

## An overview of the key rule changes which came into effect from 1st October 2007.

The new act comes into force across the UK on 6th April 2008. It is imperative that the Act is understood so that companies can make sure they conduct themselves in a manner which mitigates the likelihood of a claim being brought against the company or individual.

### Increase in minimum statutory holiday entitlement

The first phase of the increase in the number of days to which employees are entitled, from 20 to 24 days, comes into force from 1 October 2007. Bank holidays are included in the allowance; for instance, if an employee already gets four weeks' paid holiday plus bank holidays, their entitlement will not be affected.

### Companies Act 2006 commencement

Parts 9, 10 (in part), 11, 13 and 14 (in part), 29, 30 and 32, and section 417 in Part 15, are in force from 1 October. The main provisions are:

#### Directors' duties and responsibilities

While there are no new duties or responsibilities as such, the Act confirms and replaces in a single statement what has previously evolved in case law. In brief, the duty of directors is to act in a way which they consider most likely to promote the success of the company to benefit the shareholders and that, in doing so, they need to have regard as necessary to long-term factors, the interests of other stakeholders, such as employees, the community, and the company's reputation. In practical terms, this means no new paperwork is required, but directors will want to continue to make and keep written records of their decisions as they did before the Act.

There will no longer be a statutory requirement for private companies to hold **annual general meetings (AGMs)**. However, businesses can still hold AGMs if they wish. Shareholder meetings for private companies can now all be on a 14-day notice period, unless the company's articles allow different arrangements.

Decisions by written resolution of a company's shareholders will be much easier to make. **Written resolutions** now need a signature from a majority of shareholders, not all of them. Special resolutions need a majority of 75 per cent.

There will be a clearer way for shareholders to make a **derivative claim** to sue directors on behalf of the company - for instance, for fraud.

Unless a company files small-company accounts, its Directors' Report must contain a **Business Review** in its accounts.

Many of these changes do not apply to Limited Liability Partnerships.

### Increase in national minimum wage

The National minimum wage (in England, Wales and Scotland) is increased from 1st October 2007. The adult rate (for workers aged 22 and over) rises from £5.35 to £5.52 an hour.

The development rate for 18 to 21-year-olds is increased from £4.45 to £4.60 an hour, and the development rate for 16 to 17-year-olds is increased from £3.30 to £3.40 an hour.

### Changes to trade mark registration

From 1 October, the UK Intellectual Property Office now no longer refuses to register a new trade mark application because of an earlier conflicting trade mark (ie on 'relative' grounds), unless the owner of the earlier mark successfully opposes the new application.

### Changes to the Employment Equality (Sex Discrimination) Regulations 2005 (proposed)

Following the successful High Court challenge by the Equal Opportunities Commission, that the Equal Treatment (Amendment) Directive had not been fully implemented in the UK in respect of some provisions on pregnancy and maternity leave discrimination and harassment, the government undertook to introduce amending regulations with effect from 1 October; these have not yet been published.