2025

Company Secretarial Guide

HaysMac

CONTENTS

Welcome

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HaysMac's Company Secretarial Guide is designed to assist you in navigating corporate compliance in the UK. This guide serves as a comprehensive resource for understanding the responsibilities of a director and the pivotal role of company secretarial services in ensuring compliance and governance excellence for your organisation. This guide aims to support your directorial duties, streamline your corporate governance, and uphold the integrity of your business operations.

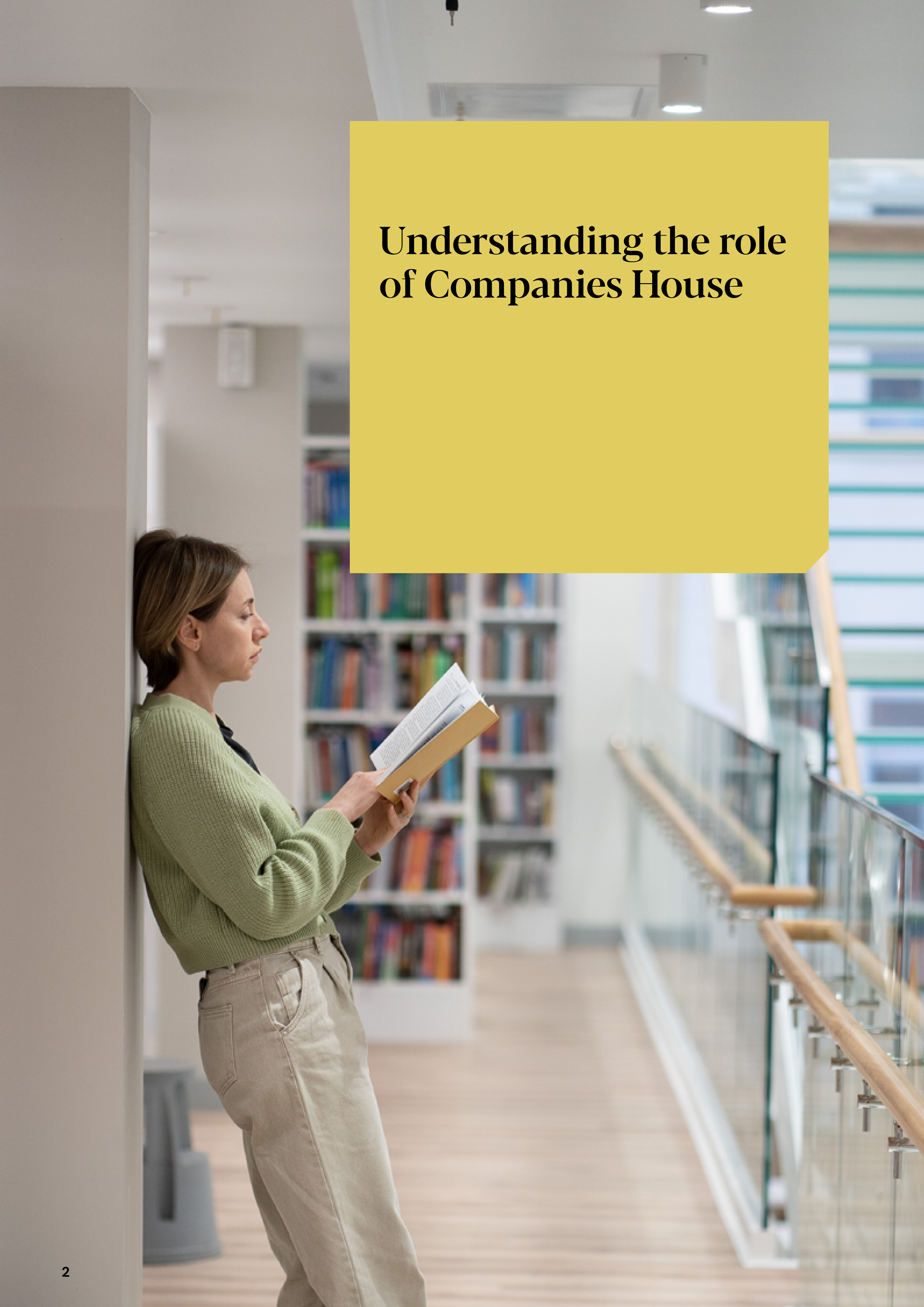
Working in collaboration with our tax, audit, accounting, and transaction teams, we're well positioned to support you with more complex projects throughout the business lifecycle, including business restructuring. Our compliance packages are designed to meet your statutory obligations so you can optimise your time and resources.

