



## Company Formation Information

### What our Clients say

*"Just to confirm receipt of the pack in the above and to thank you for your prompt and efficient service; a service which I would have no hesitation in using again or recommending."*

*"I can't thank you enough for all that you do!"*

*"Thanks, that's excellent news! You should see the size of the smile on my face! I'd been worried that name would get pulled out from underneath me somehow, so having it all confirmed really is very, very good news!"*

*"Thank you for your help, your expert advice, and for the speed of service. You have helped make something that was proving more complicated than I'd have liked into something really quite simple. Thanks again."*

*"All credit to you guys for not charging for the extra work you did on this. This sort of service is what strengthens customer relations"*

*"You are just wonderful! Thank you!"*

*"You have provided an excellent service. Many thanks."*

*"I don't know how we'd manage without York Place sometimes!"*

These are genuine unsolicited comments.

### THE UK COMPANY

#### ADVANTAGES OF INCORPORATION

Limited liability for members (shareholders)

Perpetual succession as companies carry on even though directors/ members leave

The company name is unique and therefore protected

There is a governing structure set out in the Articles of Association

Share capital can be created with varying rights to facilitate investment

It is possible to create a floating charge over the company assets

Registered UK company costs are amongst the lowest in the world and no audit required if turnover is below minimum limit

There can be pensions and tax advantages and we suggest you seek independent financial advice

Fullfilling a statutory purpose, eg property companies under the Commonhold and Leasehold Reform Act

Protection of charity trustees assets

There are grants available to not-for-profit companies

#### ADVANTAGES OF USING YORK PLACE

Experts in company formation with many years experience, and managed by Chartered Secretaries

Articles of association settled by leading lawyers and guaranteed to be compliant with the Companies Act 2006

State-of-the-art systems for fast electronic incorporation with most companies incorporated in 1-2 days with a guaranteed sameday option available

Multiple share class companies incorporated electronically

Readymade companies are available

A range of products to suit all requirements and budgets

Quality service and presentation

Happy to discuss your issues and give advice at no charge

No hidden extras

No fees for helping with problem names

Full telephone support

Bank account opening service

**If you have any problems or questions, please call or email us.**

**Payment is required unless you have a credit account. Credit cards accepted.**

**Please complete appropriate order form and send to**

**Freepost RTHA-AGTA-EURC, York Place, Elizabeth House, 13-19 Queen Street, LEEDS LS1 2TW  
or email to [formations@yorkpace.com](mailto:formations@yorkpace.com) or order direct from our website [www.yorkplace.co.uk](http://www.yorkplace.co.uk)**

**[www.yorkplace.co.uk](http://www.yorkplace.co.uk)**

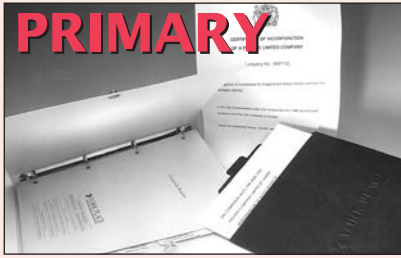
**Leeds Office:** Elizabeth House, 13-19 Queen Street, Leeds LS1 2TW ♦ **London Office:** 1 George Yard, London EC3V 9DF

**Tel:** 0113 224 5452 ♦ **Fax:** 0113 224 5498 ♦ **DX:** 26436 – Leeds Park Square

**Email:** [formations@yorkplace.com](mailto:formations@yorkplace.com)

# ◆ Company Formation ◆

## Private Limited Company Formation Packages



### The Primary package provides the essentials including:

- ◆ Certificate of incorporation
- ◆ Stock transfer form
- ◆ Letters of resignation of the first nominee officers
- ◆ Certificate of non-trading
- ◆ One copy of the Articles of Association as lodged on incorporation
- ◆ Statutory registers in looseleaf format

All documents are presented in a smart A4 size wallet with secure fastening clasp.

Any additional elements to the Primary pack will require an upgrade to either the Nine Star or the Ten Star formation packages.



