



Companies House
— for the record —

As modified by the Companies Act 2006

Share Capital

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This is a guide only and should be read with the relevant legislation, which is contained in the Companies Act 1985 and the Companies Act 2006.

Introduction

When reading these guidance notes, you need to be aware of the following:

Some, but not all, of the provisions in the Companies Act 2006 have come into force. Therefore, some provisions in the Companies Act 1985 remain relevant. We have tried as far as possible to make it clear throughout these notes which Act applies. If you would like to find out more you may wish to visit our website at www.companieshouse.gov.uk where you can find out which provisions in the respective Acts are in force. Our website also contains a link to the BERR (The Department for Business, Enterprise and Regulatory Reform) website www.berr.gov.uk/bbf/co-act-2006/index.html where you can find further information. Some provisions in the new Act are subject to transitional arrangements. We will as far as possible explain these in this guidance and give details on our website.

There is one final stage in the implementation of the Companies Act 2006 scheduled for October 2009. We will update any guidance notes affected by those implementations at the time. You may wish also to keep an eye on our website where we will publish more information as the implementation process continues so you can access the most up to date information.

Until October 2009, these guidance notes apply only to companies formed in Great Britain (England, Wales and Scotland). The separate

system in Northern Ireland is then scheduled to merge into a single system for the whole of the United Kingdom.

The information in this guide applies to all companies, incorporated with a share capital in England, Wales or Scotland, whether private or public. It is an introductory guide to a complex subject and if you are in any doubt about anything you should consider seeking professional advice.

The information in the guide:

- explains the basic features of the share capital regime;
- tells you what information a company must deliver to Companies House; and
- covers the regulation of:
 - authorised share capital, allotment and cancellation of shares;
 - types of shares, restructuring share capital and share transfer;

The relevant legislation is in the Companies Act 1985 and the Companies Act 2006.

Chapter 1

Share capital

1. What is share capital?

When people form a company, they decide whether to limit the members' liability by shares. The memorandum of association (a document required in the company's formation) must state:

- the amount of share capital the company will have; and
- the division of the share capital into shares of a fixed amount.

On registration of the company at Companies House, members of the company (the 'shareholders') must agree to take some, or all, of the shares. The memorandum of association must show the names of the people who have agreed to take shares and the number of shares each will take. These people are the subscribers.

2. What is authorised capital?

A limited company's authorised share capital is the amount of capital with which it starts its life (but which it can alter subsequently) and which the memorandum of association states. A company's authorised share capital is not the same as its issued capital.

3. Can a company alter its authorised share capital?

Unless its articles of association require a special or extraordinary resolution, a company can increase its authorised share capital by passing an ordinary resolution. You must send a copy of the resolution and, notice of the increase in authorised share capital on [Form 123](#), to Companies House within 15 days of passing the resolution. No fee is payable to Companies House.

A company can decrease its authorised share capital by passing an ordinary resolution to cancel shares which nobody has taken or agreed to take. You must send notice of the cancellation, on [Form 122](#), to Companies House within one month. No fee is payable to Companies House.

*For information about resolutions, see our guidance on 'Resolutions', ([Companies Act 1985](#) or [Companies Act 2006](#))

*** Please note**, Companies Act 1985 'Resolution' guidance provides general information which could still be relevant to your company.

4. Public Limited Companies and the 'authorised minimum'

A public limited company cannot conduct business or exercise borrowing powers unless and until it has obtained a trading certificate from Companies House, confirming that it has the minimum allotted share capital. This is the 'authorised minimum'. In order to satisfy the requirement and obtain a trading certificate, the company must have either a minimum of £50,000 of allotted share capital denominated in sterling or a minimum of €65,600 of allotted share capital denominated in euros. The company cannot satisfy the requirement by a combination of euro and sterling shares or by shares in any other currency. Further, a share allotted in pursuance of an employees' share scheme can only be counted towards satisfying the authorised minimum if at least 25% of the nominal value of each share and any premium is paid up.

A company re-registering from a private company to a public company does not have to apply for a trading certificate. But in order to re-register, the nominal value of its allotted share capital must be not less than the authorised minimum and each of its allotted shares must be paid up as to at least 25% of its nominal value and the whole of any premium (although certain shares can be disregarded). The company must satisfy the authorised minimum, for the purposes of re-registration, either by means of sterling shares with a total nominal value of at least £50,000 or by means of euro shares with a total nominal value of at least €65,600. It cannot satisfy it by a combination of euro and sterling shares or by shares in any other currency.

