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York Place Company News

An update from York Place Company Services

No. 49 Company formations, company searches, company support services, trade marks

Authorised Share Capital - has it really been abolished?

The Companies Act 2006 brought in a significant change to share capital with effect from 1 October 2009. Companies incorporated from this date onwards no longer have to state their 'authorised capital' also known as 'nominal capital'. The term 'nominal' was more accurate. A private company could, for example, have an authorised capital of £1,000,000 but issue just one share and therefore have real capital of just £1. A company's capital now is based solely on issued shares so there is no chance of confusion arising from inflated nominal amounts.

Authorised capital still needs to be considered however in two situations:

a) for companies incorporated before 1/10/09 – the authorised capital figure in the memorandum of association will in effect be a ceiling on what the directors can issue. If a company wants to allot further shares, it needs to delete the relevant clause or amend it.

b) for public companies or a private company with more than one class of shares, the directors have to be authorised by the company. The authorisation, which can be in the articles, has to state the maximum amount of shares that may be allotted and a date, within 5 years, on which the authority will expire.

Please note that the Model Articles for private companies only envisage a company having one class of shares and great care must be taken when authorising the directors to allot shares.

The concept of authorised capital is very much still with us. York Place routinely assist with all manner of capital changes. Please contact us if you require further advice.

Another strike at Companies House

We regret to report that there is likely to be national industrial action by Civil Servants who are members of the PCS Union, on Wednesday 24th March 2010.

Companies House on-line services and the Electronic Filing Service will be available as usual however, there is likely to be limited support available from the Help Desks.

It is likely that our Information Centres in Cardiff, London, Edinburgh and Belfast will also be affected and therefore regrettably, Same Day services cannot be guaranteed on that day.

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