### The Nine Star package is an enhanced formation package providing useful post incorporation documentation in addition to the core elements comprising:

- ◆ Certificate of incorporation
- ◆ One copy of the Articles of Association as lodged on incorporation
- ◆ One bound copy of the Articles of Association incorporating any changes since incorporation
- ◆ York Place exclusive Forms Pack with enclosures guide including director's resolution to appoint new officers, resignation letters of first officers, certificate of non-trading, stock transfer form, agenda
- ◆ and minutes of first board meeting, downloadable statutory forms, blank stock transfer form, What Next? guidance notes to post incorporation requirements, copies of the forms filed at Companies House
- ◆ Statutory and other useful registers bound into a hard backed combined register

The Nine Star classic package is presented in a durable black slip case.



### The Ten Star package is a fully comprehensive formation package leaving nothing to chance. The package consists of all the essential elements for the formal incorporation of the company together with fully completed post registration minutes, statutory forms and registers and includes:

- ◆ Certificate of incorporation
- ◆ Stock transfer form
- ◆ One copy of the Articles of Association as lodged on incorporation
- ◆ Two bound copies of the Articles of Association incorporating any changes since incorporation
- ◆ York Place exclusive forms pack with enclosures guide including director's resolution to appoint new officers, resignation letters of first officers, certificate of non-trading
- ◆ Fully completed first board minutes
- ◆ Fully completed statutory forms
- ◆ Share certificates prepared and ready for signature
- ◆ Downloadable statutory forms for post incorporation use, What Next? guidance notes, copies of forms filed at Companies House
- ◆ Statutory and other useful registers fully completed and secured in a top quality A4 size looseleaf register housed in a boxed slip case for easy shelf filing. A useful ID pocket on the spine makes for easy retrieval
- ◆ Company seal in hand plier style presented in a black vinyl wallet



### The Corporate package consists of a formation package and first full year annual support service comprising:

- ◆ Preparing the first board minutes which document the first officers and shareholders/members, bankers, accounting reference date and other important elements
- ◆ Providing a nominee secretary or joint secretary
- ◆ Providing a registered office if required
- ◆ Filing all necessary documents with Companies House
- ◆ Updating and maintaining the statutory records to reflect changes of directors/members and share transfers and allotments
- ◆ Advising on duty payable on share movements
- ◆ Preparing and filing the Annual Return
- ◆ AGM documentation including notices, resolutions and minutes if required
- ◆ Providing update summaries of the shareholders/members, officers, location of records etc. on request
- ◆ Telephone advice service on matters of compliance



### The revolutionary e-pack ordered online @[www.yorkplace.co.uk](http://www.yorkplace.co.uk) provides by electronic delivery (for private limited companies only):

- ◆ Certificate of incorporation
- ◆ Articles of Association
- ◆ Transfer documentation
- ◆ Statutory registers

The documents can be printed and hard copies retained in the company file. Alternatively the statutory records can be retained on your pc for security and update purposes.

## What is a Company?

**A company is an association of people formed together for some common purpose. The registration process makes a company a legal person, distinct from its members and directors.**

### **It can therefore:**

Enter into contracts in its own name  
Sue and be sued in its own name  
Buy, sell and lease property in its own name

### **Type of corporate structure**

The Companies Act permits the following structures:

Limited by shares – private or public  
Limited by guarantee  
Unlimited

**Registration Requirements** For incorporation the following information and documents are required:

- ◆ Company name – must be chosen carefully to avoid conflicts with existing names and must not contain any controlled words without permission

- ◆ Articles of Association – must be carefully drafted to ensure that the company has the power to do what it needs to do and that its internal regulations are suitable
- ◆ Share capital – every company with a share capital must state the denomination and currency of its shares (For guarantee companies, the members guarantee to pay a fixed sum on winding up)
- ◆ Directors – all companies need at least one director and a sole director must be a natural person. Public companies need two. A qualified secretary is required by a public company but this is optional for private companies
- ◆ Shareholders/Members – at least one is required
- ◆ Address of the registered office – the address which will receive official correspondence. This may or may not be the same as the trading address

## What type of Company?

If you are looking to set up in business for profit you will need one of our commercial company packages. The majority of the companies incorporated are private companies limited by shares. This is the most popular and flexible format for companies set up to trade for profit. A public company will give you the added status of 'plc' but there are no audit exemptions for this type of company and at least £50,000 of shares must be issued and they must be at

least 25% paid up before you can start trading.