If a company applying for a trading certificate or for re-registration is capable of satisfying the authorised minimum either in euro shares or in sterling shares, it must choose in its application which currency to rely on. A company that is re-registering from private to public must complete [Form 43\(3\)](#).

To apply for a trading certificate, the company must send [Form 117](#) to Companies House:

(see following note).

Note:

You still need to use Form 117 for applications for a trading certificate, but only to provide the information required by section 762 of the Companies Act 2006. You do not need a statutory declaration or separate statement of compliance. A director or secretary of the company must sign the form. The company needs to adapt the form where the company is seeking to satisfy the authorised minimum in euro shares. Adapting it in this way will amount to an election to rely on euro share capital (rather than sterling share capital) for that purpose.

Similarly, you still need to use Form 43(3) for applications to re-register as a public company, but the form needs to be adapted where the company is seeking to rely on euro share capital to satisfy the authorised minimum requirement. Adapting the form in this way will amount to an election to rely on euro share capital rather than sterling share capital.

Companies House has produced adapted versions of forms 117 & 43(3) which it has adapted so as to contain the appropriate information for applications made on or after 6 April 2008, but use of these forms are optional.

5. What is issued capital?

Issued capital is the value of the shares issued to shareholders. This means the nominal value of the shares rather than their actual worth.

A company may increase its issued capital by allotting more shares, but only up to the maximum allowed by its authorised capital (i.e. a company's issued share capital cannot exceed its authorised share capital); it must make allotments under proper authority (see [question 7](#)).

- A public company may offer shares to the general public in a prospectus or by listing particulars. For more information on prospectuses and listing particulars, see [chapter 3](#).
- A private company may normally only issue shares to its members, to staff and their families, and to debenture holders. However the company may issue shares to anyone it chooses by private arrangement.

6. Can a company reduce its issued capital?

Yes, under the Companies Act 1985, a company can reduce its issued share capital in the following circumstances-

- where a court order confirms a reduction of capital following a special resolution of the company and the registrar registers the order and a court-approved minute detailing the company's share capital as reduced;
- where the company redeems its shares in accordance with a redemption contract;
- where the company's articles allow it to buy its own shares and an ordinary or special resolution (depending on the circumstances) authorises the purchase;
- A public company whose shares are listed on a recognised investment exchange can either cancel those shares or (subject to rules about maximum holdings) hold them "in treasury" for resale, or transfer to an employees' share scheme, at a later date. In all other cases where the company buys back its own shares it must cancel them and the company's issued share capital reduces. This does not however reduce the company's authorised share capital.

From 1 October 2008, a private company can reduce its issued capital by special resolution supported by a solvency statement. This is a new process of capital reduction under the Companies Act 2006 and is only applicable to private companies. A company must deliver to Companies House-

- A copy of a special resolution authorising the capital reduction
- A copy of the solvency statement made in accordance with sections 642(1)(a) and 643 Companies Act 2006
- A memorandum of capital
- A statement of compliance by the directors

All the company directors must sign the solvency statement. This is a statement confirming that each director has formed the opinion that:

- at the date of the statement there are no grounds on which the company could be found to be unable to pay its debts; and
- if it is intended to commence a winding-up at any time in the 12 months following the statement, the company will be able to pay its debts within 12 months of the commencement of the winding up; or in any other

case, the company will be able to pay its debts within the year following the date of the solvency statement.

The company must send or make available at a general meeting (depending on whether the resolution is proposed as a written resolution or at general meeting) a copy of the solvency statement to every eligible member of the company.

A memorandum of capital is a breakdown of the company's share capital structure following the reduction.

A statement of compliance by the directors is confirmation that the company made a copy of the solvency statement available to each of the eligible members as required and that the solvency statement was not made more than 15 days before the company's members passed the resolution.

You must send a copy of the solvency statement and resolution, and the memorandum of capital and statement of compliance by the directors, to Companies House. All of the documents should be sent to Companies House within 15 days of the passing of the resolution. Wherever possible, you should send all the forms together. In any event, the reduction of capital will not take effect until Companies House has registered a copy of the solvency statement, resolution and memorandum of capital.

