

## Annex C

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### **Miscellaneous Repeals**

The development of company law over the last 150 years means that there are many provisions in the current legislation which are no longer required. While some examples of these are given elsewhere in the White Paper, there are also a number of other, more miscellaneous provisions which it is planned to repeal.

For example, while it used to be common for companies to convert their shares into stock, this has been much less significant since the entry into force of the Companies Act 1948. The Bill will therefore remove the ability of companies to convert shares into stock, although it will continue the ability for existing stock to be converted back into shares.

The Bill will also abolish the statutory provisions enabling a company to set aside, by special resolution, some element of its uncalled up share capital which could only be called up in the event of the purpose of the company being wound up.

The Companies Act currently lays down how if a director is required by company's articles to hold a specified share qualification the director can acquire that qualification. These provisions are now obsolete, and will be repealed.

Similarly it is planned to repeal the provisions enabling a limited company, if authorised by its articles, to impose unlimited liability on its directors, managers or any managing director.

It is also proposed to remove the statutory provisions limiting the extent to which a director can assign his or her office to another person.

The rules relating to untaxed payments to directors will also be repealed as they now have no practical effect.

The provisions for insurance, deposit provident or benefit societies to make six monthly statements of their share capital, liabilities and assets will be repealed as this has now been superseded by the Financial Services Authority's prudential supervision.

The Government is also considering the possibility of repealing the requirement that the Secretary of State make an annual report on matters within the companies and insolvency legislation to be laid before both Houses of Parliament. Since this provision was originally enacted, both Companies House and the Insolvency Service have become Executive Agencies laying their own full reports and accounts for [Parliament/House of Commons.] In addition, the DTI publishes its own expenditure plans which are laid before Parliament. The Government notes that relatively few copies of the Companies Act Annual Report are now purchased, probably a reflection of the amount of information being provided in other ways. The Government is therefore minded to drop this requirement.