



COMPANIES ACT 2006 :LATEST CHANGES

TO BE IMPLEMENTED

The final stage of the implementation of the Companies Act 2006 (“the New Act”) finally came into effect on 1 October 2009. A number of changes came in for both new and existing companies and over 250 new or amended forms for companies to consider. So how do all these changes and all these forms affect you? In reality, far less than you would initially think!

Below we have focused on some of the more “interesting” provisions of the New Act:

1. Disclosure of Directors’ Addresses

Until 1 October 2009, if directors wanted to keep their home address off the public record at Companies House it was a tedious procedure that involved making a special application to Companies House and paying a fee. From 1 October 2009, a director of a company can have a service address in addition to his residential address with only the service address being made available to the public.

2. Memorandum of Association

Under the New Act a company no longer has to state the objects (and reason for its formation) but may specifically **restrict** its objects in its articles.

The objects clause in an existing company’s memorandum will form part of its articles from 1 October 2009 (s.28 New Act) and so will continue to restrict a company’s capacity (in reality, most modern companies have very general articles allowing companies to do most things).

3. Articles of Association

Despite the changes made by the New Act, an existing company does **not** have to change its articles. Under s.21(1) of the New Act, a company can entrench certain provisions into its articles and these provisions can only be amended under certain conditions (e.g. if **all** members agree) where previously they could be amended by special resolution (75% of the shareholders agreeing).

4. Incorporation

From 1 October 2009, on incorporation of a company you are now required to file a form IN01 (replacing forms 10 and 12), the articles of association of the company (unless you wish to adopt the model articles created as part of the New Act without amendment) and the new form memorandum of association of the company.

5. Real Directors

Since 1 October 2008, a company must have at least one director who is a “natural” person. This means, that you can no longer have companies where the only director is another company.

6. Secretaries

Since 8 April 2009, a company has the option whether or not to have a company secretary. The new provisions relating to natural directors do not apply to secretaries.

7. Allotment of Shares

Previously, before directors could allot shares in a company, they needed to have the consent of the shareholders of the company. In reality, consent was given for 5 year periods at a time so this was not too onerous. Now, under the New Act, for companies with only one class of share, shareholders’ authority is not



required before shares are allotted. For companies incorporated before 1 October 2009, the shareholders have to pass an ordinary resolution (50% of shareholders voting in favour) if they want this rule to apply.

8. Share Capital

From 1 October 2009 a company no longer needs to have a maximum authorised share capital. Companies incorporated prior to 1 October 2009 will continue to be subject to any maximum stated in its memorandum. It may therefore be appropriate for certain existing companies to remove this restriction by ordinary resolution.

9. Change of Name

Under the New Act, a company can now change its name by whatever means are provided in the company's articles (section 79). This means that a company will now be able to determine the procedures for changing its own name.

VAT CHANGES : ARE YOU PREPARED?

You may be aware that the standard rate of VAT (currently at the temporary rate of 15%) returns to 17.5% from 1 January 2010.

What do businesses need to know?

- Retailers will have to ensure that their stock is relabelled, a costly and mammoth task at their busiest time of year
- The change may have a big impact on sales for some retailers, in particular those selling more expensive goods
- There may indeed be further complications as customers seek to return items purchased before 31 December 2009, after 1 January 2010
- Confusing matters even more, bars and nightclubs remaining open as the New Year is seen in will not need to change the rate until 6am on 1 January 2010.
- Added to these woes for both retailers and customers, are the rumours that VAT is set to increase to as much as 20% after the general election.

For more information about this alert or any other matter, please contact Fay Goodman on 0161 234 8707 or Charlie Yates on 0161 234 8704

Disclaimer

The contents of this newsletter do not constitute legal advice. You should always consult a suitably qualified lawyer for professional advice about any specific legal matter of concern to you. George Davies Solicitors, its partners and staff do not assume any responsibility for information contained within this document and disclaim all liability relating to such information.



Fountain Court, 68 Fountain Street, Manchester, M2 2FB
Phone: 0161 236 8992 Fax: 0161 228 0030
Web: www.georgedavies.co.uk Email: marketing@georgedavies.co.uk