Companies House has not prescribed forms for this process and you will have to produce your own documents. For further information and detail on the content of these documents, please follow the links below to the legislation:

www.uk-legislation.hmso.gov.uk/si/si2008/uksi_20081886_en_1

www.berr.gov.uk/files/file46300.doc

7. Can a company increase its issued capital?

A company may increase its issued share capital by issuing additional shares. Shares are "issued" when a person is registered as a member in the company's register of members.

'Allotment' is the process by which the company enters into a contract with someone to allot shares and that person acquires an unconditional right to be issued with the shares. Directors allot shares on the company's behalf, but either the company's articles or a resolution of the company passed at a general meeting, needs to authorise them to do so.

8. What type of resolution does the company have to pass to give authority to allot shares?

Any public or private company with share capital may give authority by ordinary resolution. Subject to an exception for private companies (noted in the following paragraph) authority must be for a fixed period which must not

exceed five years and must set a limit on the amount of shares that the directors can allot under it. The company must deliver a copy of a resolution giving, varying, revoking or renewing an authority to allot shares to Companies House within 15 days of passing it.

A private company with share capital may pass an elective resolution, authorising the directors to allot shares for an indefinite period or for a fixed period longer than five years, though such a resolution must still set a limit on the amount of shares which the directors may allot. The company must deliver a copy of any elective resolution to Companies House within 15 days of passing it. A public company cannot pass an elective resolution.

* For more information about resolutions, see our guidance on 'Resolutions'. ([Companies Act 1985](#) or [Companies Act 2006](#))

* **Please note**, CA 1985 Resolution guidance provides general information which could still be relevant to your company.

9. Must a public company notify Companies House when it makes an offer of shares to the public?

A company does not have to register prospectuses and listing particulars at Companies House. However, the general rule is that a public company may not offer securities to the public in the UK, nor seek admission to trading on a regulated market in the UK, unless it has published a prospectus approved by the Financial Services Authority.

For more information on these requirements, please contact the Financial Services Authority (www.fsa.gov.uk/ or telephone 020 7066 1000).

10. Must a company notify Companies House when it has made an allotment of shares?

Within one month of the allotment of shares, a company must deliver a return of allotment, on [Form 88\(2\)](#), to Companies House. No fee is payable to Companies House.

If it allots shares over a period of time, particularly in a rights issue (see [question 15](#)), it is not acceptable to delay delivery of the return until it has allotted all the shares if this means the form will be late for any of the allotments. Instead, the company must complete consecutive forms and deliver each form to Companies House within one month of the first allotment stated on it.

Note: in the case of a rights issue, the date(s) of allotment will usually be the date(s) on which the company allots the shares following receipt by the company of acceptances/renunciations NOT the date on which it issues the provisional allotment letters. .

If the shares are paid for in cash you must include details of the actual amount paid, or due to be paid and actually payable, on the form (including any amount paid or due and payable by way of premium). Do not include any amount that is not yet due for payment on a partly paid-up share.

Nominal value and share premium

A company's authorised share capital divides into shares of a nominal value. The real value of the shares may change over time, reflecting what the company is worth, but their nominal value remains the same. When the company issues shares for more than their nominal value, the actual sum paid will be in two parts - the nominal value and a share premium. You must record the share premium separately in the company's financial records in a 'share premium account'.

If the company allots shares for a non-cash consideration (i.e. in return for payment otherwise than in cash) (see [questions 12](#) and [14](#)), the amount entered on the form against 'Amount (if any) paid or due on each' must be 'nil' or '0.00'.

11. Must shares be fully paid-up at the time of allotment?

In a private company, shares do not have to be fully paid up at the time of allotment; payment can be deferred. Shares allotted in a public company must be paid-up to at least a quarter of their nominal value and the whole of any premium. However, this does not apply to shares allotted under an employees' share scheme, that is, a scheme for encouraging share ownership by employees, former employees and their families.

As a general rule, a company may allot bonus shares to members as fully paid-up. A company which has funds available for the purpose may also pay up any amounts unpaid on its shares. See [question 14](#).

A company must not allot shares for an amount less than the nominal value of the shares, that is, at a discount.

12. Must people pay for shares in cash?

Payment for shares can be in a variety of ways including cash, goods, services, property, good will, know-how, or even shares in another company. The latter is often the case when one company takes over another. It also includes cash payments to any person other than the company allotting the shares.

