

Stanley Davis

An update from Stanley Davis Group Limited

Company formations, company searches, property searches, Home Information Packs, Energy Performance Certificates, offshore companies, company support services

No. 4 Company formations, company searches, company support services, trade marks

IMPORTANT CHANGES TO COMPANY LAW ON 1 OCTOBER

It is not too long now until 1st October – **in fact, it's next Wednesday!**

This date sees the implementation of another raft of Companies Act 2006 changes. ***This latest batch will affect all companies and all company directors and shareholders.***

A brief summary is set out below. Please contact us if you require any further information.

Objection to Company Names

New rules will apply under sections 69 to 74 of the Companies Act 2006. These will allow complaints to be made where a company has been registered with the intention of extracting money from the complainant or to prevent him from registering a name in which he has goodwill ("opportunistic registration"). Objections will be made to the Adjudicator at the Company Names Tribunal.

Trading Disclosures – Sections 82 to 85

Every company must display its registered name at its registered office, except those companies which have been dormant since incorporation. The company name must be displayed continuously, but from October 2008, if the company is one of six or more companies sharing the office or place of business it will only be required to display the name for fifteen seconds every three minutes. This will permit the use of electronic displays.

Corporate directors and under-age directors – Sections 155 to 159

A company will be required to have at least one director who is a natural person, but there will be a grace period until October 2010 for any company that only had corporate directors on or before the day the Companies Act received Royal Assent, i.e. 8th November 2006.

Provisions relating to the directors' 'conflicts of interest duties' – Part 10

These changes cover the duty of directors to avoid conflicts of interest, not to accept benefits from third parties and duty to declare interest in proposed transactions or arrangements.

The following sections relate to directors' conflicts of interests will be implemented in October 2008.

Section 175 – Duty to avoid conflicts of interest.
Section 176 – Duty not to accept benefits from third parties
Section 177 – Duty to declare interest in proposed transaction or arrangement
Section 180(1) to (3) and (4)(b) – Consent, approval or authorisation of members.
Section 181(2) and (3) Modification of certain provisions in relation to charitable companies.

Share capital reduction through the solvency statement route – Sections 641(1)(a) & (2)-(6), 642 to 644

As an alternative to passing a special resolution and obtaining court approval, private companies will have the option of reducing the amount of their share capital by special resolution supported by a solvency statement made by the directors. The resolution and solvency statement, a memorandum of capital, showing the alteration in the company's share capital and an additional directors' statement will have to be submitted to Companies House.

Control of political donations and expenditure, provisions relating to an independent candidate – Sections 362 to 379

Part 14 of the Act requires a company to be authorised by its members before it makes a political donation in excess of £5000 in one year to a political party, political organisation or an independent candidate (who is not a member of a political party but standing for election to public office).

Other changes coming into force on 1st October 2008:

Restoration for personal injury claims of companies dissolved prior to 16 November 1969 - Section 1295 of the 2006 Act, and Schedule 16 (repeals) (repeals).

This provision means that some ex-employees or their estates who are currently unable to press claims for compensation in respect of personal injury or fatal accident, either against the employing company, its insurers or the Financial Services Compensation Scheme, simply because the company was dissolved prior to 1969 (or 1971 in Northern Ireland) may now make a claim. This may be relevant in particular to sufferers of so-called long-tail diseases, such as mesothelioma.

Repeal of the restrictions on financial assistance for acquisition of shares in private companies – Sections 151 to 153 and 155 to 158 (1985 Act)

The Companies Act 1985 prohibits private companies from giving financial assistance for the acquisition of their own shares unless certain conditions are satisfied. The prohibition will be repealed in October 2008 for assistance given on or after 1st October 2008.

Changes to the Annual Return requirements (1985 Act) For Annual Returns with a made up date on or after 1st October 2008

Annual returns made up to a date on or after 1st October 2008 will contain reduced information on the company's shareholders. Private and non-traded public companies are only required to provide names of shareholders, not addresses. Traded public companies are required to provide names and addresses for those shareholders holding at least 5% or more of any share class.

Limited Liability Partnership changes to bring accounts content in line with the company regulations.

New Limited Liability Partnership regulations will be made applying parts 15, 16 and 42 of the Companies Act 2006. There will also be separate regulations on the form and content of accounts, in line with the Companies Act regulations. These will come into force for accounting periods starting on or after 1st October 2008.

Stanley Davis has specialised in company and property services for over 40 years. Details of our full range of services can be viewed at www.stanleydavis.co.uk or email info@stanleydavis.co.uk

To Subscribe to future editions of this email newsletter please email marketing@stanleydavis.co.uk with the word 'Subscribe' in the subject line.