

# Getting in on the Act

A Kent accountancy firm is warning businesses to be extra vigilant about changes to their companies' operating procedures under the new Companies Act.

While some of the legislative changes have already come into force – most notably the new requirements for company websites and email signatures – there's a raft of other changes due to be put in place by October 2008.

"We know what's going to be changed, we just don't know when," said Andrew Miles, a partner at Canterbury-based Burgess Hodgson.

The Act, the longest ever, introduces a number of quite technical changes to the law as well as some larger changes. It is designed to simplify and modernise current company law to meet the needs of today's business – and provide flexibility and accessibility for the future.

However, critics have complained that businesses are already sinking under a mountain of red tape and believe the Act is simply creating extra work for them.

Announcing the proposed changes in November last year, the Government said the Act would help businesses save £250m a year, including up to £100m for small businesses.

"It simplifies the requirements for a company – there's no company secretary, and no AGM is needed, which eliminates paperwork," said Mr Miles. "It brings their filing requirements down by a month, which we believe is a good thing because it makes sure that everybody is more up to date with the whole process. It's a positive message." But, given its wide-reaching scope, Burgess Hodgson is advising business owners and directors to prepare for the changes now – or avoid playing catch-up.

Some businesses may already be contravening the new Act. On January 1, new requirements for company websites and

email signatures came into force. Every company must list its company names, registration number, county of registration and registered office address on its website and in any emails. Failure to do so is now an offence.

"People will probably all have heard about the new Companies Act," said Mr Miles. "What they probably won't realise is that so much of it is still under consultation with regards to the date of implementation."

But, he added, there's no reason to panic. "As things are introduced, we will make our clients aware of things that are going to affect them."

These changes include reducing the deadline for filing accounts from ten to nine months; scrapping the requirements for Annual General Meetings and company secretaries and making it easier to pass written resolutions; and the ability for directors and shareholders to file service addresses rather than private addresses.

The Act will also introduce new model articles for private companies. Articles are the rules governing the internal affairs of a company. Model articles have been provided since Victorian times for certain types of companies. But, despite several revisions, they've failed to take account of the changes in law and become largely irrelevant, especially for small private companies, who adopt it as their default.

Separate sets of model articles will now be available for private and public companies limited by shares – this is expected to better reflect the way a small business works.

"There are simplifications to procedures coming in and there will be some initial changes to the way companies operate, which will need to be put in place once the enactment dates are known," said Mr Miles. "After that point, it should be simpler to run your company going forward."

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