An unlimited company is similar in format to a private limited company. The members have unlimited liability but the company does not have to file accounts at Companies House. We recommend our annual support service to keep you compliant with your company filing requirements and you can save by ordering our Corporate Package.

**York Place not only form commercial companies but also assist with other more specialised companies including:**

### **RESIDENTS' AND PROPERTY MANAGEMENT COMPANIES**

**Traditionally, leaseholders have used residents' management companies (limited by shares or guarantee) to manage the common parts of property developments and/or in addition to own the freehold of the property.**

Each dwellingholder becomes a shareholder/member of the company and all or a proportion of the dwellingholders act as directors. The Articles of Association provide only for the management of the property and do not permit any excess funds to be distributed by way of dividend.

**Right to Manage (RTM)** companies enable the long leaseholders (a long lease is one with a term exceeding twenty-one years) of residential flats to collectively manage their own flats whether or not the landlord agrees. The RTM company can only be formed

for the sole purpose of the acquisition and exercise of the right to manage the premises by long leaseholders of residential flats and the company name must end with the words '...RTM Company Limited'.

Commonhold is a type of tenure for flats and other independent units under which owners of properties, can own the freehold of their homes and have an interest in an organisation which owns and manages the common parts of the development in which they live. The organisation is known as a **Commonhold Association** which must be a company limited by guarantee. Commonhold can only be created out of freehold land or a freehold building and comes into effect as commonhold when the land is registered at the Land Registry as commonhold.

### **CHARITIES**

Many charities are established as trusts or unincorporated associations and do not therefore have a separate legal identity. Such a charity cannot enter into contracts in its own name but it is up to the trustees instead. Trustees must consider their possible personal liability for losses to the charity's assets. Where a charity is a company, it is the company that is principally responsible

for liabilities, not the individual charity trustees. Trustees can still be liable if found guilty of misconduct or mismanagement but generally incorporation is a good way to minimise risks to the trustees. We also assist with Charitable Incorporated Organisations. Please contact us for further details.

### **COMMUNITY INTEREST COMPANIES (CICs)**

Defined as a vehicle for 'social enterprises' community interest companies or CICs are businesses which trade with a social purpose. Activities must be for the benefit of the community rather than for members or employees. To be incorporated an application must pass the "community interest test" rules which restrict ability to transfer or distribute assets. The Regulator of Community Interest Companies has to be convinced that the company will satisfy this test before a company can be formed or become a CIC so prior approval is needed. Examples

of possible eligible organisations: Childcare; social care for older people; social housing; a commercial company where employees are drawn from disadvantaged groups; fair trade companies; trading subsidiaries of charities; sports clubs. The formation procedure for a CIC takes slightly longer than normal because papers have to be submitted to Companies House who then pass them to the Regulator of CICs for approval. A Community Interest Statement must be prepared giving a clear outline of the company's purpose and proposed activities.



## Company Packages

All charges are inclusive of VAT unless otherwise stated

The e-pack and all companies can be ordered online @ [www.yorkplace.co.uk](http://www.yorkplace.co.uk)