There are greater restrictions on public companies in what they may accept in payment for shares. Non-cash payments must be independently valued before they allot shares (except in the case of bonus issues, mergers or arrangements whereby shares in another company are cancelled or

transferred to the company). The company must deliver a copy of the valuation report to Companies House with [Form 88\(2\)](#).

Generally, allotted shares can be paid for;

- wholly for cash;
- partly for cash and partly for a non-cash payment; or
- wholly for a non-cash payment.

Paid up in cash

A share is paid up in cash if the amount due is received by the company (in cash or by cheque), or the company has been released from a liquidated liability or an undertaking has been given to pay cash to the company at a future date. 'Cash' includes foreign currency.

13. Must I send any more information if allotments include non-cash payments?

Yes. [Form 88\(2\)](#) must show the extent to which the company has treated the shares as paid-up. This must be stated as a percentage of the total amount payable in respect of the nominal value and any premium.

Calculating the extent to which shares are paid-up

If an allotment is partly for cash and partly for a non-cash payment, then the extent to which the shares are treated as paid-up must include the cash and non-cash elements. For example, a £1 share allotted for 50p in cash (either paid or due and payable) and 50p in services is still 100% paid-up. If the shares were allotted at a premium, the percentage includes the nominal value of each share and the premium.

Form 88(2) must also include a brief description of the non-cash payment for the shares (for example, 'in return for the transfer of 100 ordinary shares of £1 in XYZ limited' or 'capitalisation of reserves'). You must also send to Companies House the written contract which constitutes the title to the allotment.

If there is no written contract, you must deliver a [Form 88\(3\)](#) to Companies House with Form 88(2) within one month of the allotment. No fee is payable to Companies House. Form 88(3) is not acceptable when there is a written contract.

Stamp duty

Acquiring shares for a non-cash payment involves the transfer of property, which may amount to a chargeable transaction under the Stamp Acts.

Please note: For contracts entered into after 30 November 2003, there is no need to have the written contract or Form 88(3) stamped by Her Majesty's Revenue and Customs (HMRC)

14. What are bonus shares?

If authorised by its articles, a company may resolve to use any undistributed profits, or any sum credited to the company's 'share premium account' or 'capital redemption reserve' to finance an issue of wholly or partly paid up 'bonus' shares to the members in proportion to their existing holdings. The shareholders to whom the company issues the shares pay nothing. Since the issue may reduce the amount of money available for paying dividends, the term 'bonus' is not always appropriate. The correct term is 'capitalisation of reserves' or 'capitalisation of profits' but you can also use the terms 'scrip -' or 'scrip - issue' to describe such shares.

A company can also use a capitalisation of profits to credit partly paid shares with further amounts to make them paid up.

The company must notify the allotment of bonus shares to Companies House on Form 88(2). It should show the amount paid or due on each share as 'nil' or '0.00' and the shares as paid up 'otherwise than in cash'.

In addition, if a listed public company issues bonus shares in respect of shares held in treasury, the company must notify Companies House on Form 169(1B). Stamp duty is not payable. No fee is payable to Companies House.

15. What are pre-emption rights?

Pre-emption rights are the rights of existing members to take priority when a company offers new shares. They give members the opportunity to accept or reject a share offer before the company offers new shares elsewhere.

They do not apply to allotments of shares that companies can issue as wholly or partly paid-up for a non-cash payment, or shares in an employees' share scheme. An employees' share scheme is a scheme for encouraging share ownership by employees, former employees and their families. The memorandum or articles of a private company may exclude pre-emption rights but a public company's cannot.

The Companies Act 1985 allows a company to pass a special resolution not to apply pre-emption rights. This is known as the 'disapplication of pre-emption rights'. The resolution will apply to one specific allotment and it will need to pass a further resolution if similar conditions were to apply to future allotments. A company must deliver a copy of the special resolution to

Companies House within 15 days of passing it. No fee is payable to Companies House.

16. What happens if a person is unable to or refuses to pay for shares?

A member is liable to 'pay up' at least the nominal value of each of his or her shares and any amount owing to the company is a debt, which it can 'call up'.

If a member refuses to pay all or any call on a share (i.e. where there has been a 'call up'), the company may use forfeiture proceedings if its articles so permit.

Paragraphs 18-22 of Table A of The Companies (Tables A to F) Regulations 1985 set out a typical forfeiture procedure. If you have not adopted alternative provisions, you must follow these provisions. You must follow the provisions exactly; otherwise the court may declare forfeiture proceedings void.

