

What books must a company keep?

All companies are required under the Companies Act 2006 to keep their company books up-to-date. This note helps employers check that they are including everything to keep their books in good working order.

Typical information included in the books are registers of:

- members
- applications and allotments of shares
- transfers of shares
- directors and their addresses
- secretaries
- debentures
- mortgages and charges
- sealings and executions
- people with significant control
- residential addresses of people with significant control

and copies of any board minutes and documents lodged with Companies House.

The following provisions of the Companies Act 2006 (CA 2006) apply:

Register of members

Section 113 of the CA 2006 says companies should keep a register of its members and record:

- their names and addresses
- the date when each person was registered as a member and the date they ceased to be one
- a statement of shares held by each member distinguishing each share by its number (if the shares are numbered) by its class (if the company has more than one class of issued shares), and the amount paid or agreed to be considered as paid on the shares.

Section 114 of the CA 2006 states that a company's register of members should be made available for inspection and the company must give notice to the registrar of the place where this register is kept available for inspection and any change to that place.

Section 112 of the CA 2006 defines a member of the company (ie a shareholder) by reference to the register of members. Failure to maintain a register of members means that the identity of the company's shareholders is uncertain.

Register of directors

Section 162 of the CA 2006 states that every company must keep a register of its directors and their residential addresses (section 165).

Section 163 requires a company's register of directors to contain the following particulars in the case of an individual:

- name and any former names
- a service address
- country or state of residence
- nationality
- business occupation
- date of birth.

Where a director is a body corporate or a firm that is a legal person, section 164 requires a company's register of directors to contain:

- the corporate or firm name
- its registered or principal office
- the legal form of the company or firm and the law by which it is governed.

Register of secretaries

Section 275 of the CA 2006 requires a company to also keep a register of its secretaries. The register must be available for inspection and the company must notify the registrar of the place where the register is kept.

Records of resolutions and meetings

Section 355 of the CA 2006 states that every company must keep records comprising:

- copies of all resolutions of members passed otherwise than at general meetings; and
- minutes of all proceedings of general meetings.

The records must be kept for a period of ten years.

Registration of allotment

Section 554 of the CA 2006 states that a company must register an allotment of shares as soon as practicable, and in any event, within two months after the date of the allotment.

Register of debenture holders

Section 743 of the CA 2006 states that any register of debenture holders that a company keeps should be available for inspection at a place notified to the registrar by the company.

What books must a company keep?

Registration of a transfer

Section 770 of the CA 2006 refers to the transfer of shares. It provides that a company may not register a transfer of shares or debentures of the company unless a proper instrument of transfer has been delivered to it, or the transfer is an exempt transfer within the Stock Transfer Act 1982.

Register of interests

Section 808 of the CA 2006 refers to a company's register of interests. A company is required to keep a register of information received by it about interests in its shares. A company which receives any such information must, within three days of receipt, enter it in its register against the name of the present holder of the shares in question or, if there is no present holder, against the name of the person holding the interest.

Register of charges

Section 876 of the CA 2006 requires every company to keep a register of charges available for inspection.

Section 877 requires charge documentation and the register of charges to be available for inspection at the place notified to the registrar.

Register of people with significant control

Part 21A and Schedules 1A and 1B to the CA 2006 require every UK company (including dormant companies) and limited liability partnership (LLP) to create and maintain a register of people with significant control (a PSC register). The legislation requires particulars of individuals who hold significant control over a company (PSCs) as well as relevant legal entities (RLEs) that would hold significant control if they were individuals.

PSC's are defined as persons/legal entities who fall into at least one of the categories below:

- holds, directly or indirectly, more than 25% of the shares of the company;
- holds, directly or indirectly, more than 25% of the voting rights of the company/LLP;

- holds the right, directly or indirectly, to appoint or remove a majority of the board of directors of the company;
- has the right to exercise, or actually exercises, significant influence or control over the company/LLP; or
- has the right to exercise, or actually exercises, significant influence or control over any trust or firm (not a legal entity) that has significant control (under one of the other four categories) over the company/LLP.

Various information in respect of each PSC should be contained within the register, including: the PSC's name, service address, nationality and date of birth (if an individual), date upon which they obtained control and the nature of their control.

Register of people with significant control - residential addresses

As with director's residential addresses a separate register of the PSC's residential address will be required to be maintained at the registered address if a separate service address has been given.

Further information

Sections 1134-1138 of the CA 2006 set out further requirements in respect of company records.

For example, section 1135 states that company records may be kept in hard copy or electronic form and can be arranged in such manner as the directors see fit. However, if the records are kept electronically, they must be able to produce a hard copy version.

Sanctions

Failure to comply with any of these provisions amount to an offence committed by the company and every officer who is in default. A person who is found guilty is liable to a fine on summary conviction.

Contact

Please contact one of the partners in our corporate & commercial team:

Paul Symes-Thompson paul.symes-thompson@willans.co.uk

Chris Wills chris.wills@willans.co.uk

Willans LLP | solicitors

28 Imperial Square, Cheltenham
Gloucestershire GL50 1RH

01242 514000
www.willans.co.uk
Twitter @WillansLLP
LinkedIn WillansLLP