Company Type	TEN STAR	NINE STAR	PRIMARY
<b>COMMERCIAL COMPANIES</b>			
◆ PRIVATE COMPANY LIMITED BY SHARES The most common form of incorporation. Suitable for most business users	£196.00	£147.00	£118.00
◆ UNLIMITED COMPANY Similar to a private limited company except that the shareholders have unlimited liability	£225.00	£175.00	
◆ PUBLIC COMPANY LIMITED BY SHARES A company which can raise funds from the general public, with the enhanced status that 'plc' offers	£196.00		
◆ SUBSIDIARY COMPANY A private limited company with articles amended to consolidate the power of the holding company. Version available for trading company of a charity	£196.00	£147.00	
<b>RESIDENTS' AND PROPERTY MANAGEMENT (NOT FOR PROFIT)</b>			
◆ RESIDENTS/INDUSTRIAL MANAGEMENT COMPANY To own the freehold of and manage a residential/industrial development – limited by shares	£290.00		
◆ RESIDENTS/INDUSTRIAL MANAGEMENT COMPANY as above but limited by guarantee	£290.00		
◆ RTM (RIGHT TO MANAGE) COMPANY Enables leaseholders of flats to control the management of their building	£290.00		
◆ COMMONHOLD ASSOCIATION A company limited by guarantee suitable for owners of property to buy the freehold	£290.00		
<b>OTHER NOT FOR PROFIT COMPANIES</b>			
◆ COMPANY LIMITED BY GUARANTEE A company with no share capital whose liability is limited to a fixed sum guaranteed by the members – suitable for companies which can not distribute profits including charities, social and athletic clubs	£290.00		
◆ COMMUNITY INTEREST COMPANY A company with special additional features created for those who wish to establish a social enterprise for community benefit, eg environmental improvement, community transport, fair trade etc	£305.00		
◆ PRIVATE COMPANY LIMITED BY SHARES BUT NOT FOR PROFIT	£196.00		
<b>GUARANTEED SAMEDAY OPTION</b>			
◆ Company incorporations expedited on the day of instructions	£85.00 ADDITIONAL FEE (unlimited = £135)		
<b>CORPORATE PACKAGE</b>			
◆ Taking any Ten Star Package with Annual Support Services results in an automatic discount of £50 on the combined price	<b>Banking Cashback</b> – use our bank account opening service to earn £40 cashback on all the above prices		



# YORK PLACE<sup>®</sup>

COMPANY FORMATION • INFORMATION  
ADMINISTRATION • PROPERTY SEARCHES

## Order form Notes

### Type of Company

Please choose your company type. If in doubt please read the information form or call us to discuss.

### Package Type

Please choose relevant package. The Corporate Package offers our comprehensive ten star package combined with one year's annual support service at a reduced rate.

### Guaranteed Same Day Option

We can expedite the incorporation of most companies on payment of an extra fee if full instructions are received by 2pm. We cannot however speed up Community Interest Companies. Unlimited companies can be expedited on payment of an extra fee but a same day service cannot be guaranteed.

### Proposed company name

Please list up to three names in order of priority. The Registrar will accept any name for registration provided it is not identical to one already registered, or it is not on the list of sensitive names (words like 'royal' or 'British' which require either special permission or further information about the company). The greatest care must be taken when selecting a name which is too like one already registered, you may be required to change should the existing company choose to object to the Secretary of State or the Company Names Adjudicator. We always check your proposed name and will advise of any potential issues although we cannot give a guarantee that no-one will object to the name in the future.

### Registered office

The company must have an address to which legal notices can be served. This can be the head office or main address of the company or some other address. York Place can supply an address in Leeds or London. Edinburgh also available on request. Please see Optional Extras for details.

### Main Objects

Generally companies are no longer required to state their objects but not for profit companies, particularly charities and community interest companies, will need to state their objects in the articles of association and this will effectively restrict their activities to their stated purpose. If relevant, please supply as much information as possible and we will draft the objects clause accordingly.

### Principal Business Activity

From 30 June 2016 onwards all companies must state their activities using, if possible, the codes set out in the government document Standard industrial classification of economic activities (SIC) 2007. The full list is available at [www.yorkplace.co.uk/downloads](http://www.yorkplace.co.uk/downloads). You can also search for a code at <http://resources.companieshouse.gov.uk/sic/>. If you are unable to find the correct code, please contact us or insert a description in the free text box.

### Payments to Directors

A charity director may not derive any financial benefit from his or her office unless specifically authorised to do so by the Charity Commission or the express terms of the Articles of Association. York Place will provide the appropriate Articles of Association to suit.



