

Are Model Articles up to the job?

Read on and you may be surprised!



The new Model Articles for private companies limited by shares (Model Articles) now contain only 53 separate articles compared to the 118 regulations contained in Table A to the Companies Act 1985.

So what has been left out or changed?

- The Model Articles no longer provide for a director to appoint an alternate to attend meetings and vote in his absence.
- Directors can now take unanimous decisions informally, for example by text message.
- The Model Articles prevent a director who is interested in a contract with the company from participating in the meeting at which the contract is discussed for quorum or voting purposes, except in very limited circumstances. They are more restrictive than the provisions of the new Companies Act 2006 (the Act) itself.
- The Model Articles only provide for a company to issue fully-paid shares, not nil paid or partly paid shares.

- The Model Articles contemplate that a company will only have one class of shares: they therefore don't include any authority for directors to allot shares. If you wish now or in the future for the company to have more than one class of shares, you will need to include express authority for the directors to allot shares.
- Provisions dealing with the calling and operation of general meetings are now set out in the Act rather than the Model Articles.
- The Model Articles no longer provide for companies to hold Annual General Meetings
- The Model Articles envisage that the company will not have a company secretary.

On this basis, are the Model Articles the most suitable form for your company's constitution?

If not and you would like to discuss whether you should be looking to amend or remove any provision of the Model Articles or include any provision currently not found in the Model Articles, please contact us on 0161 708 8384 or info@formationsdirect.com



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