

An Update from Stanley Davis Group

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Directors' Disqualification

A recent high-profile case has underlined the importance of the role of directors and highlighted possible sanctions when things go wrong. The so-called 'Phoenix Four,' who failed in their 'rescue' of MG Rover, have been deemed to be unfit directors and have been banned for a total of 19 years. The Insolvency Service said: 'the overall conduct of the Phoenix Four made them unfit to be company directors. The Service particularly highlighted the way the directors manipulated the assets and income streams through the use of companies in which they, rather than the creditors of MG Rover, had an interest, allowing them to benefit through large salaries, dividends and profits.' One director received a longer ban than the others because he had (unsuccessfully) attempted to remove data from his company laptop using an 'evidence eliminator' programme.

Becoming a director

The Institute of Chartered Secretaries has issued updated guidance notes for anyone considering joining a board of directors. The original version of the guidance focused on the due diligence that was required by non-executive directors but the updated version is worth consulting by all prospective directors. "Although the original guidance was intended for non-executive directors," says Seamus Gillen, ICOSA's Director of Policy, "we believe this updated version can help all directors reduce the risk of unwelcome surprises once they join a board, and increase the likelihood of finding themselves in an environment in which they can contribute and add significant value." The notes can be downloaded [here](#).

Annual return changes – early warning

For Annual Returns with a "made up date" on or after 1st October 2011, the business activity codes to include on the return will need to be taken from the SIC 2007 (standard industrial classifications) rather than SIC 2003. The Companies Act 2006 (Annual Returns) Regulations 2011 have not yet been approved by Parliament but should come into force from 1 October. We will be advising further in due course.

Charitable Incorporated Organisations

Some five years after being introduced by the Companies Act 2006, the new format for incorporated charities is expected to be available later this year once Parliament has passed the necessary regulations.

It is anticipated that the new legal structure will appeal to small to medium sized charities, particularly those with incomes of less than £5000 per year. Currently a charity has a choice of being unincorporated or being a company limited by guarantee. The latter option involves registering as a company under the Companies Act as well as registering with the Charity Commission. Whilst a company offers the advantage of limiting personal liabilities, it also increases the administrative burden on the charity as it must comply with two sets of laws.

The CIO offers the major advantage that you only need to register with the Charity Commission. Two model constitutions have been published – the ‘foundation’ model where the only members are the trustees, and the ‘association’ model where there is a larger membership. Annual returns and accounts are published only with the Charity Commission.

Stanley Davis Group will be offering further advice on incorporation as soon as the regulations have been finalised.

Red Tape Cut for Smaller Companies

An agreement has been reached on new, simpler accounting rules which will benefit up to 1.5 million small British companies, now known as ‘micro-entities’.

According to the European Parliament which is drafting the legislation, a company can be defined as a micro-entity if it does not exceed the limits of two of the following three criteria: a balance sheet total of €250,000, a net turnover of €500,000 and an average number of 10 employees during the financial year in question. These companies will be exempt from many accounting obligations, potentially saving between €150-300 million per year in reduced administrative costs.

Member States will now discuss the measures with Members of the European Parliament, who must also give their approval before the new rules can enter into force. Further details will emerge in the coming months.

Stanley Davis joins the Twittersphere

You can now follow Stanley Davis on Twitter - [**@stanleydavisgrp**](#). We will be regularly tweeting and posting comments from the world of company administration, incorporation and searches, and anything that we think our clients will be interested in.

A reminder of the Stanley Davis advantage

Stanley Davis has been in the business of forming and looking after companies for more than 40 years. In that time we have formed literally hundreds of thousands of companies, offering competitive prices and years of expertise without sacrificing our professional standards or our clients’ peace of mind.

As new company formations businesses sprout up every so often, we thought it was worth taking this opportunity to remind you of the advantages of forming your companies through Stanley Davis.

- We offer an online company formation service, where companies start from £30. In addition, if you elect to open a bank account with Barclays for the companies that you form using this method, we will **give you back £40 cash** for each one;
- If you prefer, we also offer a traditional formations service where we do all the work on your behalf. We can form companies with different structures (including limited liability partnerships), different classes of shares, bespoke Memorandum and Articles of Association, anything to suit the needs of you and your clients;
- The Memorandum and Articles of Association for our companies includes pre-emption rights on shares as standard;
- We also offer full telephone and Email support to answer any questions you may have on forming companies;
- We can incorporate companies in any jurisdiction around the world;
- Once your company is set up we can assist you with our company secretarial and maintenance services, such as annual returns, nominee services, registered office services, the setting up of internet domains, operating bank accounts, registering your company for VAT, or offering you international tax advice, wherever your company is domiciled.
- Just Email us at info@stanleydavis.co.uk or call us on 020 7554 2222 if you have any questions about any aspect of our service.