## Trade mark search

If the use of the proposed name relates to goods or services it may well conflict with that of an existing registered trademark. In most cases it is prudent to carry out a same name trademark search, and if it is the intention to register a trademark, a full trademark search is recommended.

## Company seal

A company seal is not legally required but it is a useful tool for executing documents particularly for companies with a single director. A seal can be affixed with one signature if the articles permit but documents executed without one require at least two signatures. A plier seal is included in Ten Star Package at no extra charge.

## Nameplate - Registered Office Nameplate and Wooden Mounting Board

Every company is obliged by the Companies Act to display its name at every office or place of business in a conspicuous position and in easily legible letters.

## Annual support service

York Place offers company secretarial support services which provide assistance to newly-formed and existing UK companies, on an immediate and ongoing basis. York Place will interest itself in ensuring all post incorporation matters are correctly in place and monitor statutory compliance to ensure companies under its control do not fall into default.

This service includes:

- ❖ Preparing the first board members minutes which document the first officers and shareholders/members, bankers, accounting reference date and other important elements
- ❖ Providing a nominee secretary or joint secretary
- ❖ Providing a registered office if required
- ❖ Filing all necessary documents with Companies House
- ❖ Updating and maintaining the statutory records to reflect changes of directors, members and share transfers and allotments
- ❖ Advising on duty payable on share movements
- ❖ Preparing and filing the Annual Return
- ❖ AGM documentation including notices, minutes and resolutions
- ❖ Providing update summaries of the shareholders, officers, location of records etc. on request
- ❖ Telephone advice service on matters of compliance

## First Board Minutes

This service is included within our Ten Star package and ensures that the statutory registers, share/membership certificates and minutes are all properly written up.

## Cashback offer

Bank account opening service with £40 cashback offer. Select this option and you will be contacted by Barclays. Cashback = £40

## Directors, secretary and shareholders/members

<b>Important notes:</b> Minimum numbers are as follows:	Directors	Secretary	Shareholder/Member
Private limited (A sole director cannot be a company)	1	0	1
Unlimited (A sole director cannot be a company)	1	0	1
Public	2	1	1

BUT a company's articles may set a higher figure. If you take Annual Support Services York Place can be the company secretary.

Note: Directors are permitted to supply a service address for the public record. This may state simply 'Registered Office'. A residential address must also be supplied but this will only be used by Companies House and other official agencies and will not appear on the public record. York Place can supply a service address for directors if required. Secretaries and Members need only supply a service address. A private company need no longer appoint a secretary. We do however recommend that companies consider making an appointment.

Please note that York Place can act for the purpose of setting up the company on the basis that directors' and shareholder/members' details will follow soon after when available.

## Persons with Significant Control

For most companies these will be people who:

- ❖ hold more than 25% of a company's shares
- ❖ hold more than 25% of a company's voting rights
- ❖ have the right to appoint or remove the majority of directors

There are two further, less common, options. These are:

- ❖ any individuals who have the right to exercise or actually exercise significant influence or control are PSCs
- ❖ where a trust or a firm meets one of the three statements above, any individuals with significant control or influence over that trust or firm are PSCs

For most companies the first three rules above will allow you to identify your PSCs.

We need the following information: name, date of birth, nationality, residential address and service address and importantly, which of the conditions they fulfil.

The company's PSC register cannot be blank. If you have no PSCs or are unable to confirm the details before incorporation this must be stated.

### Typical scenarios:

#### **1. A company owned entirely by one person: that person will be the PSC and he will fulfil these conditions:**

- 1. The person holds, directly or indirectly, 75% or more of the shares in the company.*
- 2. The person holds, directly or indirectly, 75% or more of the voting rights in the company.*
- 3. The person holds the right, directly or indirectly, to appoint or remove a majority of the board of directors.*

These scenario will apply equally to a wholly owned subsidiary. The holding company will be called a 'relevant legal entity'.

