

The Companies Act 2006

The Companies Act 2006 acknowledges that a vast proportion of companies registered in the UK are small owner-managed private companies and introduced significant measures designed to modernise and simplify company law and thereby reduce the regulatory burden.

At more than 700 pages in length, the Companies Act 2006 is the longest Act ever to be passed by Parliament. One of the reasons for this length is that the Act replaces the majority of existing companies legislation, in particular the Companies Acts 1985 and 1989.

Some of the key changes, and their dates of introduction are:

1 January 2007

- Companies are required to disclose company details on all order forms, websites and relevant electronic documents

20 January 2007

- EU Directive enabling companies to make greater use of electronic communications

6 April 2007

- Removal of the maximum age limit (previously 70) for directors of public limited companies, and directors no longer need to disclose share dealings to the company
- Removal of the statutory annual report by the Secretary of State to Parliament
- New provisions relating to fees payable to the Registrar of Companies
- Implementation of the Takeovers Directive

1 October 2007

- The Companies Act sets out directors' responsibilities to their companies (see our factsheet on "The Law and Directors' Responsibilities")
- Annual General Meetings become optional for private companies

6 April 2008

- Period for filing accounts shortened from ten months to nine months for private companies and from seven months to six months for public limited companies
- Company secretary becomes an optional appointment for private companies
- Shareholders may agree a limitation of auditors' liability

1 October 2008

- Companies allowed to give financial assistance for purchase of their shares

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- Duty of directors to avoid conflicts of interest
- Companies must have at least one director who is a 'natural person'
- Nobody under the age of 16 may be a director
- The right to challenge 'opportunistic registration' of company names

1 February 2009

- Increased penalties for the late filing of accounts

1 October 2009

- A simpler method of forming and administering new companies
- Concept of authorised share capital is abolished
- Directors may file a 'service' address rather than a residential address
- The Registrar of Companies is given new powers

This is a very abbreviated summary of what is a complex piece of legislation. Please contact us for further information.

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