



**DEADLINE: 1<sup>st</sup> October 2010**

**TOPIC: Corporate Director Changes for Private Limited Companies**

### **What is changing?**

As of the 1<sup>st</sup> October 2010 the Companies Act 2006 will require all companies to have at least one natural, or real, person as a director. From this date it will no longer be possible for the board of directors of a company to consist *only* of Corporate Directors.

### **What is a Corporate Director?**

A corporate director is a director that is not a natural person but a legal entity. In other words, a director that is not a human being. For example, a company called 'X Group Ltd' may own a subsidiary called 'X Hire Ltd' and may have appointed 'X Group Ltd' as director of 'X Hire Ltd' instead of a natural person.

### **Why the change?**

The main reason behind this change is to ensure that there is at least one person who can be held accountable for the company's actions rather than one company hiding behind another. In essence, at least one person must be held responsible for the company's actions.

### **What does this mean for me?**

It all depends on the date your company was first registered.

If your company was registered **after 8<sup>th</sup> November 2006**, you had a period of grace until the **1<sup>st</sup> October 2008** to appoint at least one natural person as a director. If you have not done this, then you should take urgent action.

If your company was registered **before 8<sup>th</sup> November 2006**, you must appoint at least one natural director before the deadline date on the **30<sup>th</sup> September 2010**. Failure to appoint a natural person by this date may lead to a fine up to **£5,000** for both the company and the directors in default with the possibility of additional daily default fines being issued.

A company without a natural director after the deadline may also encounter difficulty as the company may be viewed as not being in good standing. You may also encounter difficulties filing accounts with Companies House as directors' approval is required. Failure to file accounts on time may lead to further penalties and fines.

### **What should I do now?**

If your company only has corporate directors and you think you are in danger of missing this deadline, please contact our Corporate team and we'll help you comply with the new legislation.

Contact us through: [corporate@wjm.co.uk](mailto:corporate@wjm.co.uk)

Glasgow: 0141 248 3434    Edinburgh: 0131 221 5560

