

PROGRESS REPORT ON THE COMPANIES ACT 2006

The implementation of the Companies Act 2006 is now well under way. This is an extensive re-enactment of existing company legislation, but with changes intended to modernise company law and also to reduce the regulatory burden, especially for private companies.

A number of significant changes are already in place including legislation which:

- ▶ prescribes certain information which must be disclosed on companies' websites and other electronic documents;
- ▶ facilitates electronic communication with members of the company and other parties;
- ▶ abolishes the requirement to keep a register of directors interests in their company's shares and debentures, and to disclose its contents in the annual Directors' Report.

The timetable also includes a number of other matters which are likely to be of interest especially to the owners of private companies. These include:

October 2007

- ▶ The members of private companies will be able to pass resolutions as written resolutions (rather than at a meeting) even where resolutions are not passed unanimously.

- ▶ The existing prohibition of loans to directors and certain similar transactions will be removed. Such transactions will be permitted if approved by shareholders (although the tax consequences of such transactions are unaffected).

April 2008

- ▶ Private companies will no longer be required to appoint a company secretary, but may be formed and operated with one officer only.
- ▶ The time limit for filing accounts at Companies House will be reduced by one month. However, at the same time, the requirement to file a physically signed copy at Companies House is to be abolished, thus facilitating electronic filing of accounts, and simplifying the filing logistics.
- ▶ The exemption from preparing consolidated accounts currently available for parent companies of medium-sized groups will be withdrawn. This goes against the deregulatory thrust of much of the legislation, and may significantly increase the costs of annual financial reporting for some companies.

October 2008

- ▶ There will be some important easing for private companies of current requirements regarding reduction of share capital and provision of financial assistance by a company for the purchase of its own shares.
- ▶ Various changes will be implemented to simplify companies' constitutions and the formation process.
- ▶ A statutory codification of directors' duties will be introduced.
- ▶ A facility will be introduced whereby directors and secretaries may choose in future not to supply their personal residential addresses for the statutory register at Companies House.

The legislation is extensive, and this article is inevitably selective. For further information, please speak to your usual Dixon Wilson contact partner, or contact:

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