

**BERR** | Department for Business  
Enterprise & Regulatory Reform

**THE COMPANIES ACT 2006**

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updating your clients



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**Address** 1 Victoria Street, London SW1H 0ET  
**Website** [www.berr.gov.uk](http://www.berr.gov.uk)  
**Enquiries** +44 (0) 20 7215 5000  
**Minicom** +44 (0) 20 7215 6740  
**Email** [berr.correspondence@berr.gsi.gov.uk](mailto:berr.correspondence@berr.gsi.gov.uk)



*Companies House*  
— for the record —



**Moving  
things on**

## Introduction

The Companies Act 2006 received Royal Assent in November 2006. This new Act – which replaces almost all earlier companies legislation – updates company law to ensure that it reflects the modern business world.

**The Act is being phased in over a period of three years. Final implementation will be 1 October 2009, but there are many provisions that have already been commenced. For example:**

- companies can make greater use of electronic communications for communication with shareholders;
- private companies will not need to hold an annual general meeting unless they positively opt to do so;
- it will be easier for private companies to take decisions by written resolutions; and
- a statutory statement of directors' general duties makes the well established law in this area more accessible and brings it into conformity with modern business practice.

This leaflet highlights some of the changes coming into force in 2008 and 2009, but is not a comprehensive description of all provisions that have already been commenced or will be commenced. For further details please go to our website address printed at the end of this leaflet.

## Provisions being commenced on 6 April 2008

### Accounting & Audit issues:

Most accounting and audit provisions will apply to accounts and reports for financial years beginning on or after 6 April 2008. The detailed statutory accounting and reporting requirements can now be found in regulations (rather than in Schedules to the Act).

The reporting requirements for small companies are now set out in a single set of regulations. The requirements themselves are largely unchanged. But bringing the requirements together in a single instrument should make things simpler for small companies and their advisors.

The time for private companies to file their accounts with the Registrar of Companies has been reduced from 10 to 9 months from their year end. The medium sized group exemption from preparing consolidated accounts has now been removed – only small groups will be exempt.



## Provisions to be commenced on 1 October 2008

Many small private companies can already take advantage of the option not to have their accounts audited. The thresholds for exemptions have been raised with effect for financial years beginning on or after 6 April 2008.

A private company's auditor will be deemed to be reappointed for the following year unless the company takes steps to end the appointment, or to appoint another auditor. It will also be possible for any company, by ordinary resolution, to choose to agree a limitation of the auditor's liability for the financial year.

### **Company Secretary:**

Private companies will no longer be required to have a company secretary, although they may continue to have one if they wish.

### **Execution of documents:**

Rules on execution of documents are also changing.



### **A few important provisions will be commenced on 1 October 2008. These include:**

- the general duties of directors in respect of conflicts of interest;
- the new procedure for private companies to make capital reductions supported by a solvency statement instead of by a court order;
- companies will have to have at least one natural person as a director, so a company cannot be a sole director of another company (some existing companies will have more time before the rules change);
- there is a new minimum age of 16 for directors.

The restrictions under the Companies Act 1985 on financial assistance by private companies for the acquisition of their own shares will also be repealed with effect from 1 October 2008.

## Provisions to be commenced on 1 October 2009

### Default Model Articles:

There will continue to be default model articles, but there will be separate model articles for private companies and public companies. (There are already separate model articles for companies limited by guarantee.)

### Memorandum of Association:

The company memorandum will become a formal document recording the position at the point of registration, with just the articles being the continuing constitutional document.

For companies formed before 1 October 2009 any provisions contained in their memorandum which go beyond the newly required limited information will be regarded as provisions of their articles of association.

Companies will no longer be required to specify their objects.

### Directors addresses:

The information that companies must file relating to its directors will change so that for each director, a service address and the country of usual residence will be required in addition to the home address. This will apply from 1 October 2009 for new appointments; for existing directors, a service address and the country of residence will be required in Annual Returns made up to dates after 30 September 2009. Home addresses will not be put on the public record after that date.

## Where to find out more information

Details of the commencement timetable and frequently asked questions covering the issues highlighted above and other provisions within the Act can be found on the Department for Business, Enterprise and Regulatory Reform (BERR) website.

[www.berr.gov.uk/bbf/co-act-2006](http://www.berr.gov.uk/bbf/co-act-2006)

Companies House has its own website which gives detailed information on the way companies should work with the Registrar of Companies. The site gives clear information on new forms, fees and guidance. Like the BERR website this site also gives updates on implementation of the Companies Act.

[www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

