

The Companies Act 2006

Did you know that...

The new Companies Act is the most major piece of company legislation in almost 20 years and probably the largest ever single piece of legislation with over 1200 sections plus 16 schedules

It is vital that you are aware now of the current and forthcoming changes which will affect you if you run your business as a limited company

This new Act is intended to be a complete Code of company law, replacing the majority of the current company legislation with what is supposed to be a simpler and less highly regulated regime for private limited companies, although this will remain to be seen.

There is not enough space here to discuss all the changes, so the following is a very brief outline of the more important changes affecting smaller companies.

Changes already in force

Some changes are already in force such as provisions relating to communications with shareholders and increased facilities for e-communication. Did you know that your company's name must now appear legibly not only on letters and order forms, but also on its website? Also, you must show full particulars i.e. place of registration (e.g. Registered in England and Wales), company number, address of registered office, whether it is an investment company and the fact that it is a limited company (even if it does not have to use the word "limited" as part of its name) on those documents whether in

hard copy, electronic or any other form. The Government's intention is to bring the majority of the Act into force by October 2008.

Changes not yet in force

You will need to be ready for the following changes, because breach of some of them will be a criminal offence :

- No need to appoint a company secretary
- No need for small companies to hold AGMs (although shareholders will still be entitled to receive the accounts)
- You will find it easier to pass written resolutions as these will no longer have to be signed by all shareholders but

only by a 75 per cent majority for Special Resolutions and a 50 per cent majority for Ordinary Resolutions.

- Keep copies of all directors' service contracts or (if not in writing) a written memorandum of the terms available for inspection at your Registered Office
- Certain contracts between the company and a sole member (if also a director) to be recorded in writing
- Minutes of board meetings to be kept for 10 years
- New general duties to be owed by directors to their companies as set out in a detailed Code format, such as the requirement to consider the effect of the Company's operations on the community and the environment.

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