Directors may sell, re-allot or otherwise dispose of a forfeited share at their discretion. You do not need to notify Companies House of the forfeiture or re-allotment except in the list of members on the company's next annual return.

If a member cannot pay a call on shares, and if the company and member agree, the member may surrender the shares to the company. The effect is the same as forfeiture, but avoids the formal procedure. The company may only accept surrendered shares if it could have used its power of forfeiture.

A private company may hold forfeited shares indefinitely pending re-allotment. A public company must cancel the forfeited shares, if it does not otherwise dispose of them, within three years. If cancellation(s) reduce a public company's allotted capital below the authorised minimum, it has to re-register as a private company within the same period.

A company cannot use forfeited shares for voting purposes.

17. What is paid-up capital, uncalled capital, reserve capital and share premium?

These terms describe the make up of a company's share capital:

- paid-up capital is issued capital which has been fully or partly paid-up by the shareholders;
- uncalled capital is that part of issued capital on which the company has not requested payment;
- reserve capital is that part of share capital which the company has decided to call up in the event of it being wound up, and for the purposes of it being wound up; and

- share premium is the excess paid over and above a share's nominal value. This excess must be recorded separately in the company's financial records, in a 'share premium account', and used for the purposes specified in Section 130 of the Companies Act 1985 (for example, in paying up un-issued shares to be allotted to members as fully paid-up bonus shares.)

As an example, if a company issues 1,000 shares with a nominal value of £1 each, paid-up to 20% of their nominal value with a 10% reserve and a share premium of 50p, the capital is:

paid-up capital	=	£200	(1,000 x £0.20)
reserve capital	=	£100	(1,000 x £0.10)
uncalled capital	=	£700	(1,000 x £0.70)
share premium	=	£500	(1,000 x £0.50)

Chapter 2 Shares

1. Are there different types of shares?

A company may have as many different types of shares as it wishes, all with different conditions attached to them. Generally share types fall into the following categories:

- **Ordinary:** As the name suggests, these are the ordinary shares of the company with no special rights or restrictions. The company may divide them into classes of different value.
- **Preference:** These shares normally carry a right that the company should pay any annual dividends available for distribution on these shares before other classes.
- **Cumulative preference:** These shares carry a right that, if the company cannot pay the dividend in one year, it will carry it forward to successive years.
- **Redeemable:** The company issues these shares with an agreement that it will buy them back at the option of either the company or the shareholder after a certain period, or on a fixed date. A company cannot have only redeemable shares.

2. Can shares be in any currency?

Different types of shares may be in different currencies. However, a public limited company applying to the registrar for a trading certificate, must either have at least £50,000 of allotted capital denominated in sterling or at least €65,600 of allotted share capital denominated in euros. The same requirement applies to a private company seeking to re-register as a public company

3. Can a company change the currency of its shares?

A company may purchase its own shares (see [questions 7 and 8](#)) and allot shares in a different currency. Alternatively, it may seek a court order to reduce its issued capital to zero, cancel its authorised capital, and simultaneously create capital and allot shares on a proportional basis in the new currency. However, public companies are constrained by the “authorised minimum” requirement. If the effect of a capital reduction is to bring the nominal value of a public company’s allotted capital below the authorised minimum, it will generally need to re-register as a private company. For this purpose, however, a public company can satisfy the authorised minimum requirement by means of shares denominated in multiple currencies. The method of calculating whether the authorised minimum is satisfied is set out in the Companies (Authorised Minimum) Regulations 2008.

4. Can a company change its shares?

If so authorised by its [articles of association](#), a company may pass an ordinary resolution to:

- consolidate and divide its share capital into shares of larger amounts than its existing shares, for example it may consolidate and divide 200 shares of £1 into 100 shares of £2;
- sub-divide its shares, or any of them, into shares of smaller amounts, for example, it may divide a £1 share into 10 shares of 10p;
- convert all or any of its paid-up shares into stock or re-convert stock into shares. A company cannot issue stock in the first instance. It can only convert issued shares into stock. (Converting shares into stock means treating them as one merged fund equivalent to the nominal value of the individual shares. For example, 100 shares of £1 each would convert to £100 stock.)

In all the above cases, the total [authorised](#) and [issued](#) share capital remains unaltered. A company must send Notice of the change to Companies House on [Form 122](#) within one month. No fee is payable to Companies House.