#### **2. A company owned 50/50 by two people. Both will fulfil these conditions:**

- 1) The person holds, directly or indirectly, more than 25% but not more than 50% of the shares in the company.*
- 2) The person holds, directly or indirectly, more than 25% but not more than 50% of the voting rights in the company.*

Note: if share have equal voting rights then neither will have the ability to appoint a majority of the board but if shares have special rights then these condition needs to be considered.

#### **3. A company owned equally by four individuals:**

The company will have no PSCs.

You must always be aware that it is possible that shares are held on trust, for example if one of the four individuals is a family member of another and only holds them on his behalf. In this case, the company will have a PSC who must be entered.

**How to order a company:**

1. Complete order form appropriate for type of company
2. Complete one Company Appointments form for each person or choose to use York Place for set up purposes.
3. Complete one Person with Significant Control form for each person with significant control
3. Return to York Place by post, fax or email





## Company Formation – Frequently Asked Questions

### 1. What is the difference between a private company and a public company?

The following are the main differences between the requirements applicable to public companies and those applicable to private companies:

- (a) The name of a public company must end with the words 'Public Limited Company' or a permitted abbreviation or Welsh alternative).
- (b) The allotted share capital of a public company must have a nominal value of not less than the 'authorised minimum' (presently £50,000 or the euro equivalent).
- (c) The allotted share capital must be at least 25% paid up as to nominal value and be at least 100% paid up as to any share premium.
- (d) Private companies are prohibited from offering their shares or debentures to the public
- (e) Public companies are subject to stringent rules to ensure that full value is given for allotted shares.
- (f) A public companies must have a qualified company secretary.
- (g) A public company, regardless of size, must prepare full accounts and has none of the exemptions available to private companies.

### 2. What is the difference between a company limited by shares and a company limited by guarantee?

- (a) A company limited by guarantee has no shareholders but has members instead.
- (b) Each member undertakes to contribute to the assets of the company up to an agreed amount (which is usually nominal, e.g. £1) to meet its liabilities when it is wound up.
- (c) The members are the original subscribers to the memorandum and such other persons as the directors approve for admission to membership and whose names are entered as members in the register of members.
- (d) Certain non-profit-making private companies are permitted to omit the word 'limited' from the company's name.

(e) Companies limited by guarantee are not required to submit a list of members with the annual return

(f) This format is normally used for charities and non-profit making organisations.

### 3. What is an unlimited company?

- a) An unlimited company is a corporate body in the same way as a limited company but the members are liable, without limit, for the company's liabilities.
- (b) These companies are exempted from filing accounts with the Registrar (unless the company is a holding company or subsidiary of a limited company, a banking or insurance company or the holding company of such a company or unless each of the members of the company is a limited company, another limited company each of whose members is a limited company or a Scottish partnership each of whose members is a limited company).
- (c) Share transfers must be signed by both parties.
- (d) On an allotment of new shares, a return of allotment is only required to be delivered to Companies House if the allotment is of a new class of shares.

### 3. How do I know if my name is available?

Once you have thought of a name, it needs to be checked against the register (for similarity to existing names) and against the list of controlled words in case it will only be allowed with certain evidence.

We are happy to check for you and advise on availability or we have a free checking tool at <http://formations.yorkplace.com> that you can use yourself.

In summary, a name will not be registered if:

- a) it is the same as a name already appearing on the Companies House index
- b) it contains the words 'Limited', 'Ltd', 'Unlimited', or 'Public Limited Company', 'PLC', 'Limited Liability Partnership' or 'LLP' or their Welsh equivalents or abbreviations, except at the end of the name
- c) in the opinion of the Secretary of State it is offensive
- d) in the opinion of the Secretary of State its use would constitute a criminal offence

In addition various words are sensitive and the Registrar requires either further information about the activities of the proposed company or written consent from the appropriate body. We can advise on sensitive names and the relevant information needed to register these successfully.

#### 'TOO LIKE' NAMES

A company can be directed to change its name within 12 months of registration by the Secretary of State if it is 'the same as' or, in his opinion, 'too like' a name appearing on the index of names at the time of registration. Such names will be brought to his attention by registered companies/LLP's who feel that the name is the same as or too like their own. The possibility of this event should always be borne in mind when a name is being chosen.

