

## **COMPANIES ACT 2006: ARE YOU COMPLYING?**

It is three years since the Companies Act 2006 received its royal assent. As the Act is the longest ever passed in English parliamentary history (with 1300 sections), it had to be implemented in stages, with the final major implementation occurring on 1 October 2009.

The Act is designed to make companies – particularly small companies - easier and simpler to run, whilst maintaining sufficient protection for creditors and shareholders. Only time will tell whether this aim will be achieved. Nevertheless, company directors need to ensure that both they, and the companies they run, are now fully compliant with the Act.

If you are not aware of some of the key provisions of the Act, you should note that:

- The Act sets out statutory duties upon directors for the first time. This includes duties to avoid conflicts of interest, to exercise reasonable care, skill and diligence and to act within their powers. The company (or a shareholder on behalf of the company) can enforce these duties and obtain damages for breach of them.
- Private limited companies are no longer required to hold an annual general meeting and various restrictions in company constitutional documents (such as the company objects clause in the Memorandum of Association) can be relaxed after a shareholder vote.
- There is a requirement to disclose company information on company websites and on all business correspondence (including emails). The information that will usually be required is the full company name, place and address of registered office and registered number.

Directors should ensure that they understand the obligations upon them personally and upon the companies they run, so as to avoid any potential liabilities. Contact James Sarjantson at Levi Solicitors LLP for more information: Tel: 0113 297 3181 or email: [jsarjantson@levisolicitors.co.uk](mailto:jsarjantson@levisolicitors.co.uk)