* For more information about resolutions, see our guidance on 'Resolutions'. ([Companies Act 1985](#) or [Companies Act 2006](#))

* **Please note**, CA 1985 Resolution guidance provides general information which could still be relevant to your company.

5. Can the company amend class rights?

A company may alter the rights attached to any class of shares. How it does this depends on whether the rights stem from the memorandum, articles of association or elsewhere: a company cannot convert non-redeemable shares into redeemable shares.

Dissenting shareholders, holding at least 15% of the issued shares of the class, may apply to the court to cancel the variation. They must do this within 21 days after consent was given to the variation or a resolution was passed to vary the rights. If the court grants the order, the company must deliver a copy of the court order to Companies House within 15 days of the court making the order.

Special rights attached to shares and newly created class rights

You must deliver the following forms to Companies House (no fee is payable) within one month in the circumstances described:

- When a company allots shares with rights that the memorandum or articles or a resolution or agreement does not state, you must send [Form 128\(1\)](#) to Companies House.
- When a company varies the rights attached to shares except by amending the memorandum or articles or by a resolution or agreement you must send [Form 128\(3\)](#) to Companies House.
- When a company assigns a name or new name to any class of its shares except by amending the memorandum or articles or by a resolution or agreement you must send [Form 128\(4\)](#) to Companies House.

6. Can a company use redeemable shares to reduce issued capital?

Yes. A company which has issued redeemable shares may reduce its issued share capital by redeeming them in accordance with the agreement under which it issued them. However, if the owner does not return the shares to the company in accordance with the agreement - for example, if they return them earlier than stated in the agreement - then the company must deal with the transaction as a purchase of the company's own shares - see question 7.

You must deliver notification of redemption of shares to Companies House within one month on [Form 122](#). No fee is payable to Companies House.

7. Can a company purchase its own shares?

If permitted by its articles, a company may pass a special resolution to authorise itself to buy some of its shares. But it cannot do so if this would leave only redeemable shares in issue.

The terms of the resolution will depend on whether it is a 'market purchase' (that is, a purchase made on a recognised stock exchange) - or an 'off-market purchase' (that is, a purchase made otherwise than on a recognised stock exchange or made on a recognised stock exchange but not subject to a marketing arrangement on that exchange).

You may only make an off-market purchase:

- in accordance with the terms of a contract authorised in advance of the purchase by a special resolution; or
- under the terms of any contingent purchase contract that the company has approved in advance by a special resolution.

Generally, when a company purchases its own shares, it cancels the shares on their return and you must notify the purchase to Companies House on [Form 169](#) within 28 days.

However, a listed public company may hold the shares 'in treasury' for resale or transfer to an employees' shares scheme at a later date, in which case you must notify the purchase to Companies House on [Form 169\(1B\)](#). For more information on holding shares in treasury, see [question 8](#).

Purchase of own shares out of capital (private companies only)

If a private company finances a purchase by a payment out of its capital, the directors must also have made a statutory declaration on [Form 173](#) about the solvency of the company immediately after the purchase and in the next year. A report by the company's auditor confirming the directors' opinion must accompany the form and be delivered to Companies House no later than the day on which notice of the proposed payment out of capital is first published, (requirements for publishing the notice are covered by section 175 of the Companies Act 1985.)

The purchase by a company of its own shares is a chargeable transaction under the Finance Act 1986. Stamp Duty may be payable on the aggregate amount of the re-purchase price at ½% rounded up to the nearest multiple of £5.

Stamp duty

Before sending Form 169 or Form 169(1B) to Companies House, if you executed the instrument on or after 13th March 2008 and the consideration for the shares is above £1000, HM Revenue & Customs (HMRC) must stamp the form.

If the consideration is £1000 or less, you need not send the form to be stamped, but you must sign the certification on the form.

Please note: A single form 169 or 169(1B) can be used to notify Companies House of repurchases of shares on different dates and under different contracts.

If the consideration for any of the individual transactions shown is £1,000 or below, the form will not require stamping. If, however, the consideration for any of the transactions is more than £1,000, the form will need to be sent to HMRC for stamping prior to being sent to Companies House.

No fees are payable to Companies House on Forms 169, Form 169(1B) or Form 173.

