

“ Plain speaking legal advice ”

## Companies Act 2006 - Update

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This publication is written as a general guide only. It is not intended to contain definitive legal advice, which should be sought as appropriate in relation to a particular matter.

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**The Companies Act 2006 is being introduced in stages in order to allow Companies and Practitioners to get to grips with its vast 1300 clauses and 16 schedules. A number of the new rules will be introduced this year. Are you prepared?**

From 6th April, there is no statutory requirement for private companies to have a company secretary (although a company's articles of association may dictate otherwise). This means that private companies will be able to function legally with just one director. However, directors should be aware that where something is required to be authorised by a director and a secretary (for example where a company is required to sign a document as a deed), then it will not be possible for one officer to act in both capacities. In these circumstances it will be necessary for the company to execute the document using its seal or by a director signing in the presence of a witness.

Directors should also prepare for the introduction in October of new duties to avoid conflicts of interest and not to accept benefits from third parties. The new rules cover a director's current obligations to disclose any interests in proposed transactions or arrangements that involve the company and many directors will be familiar with these, but the new disclosure requirements will be far wider requiring fresh disclosures where facts previously declared become inaccurate and / or incomplete. Any director found to have breached the disclosure requirements may be fined and be required to pay damages and / or compensation to the company.

The above are just two examples of a number of new provisions that will come into effect at various stages throughout 2008.

If you would like to discuss the impact that the new provisions will have on your business please contact a member of the company / commercial team on – 0118 9774045 or mail [corporate@herrington-carmichael.com](mailto:corporate@herrington-carmichael.com)

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