

Proposed Changes to the Statement of Capital in the Annual Return for Companies



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Summary

The statement of capital is intended to be a snapshot and explanation of the number and class of shares issued by a company. The statement of capital also details the rights attached to each class of shares and the currency and denomination of the shares.

Following the outcome of a 2009 consultation on the information required to be included in the various statements of capital required under the Companies Act 2006 (the "2006 Act"), the Department for Business, Innovation and Skills ("BIS") has announced that it proposes to make the following changes to the information which is required to be included in the statement of capital in the Annual Return.

BIS proposes that the statement of capital should be simplified to include only:

- the total number of shares of the company and their aggregate nominal value; and
- the total number of shares of each class and their aggregate nominal value.

The requirements for information about voting rights and the amounts paid/unpaid on shares would be abolished altogether for the statement of capital in the Annual Return. In arriving at this decision BIS points to concerns raised by various stakeholders that the requirements to set out the prescribed particulars of the rights attached to shares in statements of capital are particularly costly and duplicative.

Implementation Date

There is some urgency to introduce changes to the Annual Return regime. The inclusion of a statement of capital in the Annual Return is a burden on companies, and is also the only instance in which a statement of capital is required when no change in share capital has taken place. BIS expects to be able to make these changes to the Annual Return from October 2011 alongside a number of other unrelated changes, and intends to consult on draft regulations early this year.

Potential for further reform

BIS reports that the Government believes that there is a good case to simplify the financial information requirements for all companies, in all statements of capital, except those required on formation and in the Annual Return, to require the following information:

- the total number of shares of the company;
- the aggregate nominal value of those shares;
- the aggregate amount unpaid on those shares (whether on account of nominal value of the shares or by way of premium);

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- the total number of shares in each class;
- the aggregate nominal value of shares in each class; and
- the aggregate amount unpaid on shares in each class (whether on account of nominal value of the shares or by way of premium).

BIS has concluded that the changes to statements of capital (other than the Annual Return) should be introduced simultaneously to minimise further confusion for companies.

Please contact Christopher Neill (c.neill@cfrlaw.co.uk) should you have any queries as to how these changes may affect your business.

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