

# PRESS RELEASE

## STEPHENS & SON

### SOLICITORS

**Q What are the changes now being made to our Memorandum and Articles of Association by the Companies Act 2006?**

**A** A limited company is a legal 'person', separate from its shareholders and directors, and must have a 'rule book' detailing how the shareholders and directors are to act in relation to the company and its business.



Until October 2009 a company had two documents, its Memorandum of Association stating its name, where its registered office was situated (eg: England & Wales), its objects, the fact that liability of its members was limited, and the share capital authorised to be issued. This dated from the origins of limited companies when a group of entrepreneurs would incorporate a limited company for a one off project.

The second document, the Articles of Association, set out the rules for the transfer of shares, appointment of directors, holding of meetings and much else besides.

Under the new Companies Act, the Memorandum and the Articles of Association are combined into one document (known as the Articles) and anyone incorporating a company may use the Model Articles set out in the

Companies Act. Indeed if no different Articles are filed on incorporation (setting Articles out in full or amending the Model Articles) then the Model Articles will apply in full.

However, just like the old model articles known as 'Table A' every solicitor, accountant and company formation agent will want to make changes to the new Model Articles and there are already a number of different versions in existence. Inevitably the Companies Act and the Regulations contain long and complicated transitional provisions, but until and unless you want to make changes to your company's rule-book these should not need to concern you.

ENDS

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