8. Does the company need to complete transfer documents for redemption and purchase of own shares?

A transfer document is not necessary when a company redeems its shares, or buys its own shares and cancels them. Neither of these events qualifies as a transfer of shares, and the company must reduce its issued share capital on the return of the shares to the company. (It does not affect the company's authorised share capital).

A transfer document is also not necessary when a listed public company buys its own shares and holds them in treasury for later disposal. Although this type of purchase does not reduce the company's issued share capital - the company becomes a shareholder and is entered as such in the register of members – you must complete and deliver a (stamped if appropriate) Form 169(1B) to Companies House within 28 days of the purchase. No fee is payable to Companies House.

If a listed public company is buying some shares to hold in treasury and some to cancel, then it must complete Form 169 for the shares that it is going to cancel and Form 169(1B) for the shares that it is going to hold in treasury. No fee is payable to Companies House.

If the company subsequently decides to cancel treasury shares, or sell treasury shares, or transfer treasury shares to an employees' shares scheme, it must notify Companies House within 28 days on Form 169A(2).

Please note:

A sale of shares from treasury is not an allotment of new shares. Please do not send [Form 88\(2\)](#) to Companies House.

9. Can I buy shares from someone else?

Shares in a public company normally change hands through a broker dealing in the market appropriate to those shares, usually, the London Stock Exchange or the Alternative Investment Market. However, a seller may transfer shares directly to a buyer, and inform the company accordingly.

Shares in a private company usually change hands by private agreement between seller and buyer. However, in all cases you must complete a transfer document. The articles of association of private companies often place restrictions on the transfer of shares that the company must observe.

The transfer of shares is normally a chargeable transaction under the Stamp Act. Stamp Duty (if appropriate) is payable to HM Revenue & Customs (HMRC) on the aggregate amount at ½% rounded up to the nearest multiple of £5.

10. How do I transfer shares to new owners?

A broker usually deals with the transfer of shares in a public limited company as described in [question 9](#).

To transfer shares in a private or unlimited company, a seller must complete and sign the appropriate section of a 'stock transfer form' - available from law stationers - and pass it, together with the share certificate, to the new owner.

The new owner must then complete their section of the stock transfer form, pay an appropriate stamp duty to the Inland Revenue and pass the completed form, and share certificate, to the company. The company secretary then arranges for the directors to authorise the change to the members' register and issues a share certificate in the new name.

Do not send stock transfer forms to Companies House. You should keep with them the company's own records.

11. What is transmission of shares?

In some instances the operation of law 'transmits' ownership of shares. The main example is on the death of a registered shareholder or a registered shareholder being made bankrupt.

On death, shares held in the sole name of the deceased vest in the personal representative or executor of the deceased. This person should inform the company and provide the necessary evidence so that it can register the fact and the personal representative can receive all notices and dividends relating

to the shares. The articles of association of companies often provide that a personal representative cannot exercise the votes attaching to the deceased's shares until he or she is registered as the holder of the shares.

On the winding up of the deceased's estate, the personal representative must inform the company of the beneficiary (or beneficiaries) of the shares so that it can make the necessary alterations to the register of members and issue new certificates.

If a share is jointly held, the survivor(s) will be the only person(s) recognised as having title to the share. You should inform the company immediately and give any necessary evidence of the death so that it can alter the register of members and issue a new share certificate.

The position of a shareholder who is made bankrupt is similar. Until a new member is registered, the rights to dividends vest in the trustee in bankruptcy. The bankrupt may remain a member and be able to vote, but only in accordance with the directions of the trustee. This is so where the name of the bankrupt shareholder remains on the register but the trustee generally has a right under the company's articles of association to apply to be registered as a member in respect of the bankrupt's shares.

Any restrictions on the transfer of shares contained in the company's articles will normally apply to a transfer or application resulting from the death or bankruptcy of a shareholder.

12. What are share warrants?

A share warrant is a document which states that the bearer of the warrant is entitled to the shares stated in it. If authorised by its articles, a company may convert any fully paid up shares to 'share warrants'. These warrants are easily transferable without any need for a transfer document; that is, they can simply pass from hand to hand.

When a company issues share warrants, it must strike out the share holder's name from its register of members and state the date of issue of the warrant and the number of shares to which it relates. Subject to the articles, the owner of a share warrant can surrender it for cancellation. If so, the holder is entitled to be re-entered into the register of members. Companies usually issue vouchers with the share warrants in order that owners can claim any dividends.