The Secretary of State will only consider representations in respect of variances in the visual or phonetic nature of names as well as other commercial information including the history of the name's usage and eminence in a particular field between the names of the two companies. The nature and location of the businesses will not be taken into account. Subject to these requirements, names may be considered 'too like' in the opinion of the Secretary of State:

- a) if the names are phonetically identical
- b) if there is only a slight variation in the spelling of the two names and the variation does not make a significant difference between the names
- c) if, in the case of an overseas company, the names differ from a name already on the index only by the substitution of the overseas country equivalent of Limited, Unlimited or Public Limited Company.
- d) if the names contain a word or words which might be regarded as a distinctive element, unless that element is qualified in such a way as would minimise risk of confusion. A distinctive element will normally be defined as 'made up words', 'non dictionary words' or 'combinations of 2 or more letters as a prefix'. In some cases everyday words used in a 'distinctive' way may also be considered as distinctive elements. Place names, or everyday descriptive words in general use will not normally be regarded as distinctive. Similar descriptive elements, eg press/printing, staff agency/employment agency, or the inclusion in one name of only a general, or 'weak' qualification such as holding, group, system, services etc, would not normally be regarded as a sufficient qualification.

In addition, various words and symbols are disregarded by the registrar – the inclusion of these words will not differentiate a new name from an existing one. These

include: figures '0'-'9' and the corresponding number words; the symbols '&', '+', '%' and '@' and the corresponding words 'and', 'plus', 'percent' (and variations) and 'at'; major currency symbols ('£', '\$', '¥', '€' etc); name suffixes such as '.com' or prefixes such as 'www.'; other symbols such as '\*', '=', and '#'; the letter 's' at the end of the name, the word 'the' at the beginning of the name (where it is followed by a blank space) and blank spaces between words.

#### 4. What are the responsibilities of the directors?

The directors are responsible for managing the affairs of the company and making sure that it fulfils its statutory duties. It is difficult to summarise everything the directors have responsibility for but the following is a useful outline. As a director you must:

1. Act in the company's best interests, taking everything relevant into account.
2. Obey the company's constitution and decisions taken under it.
3. Be honest, and remember that the company's property belongs to it and not to you or to its shareholders.
4. Be diligent, careful and well informed about the company's affairs. If you have any special skills or experience, use them.
5. Make sure the company keeps records of your decisions.
6. Remember that you remain responsible for the work you give to others.
7. Avoid situations where your interests conflict with those of the company. When in doubt disclose potential conflicts quickly.
8. Seek external advice where necessary, particularly if the company is in financial difficulty.

#### 5. What is the difference between a service address and a residential address?

A service address is one that can be used by a director for the purposes of receiving official communications. It can be a residential address, or the registered office address or somewhere completely different.

A residential address is the home address of a director. It still has to be filed at Companies House but is not displayed on the public record. Access is limited to government bodies and certain credit reference agencies.

#### 6. What is the role of a company secretary?

Public companies must have a company secretary. Private companies do not have to appoint a company secretary but may do so if they wish to or if their Articles require it. York Place standard articles allow for appointment of a secretary at the discretion of the directors. As an officer of the company, the secretary may be liable for defaults committed by the company.

The role of the secretary is not set out in legislation and will vary from company to company but the following are the duties normally undertaken by the secretary:

Maintaining statutory registers  
Filing of statutory forms  
Arranging meetings of directors and shareholders  
Circulation of written resolutions  
Supplying accounts to members  
Keeping records and minutes of meetings  
Allowing inspection of company records as required by statute  
Keeping and applying company seal  
Co-signatory of execution of company documents  
Authenticating forms

### 7. What is a registered office?

Every company must have a registered office. It appears on the public file a document may be served on a company by leaving it at or sending it by post to the registered office

The registered name of a company must be displayed (in legible characters which can be read with the naked eye) at its registered office and at any other place where company records are made available for inspection under the Companies Acts. The name must also be displayed at any other location at which the company carries on business, but this is not required where the location is primarily used for living. Where display of the name is required, the name must be positioned so that it may be clearly seen by any visitor to the relevant office, place or location