By working closely with our business support teams, we are also well positioned to provide you with a fully integrated service that supports your wider tax and business support needs.

Our dedicated company secretarial team will help you to streamline your business operations. We will undertake your statutory obligations, keep you updated on regulatory changes, and maintain your legal and compliance requirements, allowing you to focus on your core business functions for greater efficiencies.

If you need assistance with your company secretarial requirements, please get in touch with Katie Holden, Company Secretarial Senior Manager.

Understanding the role of Companies House



Companies House is the UK's registrar of companies and plays a pivotal role in the incorporation and regulation of companies. Its main functions include:

- **Company registration:** Companies House is responsible for registering new companies, ensuring that all legal requirements are met during the incorporation process.
- **Record maintenance:** It maintains a public register of all companies operating in the UK, ensuring transparency and accountability.
- **Filing and compliance:** Companies House requires regular filing of annual returns, financial statements, and other key documents to ensure ongoing compliance with legal requirements.
- **Public access to information:** It provides access to company information to the public, including details about directors, shareholders, and financial performance.
- **Regulatory enforcement:** Companies House enforces compliance with statutory requirements, issuing penalties and taking action against companies that fail to comply.

Companies House has undergone legislative changes to give the regulator more power over incorporations. You can read more about these changes here.

Directors' general duties

Understanding and fulfilling your duties as a director is crucial for the governance and success of your company. Adhering to these responsibilities ensures legal compliance and fosters trust among stakeholders.

Legal duties and responsibilities of a director

As a director in the UK, your general duties are fundamental to the proper functioning and success of the company. These are not just best practices, but statutory obligations derived from the Companies Act 2006. These duties entail:

- **Act within powers:** Your actions must align with the company's constitution, and you should exercise the powers vested in you for the purposes they were given.
- **Promote the success of the company:** This means considering the long-term impact of decisions, the interests of employees, fostering the company's business relationships with suppliers, customers, and others, as well as maintaining a reputation for high standards of business conduct.
- **Exercise independent judgment:** Even if you are appointed by a particular group or interest, you are expected to make decisions autonomously, without undue influence from others.
- **Exercise reasonable care, skill, and diligence:** This duty is twofold; it expects you to possess the knowledge, skills, and experience that may reasonably be expected whilst also exercising the care, diligence, and skills that you actually have.
- **Avoid conflicts of interest:** You must avoid situations where you have, or can have, a direct or indirect interest that conflicts with the interests of the company.
- **Not accept benefits from third parties:** You should not accept any benefit (including bribes) that are offered because of your position as a director, as this could lead to a conflict of interest.
- **Declare interest in proposed transaction or arrangement:** If you have any interest in a transaction or arrangement that the company is considering, you must declare the nature and extent of that interest to the other directors.

A company secretary acts as a guardian of your company's compliance with these duties. They provide advisory services to ensure that the board's decisions are in the company's best interests and that all actions are within the legal framework. The company secretary can assist in monitoring conflicts of interest, facilitating board training, and ensuring that the directors' decisions are well-documented and transparent.

