

# Future Changes to Northern Ireland Company Law

March 2008



## The Companies Act 2006

The most significant process of company law reform for decades will begin to bear fruit this week with the Companies Act 2006 receiving its Royal Assent on 8 November 2006.

The Act itself is likely to be implemented by October 2007 and will introduce a wide range of reforms which will impact on all private, public and quoted companies both existing and new companies. The Act is drafted from the point of view of a private limited company rather than a public company and it is hoped the new statute will, simplify company procedure improve shareholder engagement and ensure better regulation through simplified law and better guidance.

Perhaps the most significant (and controversial) proposal to be introduced will be the codification of directors' duties through the introduction of a statutory statement of duties. For example, directors will have a duty to "promote the success of the company". For the first time there will be a statutory duty on directors to exercise reasonable care skill and diligence as well as independent judgement.

The reforms are wide ranging and have practical implications for the holding of annual general meetings, passing resolutions and filing of annual accounts. It will also introduce technical amendments involving legalistic but nevertheless important reforms.

Changes affecting the day to day management of companies will mean:

- Companies are no longer required to hold an AGM
- Use of e-mail to communicate with shareholders is more widely available
- Private companies are no longer required to have a company secretary
- Documents can be executed by a sole director provided they are witnessed

We will be keeping our website updated with developments in this area. If you would like to speak to us about any aspect of the new Act please get in touch with Jennifer Ebbage or any of our other Company Commercial solicitors.

*Please note: The content of this article is for information purposes only and further advice should be sought from a professional advisor before any action is taken.*