate legal entity and corporate protection for:

- holding property
- undertaking investments
- holding of limited interests in a partnership
- being a participator in a joint venture
- holding of jewellery, fine art and classic cars
- carrying on a trade
- participating in a domestic Merger/Division under Part 9 of the Companies Act 2014 (and is a required party for such a procedure to be utilised)

## SOME OF THE ADVANTAGES OF USING AN LTD

### Legal Personality

- Having a separate legal entity means that the company can enter into contracts in its own name
- Can hold property in its own name
- The company can sue and be sued

### Liability

- Members have limited liability and are only liable to contribute in the event of a winding up to the amount, if any, unpaid on the shares they hold
- If a creditor sues a LTD and is awarded a sum of money (simple debt or award of damages) then the creditor cannot pursue and enforce the order against the personal assets of the company's members

### Perpetual Succession

- Perpetual succession arises by

virtue of the company having a separate legal personality

- No transfer of assets is required when a person involved in the company (either as a member or director) leaves and a new person joins

### Commercial Funding

- The company can provide a creditor with security over the company's assets without necessarily hindering their use
- Additional capital can be raised by issuing more shares to existing shareholders, but not the public at large
- An LTD's shares cannot be traded on a stock exchange

### Change of Ownership

- Pre-emption rights as to the transfer of shares
- Shares can be bought and sold with directors approval

## SOME OF THE DISADVANTAGES OF USING AN LTD

### Statutory Obligations

- Annual returns and accounts have to be filed with the Companies Registration Office ("CRO")
- Specific criteria relates to the availing of audit exemption
- All documents filed with the CRO are available for public inspection. In particular filed accounts can then be accessed by the public, media and competitors and this makes it easy to find out information on cost structures, margins, earnings, staff salaries, dividend payments to shareholders and other sensitive financial data and may also give rise to unsolicited correspondence

# Is an LTD the right set up for you?

Find out how UHY FDW can assist your business



Richard Windrum  
Director  
UHY FDW Corporate Compliance Limited  
Phone +353 42 933 9955  
Email [info@fdw.ie](mailto:info@fdw.ie)  
Web [www.fdw.ie](http://www.fdw.ie)

UHY Farrelly Dawe White Limited \*(the "Firm") is a member of Urbach Hacker Young International Limited, a UK company, and forms part of the international UHY network of legally independent accounting and consulting firms. UHY is the brand name for the UHY international network. The services described herein are provided by the Firm and not by UHY or any other member firm of UHY. Neither UHY nor any member of UHY has any liability for services provided by other members."

© 2020 UHY Farrelly Dawe White Limited.  
June 2020.

## Costs – Setup and Ongoing

- A private limited company is more expensive and time consuming to set up than a sole trader or partnership
- Cost of undertaking statutory requirements can be expensive

## Administration

- There is separation of ownership and control which means that the owners (members) no longer make all the decisions
- Statutory requirements such as those regarding the passing of resolutions can be cumbersome, time consuming and expensive
- An LTD company still needs to have a company secretary and the company secretary cannot be same person as the director, if the company has only one director
- An LTD does not need to have an annual general meeting as the members can dispense with the requirement to hold one