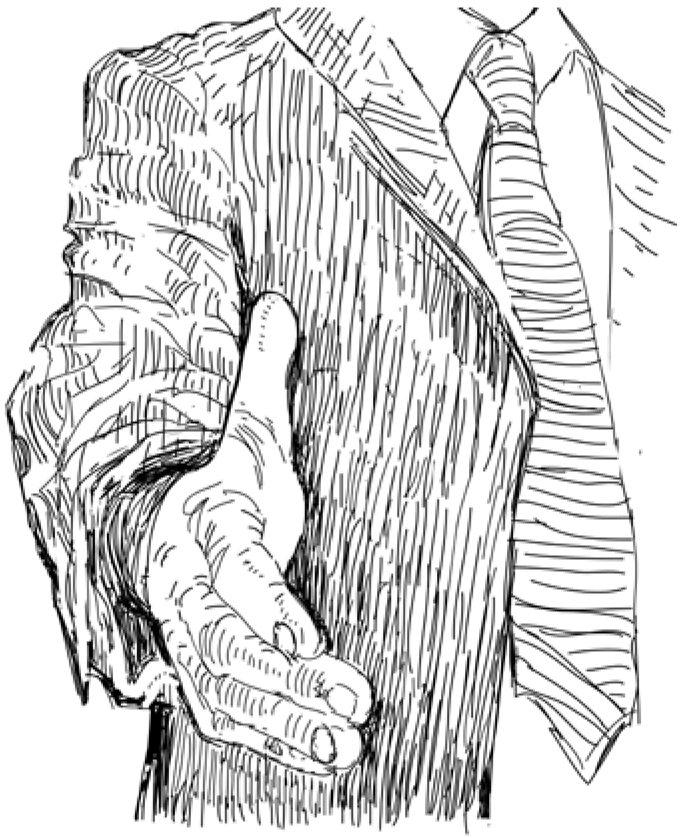
The Companies Act 2006 is the primary source of company law in the UK. It consolidates and simplifies previous legislation, providing a comprehensive legal framework for the incorporation, operation, and dissolution of companies. The Act is crucial for directors as it outlines their duties and responsibilities, ensuring they act in the best interests of the company and its stakeholders. The Act mandates directors to exercise reasonable care, skill, and diligence, promote the success of the company, and comply with statutory requirements. Understanding and adhering to the provisions of the Companies Act 2006 helps directors navigate their legal obligations effectively, thereby fostering good governance and corporate integrity.

Directors must also adhere to:

Conflict of interest policies: Directors must be vigilant in identifying and managing conflicts of interest to uphold the integrity and trust of their governance role. A conflict of interest arises when a director's personal or financial interests may potentially interfere with their duty to act in the best interests of the company. Implementing robust conflict of interest policies ensures transparency and accountability. These policies typically require directors to disclose any potential conflicts to the board, abstain from voting on matters where they have a conflict, and maintain a register of interests. By following these procedures, directors can avoid situations that could compromise their objectivity and decision-making, ensuring that all board actions are taken with the company's best interests in mind.

Decision making and record keeping: Directors are required to make informed and independent decisions, taking into account all relevant information and potential impacts on the company. This involves seeking professional advice when necessary and considering the long-term consequences of their decisions. Accurate record keeping is equally important, as it provides a transparent account of the board's activities and decisions. Maintaining detailed minutes of board meetings, resolutions, and other significant actions ensures that there is a clear and verifiable record, which is essential for legal compliance and internal audits. Good record-keeping practices also facilitate better communication and continuity within the board, supporting more consistent and informed decision-making.

Financial reporting: Directors have a legal duty to ensure that the company's financial reports are accurate and complete. This includes the preparation and submission of annual financial statements, which must reflect the true financial position of the company. Directors must ensure that proper accounting records are kept, financial statements are prepared in accordance with applicable accounting standards, and the reports are filed with Companies House within the specified deadlines. Accurate financial reporting is crucial for maintaining investor confidence, securing funding, and complying with statutory requirements. Directors must also oversee the company's internal financial controls and risk management processes to safeguard the company's assets and ensure financial integrity.



Effective board reporting

Effective board reporting is essential for informed decision-making and strategic oversight, ensuring that the board has the information it needs to guide the company towards its goals.

