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## **The Companies Act 2006 – Client Briefing No. 5**

### **The Companies Act 2006**

#### **Introduction**

As our corporate clients will be aware, the Companies Act 2006 (the Act) is being introduced over a period of time by statutory instrument, with the Government having set a target date of October 2008 to have the complete Act in force.

This Client Briefing gives information concerning an important written statement made by the Minister for Competitiveness, Stephen Timms, concerning a delay in the implementation of parts of the Companies Act 2006.

We set out below an extract from the statement. You can view the complete statement, together with a number of FAQs at <http://www.dti.gov.uk/bbf/co-act-2006/whatsnew/page42202.html>.

#### **“Changes to the Companies Act 2006 Implementation Timetable**

##### **WRITTEN STATEMENT (07/11/07)**

#### **COMPANIES ACT 2006**

##### **The Minister for Competitiveness (Stephen Timms):**

The Companies Act 2006, which received Royal Assent on 8 November 2006, will bring major benefits to business by modernising and simplifying company law.

The Government set out the commencement timetable for the Act by Written Statement on 28 February 2007. There were three main phases to the implementation timetable, with most provisions being commenced on 1 October 2007, 6 April 2008 or 1 October 2008.

In line with this timetable, a major tranche of provisions was commenced on 1 October 2007, including provisions relating to directors’ general duties, the business review and company resolutions and meetings. A further tranche of provisions will be commenced with effect from 6 April 2008, including the provisions relating to accounts and reports, audit and abolishing the obligation on private companies to have company secretaries.

The Written Statement of 28 February 2007 explained that we need to ensure that the registrar of companies has sufficient time to implement important changes to Companies House systems and processes in relation to areas such as company formation, and give appropriate notice to users of the new forms. For this reason, the Government decided that the commencement of provisions most closely relating to these changes, such as those relating to company formation, should be commenced with effect from 1 October 2008.

Companies House has made considerable progress with the necessary changes to its systems and processes. However, there remains a great deal of work to be done and the Registrar of Companies has advised that he can not be absolutely confident that the necessary changes can be completed on time. The Government recognises that business needs certainty about the implementation timetable, and has therefore decided that the commencement date for most of the provisions due to be commenced on 1 October 2008 should be put back to 1 October 2009.

There are some provisions due to be commenced on 1 October 2008 which do not necessitate changes to Companies House systems and processes. These could still be commenced on 1 October 2008, but we recognise the need to balance the timing of the commencement of deregulatory provisions against the complexity of phased implementation. The Government therefore intends to consult key stakeholders about the commencement date for the following provisions:

- sections 69 to 74: objection to company names;
- sections 82 to 85: trading disclosures;
- sections 155 to 159: provisions relating to corporate directors and under-age directors;
- sections 175 to 177: general duties of directors in respect of conflicts of interest;
- sections 182 to 187: declaration by a director of an interest in an existing transaction or arrangement;
- sections 811(4), 812 and 814: inspection of register of interests in a company's shares;
- repeal of the restrictions under the Companies Act 1985 on financial assistance for acquisition of shares in private companies, including the "whitewash" procedure.

I will make a further Statement in December setting out the final commencement timetable in the light of these discussions."

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