

Corporate and underage directors

The changes from 1st October 2008 will see a further stage in the implementation of the Companies Act 2006, especially in the requirements of corporate and underage directors. From 1st October a company can no longer have all corporate directorships which means a company is required to have at least one director who is a natural person i.e. a real person. The reason behind this change is to ensure that there is at least one individual who can be held responsible and accountable for the company's actions. This is provided under section 155 of the Companies Act.

Section 157 provides for a minimum age for appointment as director. Under this section a person may not be appointed a director of a company unless he has attained the age of 16 years. The Act also removes the restriction on directors of more than 70 years old. To give existing companies time to accommodate this change the rules are being implemented on two dates depending on when a company was first registered and who its directors were on certain dates. When a person appointed as a director of a company before section 157 (minimum age for appointment as director) comes into force, has not attained the age of 16 by 1st October 2008, that person ceases to be a director. Companies House will resign all such underage directors.

The company will be required to amend the Register of Directors to reflect the fact that the appointment has ceased. Companies without an eligible director will be in default and will need to appoint at least one director to remedy the position. The company will be in default and may be subject to penalties for failure to comply which includes fines up to £5000 for both company and officers in default plus daily default fines. The Secretary of State also has power to issue a direction requiring the company to comply with this section. A company without an eligible director may also find it difficult to operate as the company may be considered not to be in good standing.

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