Effective board reporting underpins informed decision-making. Reports should be clear, concise, and include:

- Performance metrics: Evaluate company performance against strategic objectives.
- Risk assessment: Identify current and potential risks facing the company.
- Strategic opportunities: Discuss possibilities that align with the company's vision

Function	Details	Purpose and best practice
Preparing for board meetings	Ensuring all necessary materials and information are ready in advance.	• Distribute meeting agendas and relevant documents well ahead of time. • Ensure all board members are informed about the meeting details.
Essential elements of board reports	Including key metrics, performance data, and strategic insights in the reports.	• Cover financial performance, operational updates, risk assessments, and strategic initiatives. • Use clear and concise language for easy comprehension.
Frequency and timing of reports	Determining the appropriate intervals for reporting to maintain board awareness and decision-making efficiency.	• Establish a regular schedule for board reports (e.g., monthly, quarterly). • Align report timing with the company's strategic planning cycle.
Presenting information effectively	Ensuring that the information presented is clear, concise, and actionable.	• Use visual aids like charts and graphs to highlight key points. • Summarise complex information in executive summaries.
Action on board decisions	Following up on decisions made during board meetings to ensure they are implemented effectively.	• Assign responsibility for action items and track progress. • Include updates on action items in subsequent board reports to maintain accountability.

What is a company secretary?

The company secretary is the cornerstone of corporate governance, ensuring that the board's decisions are implemented effectively and that the company remains compliant with its legal obligations.

The position of a company secretary is often misunderstood, yet it is one of the most significant roles within a company's structure in the UK. This role goes beyond administrative tasks, serving as a linchpin for corporate governance and statutory compliance. Often, company secretaries have a legal background or are supported by legal counsel, enabling them to offer advice on legal and regulatory matters affecting the company.

The presence of a knowledgeable company secretary can significantly alleviate the burden of regulatory and compliance issues from the directors, allowing them to focus on strategic decision-making. The company secretary acts as a central source of advice and information for the board, ensuring that the business stays on the right side of corporate law and governance.

In summary, the company secretary's role is dynamic, encompassing legal, governance, compliance, and administrative functions. This role is pivotal in ensuring that the company not only operates within the legal framework but also adheres to the highest standards of corporate governance.

Legal requirements for appointment

Under UK law, public companies are required to appoint a company secretary, whereas private companies are not mandated to do so but may choose to appoint one. The appointed company secretary must have the requisite knowledge and experience to fulfil their duties effectively. Legal requirements for appointment include:

- **Qualifications:** Typically, a company secretary should be qualified by virtue of holding a relevant professional qualification or being a member of a professional body like the Institute of Chartered Secretaries and Administrators (ICSA).
- **Experience:** Practical experience in corporate governance, legal compliance, and administrative duties is essential.
- **Appointment process:** The board of directors usually appoints the company secretary, and the details of their appointment must be recorded in the company's register of directors and secretaries and notified to Companies House.

Governance and compliance

The company secretary plays a crucial role in fostering good governance and ensuring compliance with legal requirements. Their contributions include:

- **Governance framework:** Establishing and maintaining a robust governance framework that aligns with the company's strategic objectives.
- **Compliance monitoring:** Continuously monitoring and ensuring compliance with legal and regulatory requirements, including the Companies Act 2006.
- **Ethical standards:** Promoting high standards of ethical conduct and integrity within the company.
- **Risk management:** Assisting the board in identifying and managing risks, ensuring that appropriate controls are in place.

Role and duties of a company secretary

The company secretary holds a pivotal role in ensuring the smooth administration and governance of a company. Their duties are multifaceted, covering legal, regulatory, and advisory aspects. Key responsibilities include:

Function	Role and duties	Relationship with directors and shareholders
Governance oversight	Ensuring that the board operates within the legal framework and adheres to best practices. Ensuring that board procedures are followed and regularly reviewed, advising the company on good governance practices.	Advising directors on their duties and responsibilities, providing access to professional advice. They play a critical role in supporting the chairperson in the effective functioning of the board.
Compliance management	Keeping the company compliant with statutory and regulatory requirements, including filing annual returns and financial statements.	Ensuring timely and accurate dissemination of information to both the board and shareholders.
Advisory	Providing guidance to the board on governance matters and corporate regulations.	Communicating with shareholders, handling queries, and ensuring their rights are respected.
Meeting administration	Organising board and committee meetings, preparing agendas, taking minutes, and following up on action items.	Ensuring meetings run smoothly and effectively and that the company's decision-making process is well-documented and transparent.
Record keeping	Maintaining accurate company records, including registers of members, directors, and secretaries.	The company secretary ensures that statutory records are kept up-to-date and are accessible for inspection.