### 8. What is share capital and what is issued capital?

A company limited by shares must have at least one person (or two for a public company) taking at least one share in the company. Before incorporation you must decide the denomination or price of that share. Normally this will be £1 but it could be any value, or even a fraction of 1p. On application for incorporation, the people agreeing to take shares on incorporation of the company are called subscribers. They are obliged to pay to the company the value of their shares

Under previous Companies Acts a company had an authorised capital which was effectively the maximum amount it was authorised to allot. The concept of authorised (sometimes called “nominal”) capital was removed under the Companies Act 2006. Instead a company with just one class of shares (always called “ordinary” shares) may issue as many as it likes. The amount of shares issued becomes therefore its “issued capital”.

When a company has more than one class of shares, however, the maximum that can be allotted must be stated in the articles or the directors have to seek an authority

from the shareholders that specifies either the maximum for each class or maximum aggregate amount for all classes.

### 9. What classes of shares should I have?

Many of companies have just one class of shares bearing equal rights to dividends, voting and return of capital on winding up of the company. These are called, by default, “ordinary shares”.

The most commonly used other classes are:

Non-voting ordinary – these have rights to dividends but grant no voting power

Preference – these carry a fixed preferential dividend which is paid before any other dividends. Normally they are non-voting unless the dividend is in arrears.

Redeemable shares – these are share which the company can redeem in the future. The terms of redemption have to be agreed at the outset.

We advise that professional advice is sought if you are considering using multiple share classes.

### 10. How do I allot more shares?

The directors must check that they have authority to allot and must comply with any pre-emption provisions within the Articles of Association. Pre-emption means that shares must be allotted first to existing shareholders. The company has to file a return of allotments at Companies House and the statutory registers need to be written up. Technically a person does not become a shareholder until their name is entered in the Register of Members.

### 11. How do I transfer shares?

In order to transfer a share, the transferor must present a stock transfer form to the company with details of the transferee. The directors are then obliged to register the transfer in the statutory books or provide a reason for refusal. The company’s articles may contain provisions which prohibit certain transfers or require a set procedure to be followed, eg they must first be offered to existing members. Stamp duty is payable on transfers with a consideration over £1000.

### 12. What is a person with significant control?

A PSC in relation to a company is any of the following:

1. an individual who holds, directly or indirectly, more than 25% of the shares in a company;
2. an individual who holds, directly or indirectly, more than 25% of the voting rights in a company;
3. an individual who holds the right, directly or indirectly, to appoint or remove a majority of the board of directors of a company;

4. an individual who has the right to exercise, or actually exercises, significant influence or control over a company;

5. an individual who holds the right to exercise, or actually exercises, significant influence or control over the activities of a trust or firm which is not a legal entity, but would satisfy any of the first four tests if it were an individual.

In relation to a LLP, these criteria are modified slightly but amount to much the same thing, for example, the references to share ownership are changed to rights to surplus assets on a winding up.

### **13. Why do we need to disclose Persons with Significant Control?**

The new rules are part of the government's initiative to tackle tax evasion, money laundering and terrorist financing and to increase trust in UK corporate bodies.

### **14. What are the new obligations?**

Affected entities must:

- ❖ keep a register of those with significant control over them (the PSC Register) from 6 April 2016;
- ❖ take reasonable steps to identify those who are registrable on the PSC register;
- ❖ enter the required information on the PSC Register and keep that information up to date;
- ❖ make the PSC Register available for public inspection;

file information about their PSC Register at Companies House on the new annual confirmation statement from 30 June 2016 onwards

### **15. What if we don't have any PSCs?**

A statement on the PSC register will be required to that effect using the prescribed wording.

### **16. Where can I get further information on PSCs?**

The Government has published guidance on [www.gov.uk](http://www.gov.uk) or go to [www.yorkplace.co.uk/downloads](http://www.yorkplace.co.uk/downloads) for all the latest guidance documents.