

COMPANIES ACT 2006- THE OCTOBER CHANGES

October 1st 2009 sees the final implementation of the new Companies Act 2006. The largest piece of legislation ever to be written sees a major change in the way we form companies and administer companies. In this document we have tried to point out the major changes and possible courses of action.

MEMORANDUM AND ARTICLES

Table A and Table C will become obsolete. In their place there will be a model set of articles for a company limited by shares, by guarantee and for a PLC. We believe that the model set is geared primarily towards companies with a sole member, director and may not suit companies with multiple members and directors or companies with bigger ambitions. For instance, the new model set does not allow for partly paid shares or for alternate directors, no chairman is required for general meetings.

The memorandum of association will become obsolete. In its place will be a slimmed down version which will consist of the name, company type, subscribers and issued shares. The company may decide that they wish to keep a memorandum or objects and in these situations the clauses may be inserted into the Articles of Association.

First Corporate will provide our own tailored versions of the articles for each corporate set up. We will continue to form companies electronically on-line linked in with our new FirstOrder System detailed later.

SHARE CAPITAL

The authorised share capital will become obsolete, however, the company may opt to keep it. The removal of the authorised capital does give the directors power to issue shares at their discretion, with this in mind it is probable that companies will opt to keep an authorised amount or include a restriction in the articles on the amount of shares the directors can issue. You can also re-denominate share capital from one currency to another currency.

PLC COMPANIES

You can have a sole member of a PLC rather than two members but all other restrictions apply. You will still require two directors and this is the same for an Unlimited Company. There will be a new form to enable you to strike a PLC off the register as you would a private company

RESOLUTIONS AND MEETINGS

Companies will have the power to state in their articles what percentage voting is required for certain changes, such as name and change of Articles, this can be reduced from the usual 75% or increased. You will now be able to conduct meetings by telephone or other electronic method and more important a Director can be resigned from office if he is absent without permission from all directors meetings for a period of six months.

FORMATIONS

Those not using the electronic method of incorporation will soon be forced to when they see the new manual incorporation form, all 30 pages of it. Form 12 will become obsolete. Details of any share classifications will need to be inserted into the form, however, it is envisaged that the electronic method will be simpler.

COMPANY FORMS

Every Company form will change from the 1st October. Old forms will not be excepted after this date, however, we have been informed by Companies House that they will be accepted if they are dated before October 1st. The new manual annual return is 26 pages long!. All the names of the forms will also change but some good news is that the requirement to detail “other directorships” on appointment forms and annual returns etc has been made obsolete.

In the coming weeks we will be posting the new forms on our web site www.fcls.co.uk under “Companies Act 2006 new forms and new formation procedure as soon as these have been released to the public.

REGISTERS

You may now only need to keep 10 years of information on the company registers and minutes. The register of Directors and Secretaries will be separate registers and there will be a new register of Directors residential address.

RESTORATION

A new administrative restoration will come into force for companies restoring a company to trade again, basically this new procedure will by-pass the courts.

THE REGISTRAR

The Registrar will have more powers to remove documents if they are wrong, alter documents before filing after confirmation with the customer and remove documents if they have been illegally filed. There is a 15 day time limit for filing of documents, resolutions and updated articles. We are led to believe that fines will be imposed for late filing but only if there is a complaint to this late filing. It is advisable, however, to file documents within this timescale.

FIRSTORDER

In tandem with the new Companies Act changes First Corporate will be launching our new formation and administration system called FirstOrder. We are linking our on-line formation system with our company register software package and turning this into a web based one-stop shop.

You will simply log on (once an account has been set up) and form the company in the normal way by completing the director, shareholder details. Once formed the data you have entered will automatically complete register pages for you to print or keep. You will be able to track your formation and when formed, the certificate and articles will be available as pdf documents to download. You can opt to have all the minutes and share certificates completed for a small fee and for you can also opt to have the full register system to allow you to maintain your register and print and electronically file the new companies house forms- launch will be in August-September.

For any further information please contact Steve Blackmore at steve@fcls.co.uk.