Incorporating a company

Incorporating your company is the first step towards building a legally recognised and compliant business. Ensuring that you understand the incorporation process will set a strong foundation for future success.

Incorporating a company in the UK begins with selecting the appropriate corporate structure. Whether you're establishing a private limited company, a public limited company, or a limited by guarantee company, understanding the nuances of each is important.

Company type	Advantages	Disadvantages
Private Company Limited by Shares (LTD) An LTD is the most common form of company in the UK. It is suitable for businesses that want to limit the liability of their owners.	**Limited Liability:** Shareholders' liabilities are limited to the amount unpaid on their shares. **Separate legal entity:** The company is a distinct legal entity, separate from its owners. **Easier to raise capital:** Can issue shares to raise capital. **Credibility**: Seen as more credible by suppliers, customers, and investors.	**Regulatory compliance:** Must comply with various filing and administrative requirements. **Public disclosure:** Financial accounts and directors' details are available to the public.
Private Company Limited by Guarantee Typically used for non-profit organisations, charities, and membership organisations, this type of company does not have shareholders but instead has members who act as guarantors.	**Limited liability:** Members' liabilities are limited to a nominal amount they guarantee. **No share capital:** Suitable for non-profit activities where profits are not distributed. **Separate legal entity:** Protects members from personal liability.	**Regulatory compliance:** Similar compliance requirements as a company limited by shares. **No share issuance:** Cannot issue shares to raise capital.
Public Limited Company (PLC) A PLC can offer its shares to the general public and may list on a stock exchange. This structure is suitable for larger businesses seeking significant capital.	**Limited liability:** Shareholders' liabilities are limited to their investment in shares. **Capital raising:** Can raise capital through public share issuance. **Credibility:** Often viewed as more prestigious and credible.	**Stringent regulations:** Subject to more stringent regulatory requirements and public scrutiny. **Higher costs:** More expensive to set up and maintain. **Disclosure requirements:** Must disclose more detailed financial and operational information.
Unlimited company An unlimited company is a type of company where the liability of members or shareholders is not limited.	**Privacy:** Financial accounts do not need to be filed with Companies House, offering more privacy. **Flexibility:** Greater flexibility in internal management and capital structure.	**Unlimited liability:** Members are liable for the company's debts without limit. **Risk:** Higher personal financial risk for members.

Company type	Advantages	Disadvantages
Limited Liability Partnership (LLP) An LLP combines elements of partnerships and limited companies, offering flexibility in management while providing limited liability protection to its partners.	**Limited liability:** Partners' liabilities are limited to their investment in the partnership. **Tax benefits:** Profits are taxed as personal income, avoiding Corporation Tax. **Flexibility:** Flexible internal structure and management.	**Public disclosure:** Required to file annual accounts and details of partners, which are publicly accessible. **Complexity:** More complex to set up and maintain compared to a traditional partnership.

By understanding the pros and cons of each company type, you can make an informed decision that best suits your business needs and objectives. This step is crucial to laying a solid foundation for your company's future growth and compliance.

Required documentation and information for registration

To successfully incorporate your company, you need to prepare and submit several key documents and pieces of information to Companies House. The most important include:

- Memorandum of Association: This document is a legal statement signed by all initial shareholders or guarantors agreeing to form the company. .
- Articles of Association: These are the written rules about how the company is to be run. They set out the rights and duties of the shareholders or guarantors, directors and the company secretary.
- Form IN01: This form includes vital information such as the company's proposed name, registered office address, details of the directors and company secretary (if applicable), and the initial share capital and shareholdings.
- Statement of Capital: Provides details of the company's share capital and the rights attached to each class of shares.
- Details of shareholders and directors: Including their names, addresses, and other necessary identification information.
- Details of the Persons with Significant Control: Provides details of who controls or owns your company.
- Registered email address: Needs to be an email address that would be expected to come to the attention of a person acting on behalf of the company. Companies House will then use the registered email address to communicate about the company, for example to send reminders or to query or challenge information held on the public record.
- These documents form the legal foundation of your company and are essential for registration with Companies House. Ensuring they are accurately completed and submitted is crucial for a smooth incorporation process.