The holder of a share warrant remains a shareholder but whether they are a member of the company depends on the articles of the company. A company which converts all its shares to share warrants must exercise care as it could become a memberless company and thereby cease to exist.

13. What happens if I lose a share certificate?

The company's articles will normally deal with this. For example, paragraph 7 of Table A of The Companies (Tables A to F) (Amendment) Regulations 2007 sets out that the directors may issue a replacement share certificate when they are satisfied that the old certificate has been lost, worn out, defaced, or destroyed.

The directors will normally require the holder to give up any defaced or worn-out certificate and to sign an indemnity about the use of any lost or destroyed certificate. They may also require the holder to pay any reasonable expenses for investigating any evidence of loss.

14. Can I cancel a share if I cannot trace the holder?

No. The share belongs to the registered holder, not the company. If a person is eventually declared legally dead, then you should transmit the share to the beneficiary (or beneficiaries) - see [question 11](#).

If authorised by its articles, a company may retain any dividends that remain unclaimed after a certain period.

Chapter 3 Further information

1. Where can I get further information?

You may wish to consider consulting your professional advisers on all share capital matters. You may also telephone Companies House on 0303 1234 500 for basic guidance.

2. How do I send information to the Registrar?

The safest and most secure way to send statutory information to Companies House is to use our software or online filing services. For more information and registration details please visit our website www.companieshouse.gov.uk

Note:

Currently the only share capital forms that you can file electronically are the 88(2) and 123 forms.

You may deliver documents to the Registrar by hand (personally or by courier), including outside office hours, on bank holidays and at weekends to Cardiff, London and Edinburgh.

You may also send documents by post, by the Document Exchange Service (DX) or by Legal Post (LP) in Scotland. If you send documents, please address them to:

For companies incorporated in England & Wales:	For companies incorporated in Scotland:
The Registrar of Companies Companies House Crown Way Cardiff CF14 3UZ DX33050 Cardiff 1	The Registrar of Companies Companies House 4th Floor Edinburgh Quay 2 139 Fountainbridge Edinburgh EH3 9FF DX ED235 Edinburgh 1 or LP – 4 Edinburgh 2

If you are sending documents by post, courier or the Document Exchange Service (DX) and would like a receipt, Companies House will provide an acknowledgement if you enclose a copy of your covering letter with a pre-paid addressed return envelope. We will barcode your copy letter with the date of receipt and return it to you in the envelope provided.

Please note: an acknowledgement of receipt does not mean that a document has been accepted for registration at Companies House.

Please note: Companies House does not accept accounts or any other statutory documents by fax.

3. Can I file documents in other languages?

Usually, you must file documents sent to Companies House in English. There are exceptions as detailed below. You can draw up and deliver documents relating to Welsh companies in Welsh.

Companies can deliver the following documents in other languages if the document is accompanied by a certified translation into English:

- Resolutions and agreements affecting a company's constitution;
- Contracts relating to the allotment of shares for a consideration other than cash;
- For companies included in accounts of larger EEA or non-EEA groups, the group accounts and parent undertaking annual report; and
- Charge instruments (or copy charge instruments).

In addition companies may also file voluntary certified translations of any document subject to the First Company Law Directive disclosure requirements. These are:

- Constitutional documents such as the memorandum and articles of association;
- Directors appointments, changes in particulars or terminations;
- Accounts, reports and annual returns;
- Notification of any change in a company's registered office;
- Winding up documents;
- Share capital documents (public companies only);
- Documents relating to mergers and divisions (public companies only); and
- Documents relating to overseas companies.

The voluntary translation must relate to a document delivered to Companies House on or after 1 January 2007. Voluntary translations can only be filed in an official language of the European Union and must be accompanied by [Form 1106](#).

4. Where do I get forms and guidance?

This is one of a series of Companies House guidance which provide a simple guide to the Companies Act and related legislation.

[Statutory forms](#) and [guidance](#) are available, free of charge from Companies House. The quickest way to get them is through this website or by telephoning 0303 1234 500.

Forms can also be obtained from company law stationers, accountants, solicitors and company formation agents - addresses in business directories.

how to contact us

Contact Centre: 0303 123 4500*
Mini-com: 029 2038 1245
enquiries@companieshouse.gov.uk
www.companieshouse.gov.uk

*For training and quality purposes
your call may be monitored

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21 Bloomsbury Street, London WC1B 3XD
Fax: 029 2038 0900