



# active business

## essential update:

### New Business Regulations 1.10.09



## The AB Series **ESSENTIAL UPDATE**

### Each Year...

*The Government introduces regulatory changes affecting businesses on two common commencement dates. These dates are 6 April and 1 October.*

There are a number of changes due to come into force on 1 October 2009. What follows is a summary, but not an exhaustive list, of the more important new rules with which businesses will need to comply.

### Companies Act 2006

*The remaining sections of the Companies Act 2006 are implemented on 1 October.*

#### **Memorandum of association:**

*Under the Act, a company's memorandum is to be pared down. For any company incorporated after 1 October 2009, all the memorandum will need to do is to contain a limited amount of information, stating that the subscribers want to form a company, providing the company name and setting out the initial share capital.*

For existing companies, the information contained in the memorandum will be regarded as part of the company's articles of association. When a company wants to amend or change its objects – the statements that set out a company's activities – it can do so by altering the articles.

#### **New model articles of association:**

*The Government, in an effort to simplify company constitutions, is introducing new model or template articles. Should a company want to include issues that are not covered by the model form, it can, of course, add them or create its own articles. Existing companies simply retain their articles. They can, however, opt to update them.*

#### **Authorised share capital:**

*On 1 October, companies will no longer be required to have an authorised share capital. Directors will be able to create shares by board resolution. If a company wishes to have a limit on the number of shares that can be issued, then it should amend its articles accordingly. Companies House needs to be notified of any changes in capital through a new statement of capital.*

#### **Purchase of a company's own shares:**

*Under the 2006 Act, public and private companies will have the authority to purchase their own shares unless they are stopped specifically from doing so by their articles.*

### Allotment of shares:



If a private company has only one class of shares, then directors will be able to allot shares without the prior authority of the shareholders. In the cases of private companies with more than one class of shares and public companies, the directors will still need the backing of shareholders to allot shares. For existing companies, directors of private companies with only one class of shares won't be able to allot shares except where shareholders give their consent by ordinary resolution.

## Redundancy pay:



From 1 October, the limit on a week's pay for the purposes of working out statutory redundancy payments increases from £350 to £380. The rise also affects employment tribunal awards calculated on the basis of a week's pay.

The limit usually changes on 1 February in line with the retail price rate of inflation. Given that the change takes place in October, there will be no change on 1 February 2010.

## Changing company names:

As from 1 October, companies will be allowed to add a method of changing their names to their articles without a special resolution. This will make name changes quicker and easier. Measures are also to be introduced that allow members of the public to find a company easily and stop business names from being misleading.

## Directors and company secretaries:

As from 1 October, all directors will still be required to provide their companies with a residential address, but this will not appear in the company register, only in a separate, protected register.

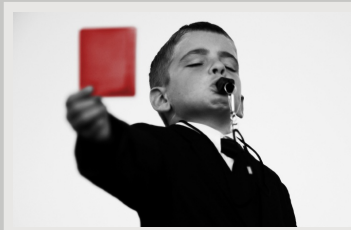
The only address directors will need to make public is their service address, probably the company's registered office. Company secretaries will only need to supply their companies with a service address. Companies House will still want to know the residential addresses of any directors, but will make sure they don't get added to a publicly available register.

## Keeping company records:

Every company will be able to keep key records at their registered address or at a single alternative inspection location (SAIL) address. Businesses must notify Companies House of the SAIL address and the records that are kept there.

## Inspection of company records:

Anyone who wishes to look at a private company's records will need to give advance notice of the date and time at which they want to carry out the inspection. A company will have to provide copies of records in the format requested by the person.



**If you would like any help or advice on the new rules, please don't hesitate to contact us.**

## Limited Liability Partnerships:

LLPs are subject to new record-keeping rules; these include keeping a register of its members that contains prescribed information and informing Companies House where the register is held available for inspection.

## National minimum wage:

From 1 October, new hourly rates come into force for the national minimum wage.

The rate for workers aged 22 or over rises to £5.80 an hour; for workers aged 18 to 21 it rises to £4.83 an hour; and for workers aged below 18 who are no longer of compulsory school age it rises to £3.57 an hour.

The daily accommodation offset, which is the amount per day that an employer may offset from the minimum wage when providing a worker with living accommodation, is to be £4.51.

## Tips, service charges and the minimum wage:

From 1 October, employers are not allowed to count service charges, cover charges, tips and gratuities paid to workers through the payroll as part of the minimum wage. Tips given directly to a worker by a customer and tronc payments paid directly to a worker from the tronc master will continue not to be included as part of the minimum wage.

## Construction:



Housebuilders must comply with changes to the Building Regulations 2000. These include a minimum water efficiency level and a maximum temperature level for bath water in all new homes. The regulations governing the safety of hot water systems and the supply of water for personal and food hygiene are also strengthened.