Initial compliance requirements

Once your company is incorporated, steps must be taken to ensure legal operation and efficient management. First, you need to register your company for Corporation Tax with HMRC within three months of starting any business activities. This is crucial for tax purposes and avoiding potential penalties. Additionally, if your company's taxable turnover exceeds the VAT threshold of £85,000, it is mandatory to register for VAT.

Setting up a payroll system is another essential step, especially if you plan to hire employees. This involves registering as an employer with HMRC and establishing a Pay As You Earn (PAYE) system to handle Income Tax and National Insurance contributions. Opening a separate business bank account is also critical for managing your company's finances independently and maintaining clear financial records.

If your business handles personal data, you must register with the Information Commissioner's Office (ICO) to comply with data protection laws. It's also important to obtain necessary business insurances, such as Employers' Liability Insurance if you have employees, along with other relevant insurances based on your business activities. Ensuring compliance with health and safety regulations involves conducting risk assessments and implementing required safety measures to protect your employees and business operations.

Maintaining accurate and up-to-date statutory registers, including records of directors, shareholders, and company secretaries, is essential for legal compliance. Finally, you must submit the required documents to Companies House, such as an annual confirmation statement and financial accounts, to keep your company's records current and compliant with regulatory requirements.

Statutory filings with Companies House

Timely and accurate statutory filings with Companies House are vital for maintaining your company's legal standing and credibility. Regular compliance helps **avoid penalties and ensures transparency for stakeholders.**

Ensuring that your company remains compliant with statutory filing requirements is crucial for maintaining good standing and avoiding legal penalties. Below are the key areas of statutory filings that directors need to be aware of:

Confirmation Statements

Confirmation statements, are mandatory filings that verify your company's information on the public register. The confirmation statement must be submitted at least once a year and includes details such as a statement of capital and shareholder information if there have been any changes within the 12 months of the previous confirmation statement.

- Company name and number
- Lawful purpose statement

Financial accounts and reports

Every company is required to prepare and file annual financial accounts with Companies House. These accounts provide a snapshot of the company's financial health and must be prepared in accordance with the relevant accounting standards. Key components include:

- **Balance sheet:** A summary of the company's assets, liabilities, and equity at a specific point in time.
- **Profit and loss account:** An overview of the company's financial performance over a period, detailing income, expenses, and profit or loss.
- **Notes to the accounts:** Additional information providing context and explanations for figures in the financial statements.

For small companies, there are simplified reporting requirements, but they must still comply with the fundamental principles of transparency and accuracy.

Changes in company structure and management

Any changes in your company's structure or management must be promptly reported to Companies House to ensure that the public register is accurate and up to date. This includes the appointment or resignation of directors and company secretaries. Whenever there is a change in the composition of the board, it must be documented and filed to maintain transparency and compliance with statutory requirements.

In addition to changes in personnel, any modifications to the registered office address must also be reported. The registered office is the official address for receiving statutory correspondence, and updating it ensures that all legal documents are received in a timely manner. The registered office address must be a physical address in the UK or in the same country your company is registered in. For example, a company registered in Scotland must have a registered office address in Scotland. The address must also be 'appropriate'. Which means that:

- You, or someone acting on behalf of your company, will be made aware of any post addressed and delivered to your company.
- When your company receives post at this address, it's possible for the sender to get confirmation of delivery.

You can no longer use a PO Box as your registered office address.

Any amendments to the Articles of Association, which are the rules governing the company's operations, must be filed as well. This includes any changes to the procedures for appointing directors, issuing shares, or other significant governance issues.

Changes in the company's share capital, such as the allotment of new shares or alterations in existing share structures, also need to be reported. This is crucial for maintaining an accurate record of ownership and ensuring that all shareholders' interests are properly documented. Additionally, any changes in the shareholders or beneficial ownership must be reported. This transparency helps in preventing fraud and ensures that all stakeholders have a clear understanding of the ownership structure of the company.

Deadlines and penalties

Timeliness is crucial when it comes to statutory filings. Key deadlines include:

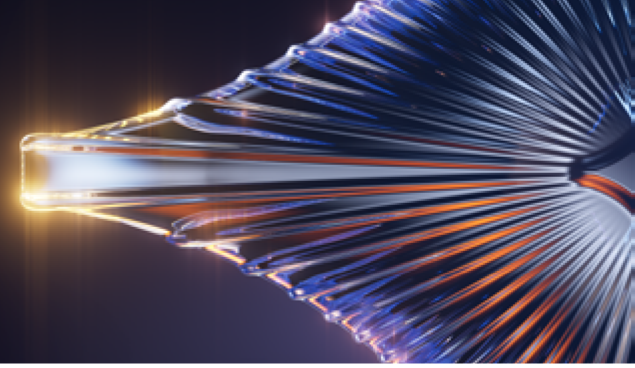
- **Confirmation Statement:** Must be filed within 14 days of the date of the confirmation statement.
- **Annual financial accounts:** Typically due nine months after the financial year-end for private companies and six months for public companies.
- **Notification of changes:** Most changes must be reported within 14 days.

Failure to comply with these deadlines can result in significant penalties, including fines and potential criminal charges for directors. Companies may also be struck off the register if filings are consistently late.

Companies House provides electronic filing systems that significantly streamline the process of submitting statutory documents. These systems offer several advantages, making compliance easier and more efficient for companies. One of the primary benefits is accessibility; directors can file documents online at any time, ensuring that filings can be made promptly without the need for physical paperwork. This flexibility is especially beneficial for meeting tight deadlines and managing multiple filings simultaneously.

Efficiency is another key advantage of electronic filing systems. Electronic submissions are processed more quickly than paper forms, reducing the waiting time for updates to be reflected in the public register. This rapid processing helps in maintaining accurate and up-to-date company records, which is crucial for both compliance and operational transparency. Additionally, the cost-effectiveness of electronic filing cannot be overstated. Companies can save on postage and administrative costs associated with traditional paper filings, making it a more economical option.

How we can help



Whilst focusing on the needs of their organisations, trustees, directors and business owners may struggle to set aside the time to consider their statutory duties and the legal obligations imposed upon their companies. We can help you avoid pitfalls by providing a complete compliance package tailored to your exact requirements.

Our Company Secretarial services

Our dedicated Company Secretarial team provides a full range of services designed to ensure compliance with statutory obligations. We also provide supporting documents for a wide range of ad-hoc corporate transactions. The team also works closely with our specialists in other areas such as audit, business support and tax, which helps to ensure that you always receive an integrated service.

Annual Compliance Package

We can provide an annual compliance package which starts from £725* + VAT and includes:

- Completion and filing of one confirmation statement with Companies House per annum, including up to five statutory changes per year in respect of:
- The appointment/resignation of directors/secretaries; and
- Change of details for directors'/ secretaries/shareholders/persons with significant control
- Maintenance of statutory registers to ensure compliance with UK legislation on our dedicated software:
- Register of directors and secretaries
- Register of directors' addresses
- Register of members
- Register of persons with significant control
- Maintenance of minute books as required under UK legislation:
- Board meetings and resolutions
- General meetings and members' resolutions
- Access to general advice on company secretarial matters
- Annual due diligence review

Our non-routine services include but are not limited to the following:

- Incorporation of new companies and LLPs
- Registration of UK establishments of overseas companies
- Voluntary strike offs
- Administrative restorations
- Company name changes
- Change of accounting reference dates
- Audit exemption
- Group re-organisations
- Share allotments and transfers
- Dividend documentation
- Dormant accounts
- Amendments to articles of association
- Minute taking
- Certification of company registers
- Advice on directors' duties and responsibilities
- Review of corporate governance and best practice procedures
- Health review of your statutory records

Registered Office facility

We can provide Registered Office facilities for statutory correspondence from £450 + VAT per annum and includes the use of our office address as the company's Registered Office and forwarding of all mail received to a nominated address (by email).

**Exclusive of filing disbursements*

For further assistance or any questions, you may have, please do not hesitate to contact our company secretarial services team. Our experts are here to provide you with tailored advice and support to help you navigate the complexities of corporate compliance.

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