



Companies House
— *for the record* —

Resolutions

August 2003

Resolutions

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This is a guide only and should be read with the relevant legislation.

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Introduction

This guide is about different types of company resolution. It explains what they are and the differences between them. It also tells you which resolutions need to be filed at Companies House.

This is one of a series of Companies House guides which provides a simple guide to the Companies Act and other related legislation.

Please note that this is only intended as a brief introduction to the subject, so you should read it in conjunction with the relevant law.

You will find the relevant law in the Companies Act 1985 (as amended in 1989 and later).

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CHAPTER 1

Resolutions - the basics

1. What is a resolution?

A **resolution** is an agreement or decision made by the directors or members (or a class of members) of a company. When a resolution is passed, the company is bound by it.

A **proposed resolution** is a motion. If the necessary majority is not obtained, then the proposed resolution fails.

2. How is a vote taken?

The vote on a resolution in a general meeting (or in a meeting of a class of members) is taken according to the rules in the company's [articles of association](#). Generally it is by a show of hands. But any member may demand a poll unless the company's articles say otherwise. A declaration by the chairman that the resolution is carried on a show of hands

is all that is required for a resolution to be passed. The number of votes for or against need not be counted.

3. Who must receive copies of a resolution before and after approval?

Notice of the intention to propose a resolution must be sent to company members. If a company has auditors, they must also be sent copies - or otherwise notified of the contents - of all proposed statutory written resolutions ([see chapter 2](#)).

Companies House must be sent a copy of any resolution listed in [question 4](#) below. The resolution must be:

- in printed form (or in another form approved by Companies House); and
- delivered to Companies House within 15 days of the date it was made or passed by the company.

4. What resolutions need to be sent to Companies House?

A copy of every resolution or agreement listed below must reach Companies House within 15 days after it has been passed. Some of the resolutions are described more fully in [chapter 2](#).

- Special resolutions and extraordinary resolutions. Also, resolutions or agreements passed by unanimous agreement of all the members but which would otherwise have needed to be passed as special resolutions or as extraordinary resolutions.
- Elective resolutions. Also, resolutions revoking elective resolutions.
- Class resolutions passed by unanimous agreement of all the members of a class of shareholders but which would otherwise have needed to be passed by a specific majority or in another manner. Also, all resolutions or agreements that effectively bind all the members of any class of shareholders though they have not been agreed by all those members.
- Directors' resolutions as listed in [question 1 of chapter 2](#).
- Ordinary resolutions as listed in [question 2 of chapter 2](#).
- Resolutions for voluntary winding-up. (See our guide, '[Liquidation and Insolvency](#)' or '[Liquidation and Insolvency \(Scotland\)](#)' for more information on this.)

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CHAPTER 2

Resolutions - different types

There are eight types of resolution

1. Directors' resolutions

These are only used by directors at board meetings. The following directors' resolutions must be filed at Companies House:

- a resolution to change the company's name in response to a [direction](#) from the Secretary of State under section 31(2) of the Companies Act 1985;
- a resolution to alter the memorandum of association of a company [ceasing to be a public company](#) following the acquisition of its own shares;
- a resolution by the directors of an old public company to re-register as a plc;
- a resolution to allow title (meaning the right to benefit from ownership) to be evidenced and transferred without a written document.

2. Ordinary resolutions

These are used for all matters unless the Companies Act or the company's articles of association require another type of resolution. They are passed by a simple majority of members who are entitled to vote at a meeting, notice of which has been properly given. Voting may also be allowed by a member's substitute known as a proxy. The length of notice required for an ordinary resolution depends on the kind of meeting at which the resolution is to be discussed. An ordinary resolution may be passed at short notice using the same arrangements as apply to special resolutions - see [question 4](#) below.

The following ordinary resolutions need to be filed at Companies House:

- a resolution to give, vary, revoke or renew an authority to the directors to [allot shares](#);
- a resolution to give, vary, revoke or renew an authority to the company to make a market purchase of its [own shares](#);
- a resolution to prevent or reverse a directors' resolution to allow title of shares to be evidenced or transferred without a written document;
- a resolution to authorise an [increase of share capital](#). This type of resolution must be sent with [Form 123](#) (notice of increase in nominal capital).

3. Extraordinary resolutions

These are required for certain matters, for example modifying the [rights of classes of shareholders](#) or winding-up. They are passed by at least 75% of the members who vote on the motion, in person or by proxy (where allowed) at a general meeting. The length of notice required for an extraordinary resolution will depend on several factors, including the type of meeting to be held. They may be passed at short notice under the same arrangements as for special resolutions - [see question 4](#) below.

4. Special resolutions

These are passed at a general meeting of which at least 21 days' notice specifying the intention to propose a resolution as a special resolution has been given. (In Scotland, the 21 days may include the day of the meeting.) As with an extraordinary resolution, a special resolution requires a 75% majority. It is required for important matters such as alterations to the memorandum or articles of association, [a change of name](#), or a reduction of capital to be approved by the court.

A meeting at which a special resolution (or an ordinary or extraordinary resolution) is to be proposed may be held at shorter notice with the agreement of the members entitled to attend and vote at the meeting. Agreement to short notice of the meeting and resolution must be by:

- the majority of members in number who also hold at least 95% in nominal value of the shares giving voting rights; or
- in the case of a company without share capital, the majority of members in number who also represent at least 95% of the total voting rights; or
- in the case of a meeting called as the annual general meeting, all the members.

Private companies may pass an elective resolution (see question 5 below) to reduce the majority required to authorise short notice of a meeting and notice of a resolution, to not less than 90%.

When a resolution alters the memorandum or articles of association of a company, a copy of the amended document must also be filed at Companies House.

5. Elective resolutions

These may be passed by private companies only and for five specific purposes - see below. 'Elective resolutions' must be passed by unanimous agreement in general meeting of the company by all the members entitled to attend and vote at the meeting in person or by proxy. A period of 21 days' notice of the resolution(s) must be given unless all members entitled to attend and vote at the meeting agree to a shorter period.

Elective resolutions may be used for the following purposes only:

- to amend the duration of the authority of directors to [allot securities](#);
- to dispense with the holding of annual general meetings;
- to dispense with the laying of accounts and reports before the members in general meeting;
- to allow the majority required to authorise short notice of a meeting and notice of a resolution to be reduced from 95% to a lower figure but not less than 90%;
- to dispense with the annual appointment of auditors.

6. Written resolution

A written resolution signed by all the members, or a resolution of any class of members, may be passed by a private company to resolve anything which could have been passed by the company in general meeting. However, this power cannot be used to remove a director or auditor before the end of their term of office.

To pass a written resolution, a meeting is not required and no prior notice is necessary. But the resolution can only be passed by unanimous agreement of all the members who, at the date of the resolution, would be entitled to attend and vote at a meeting that would otherwise have been held to pass it. The date of a written resolution is the date on which the last member signs. The signatures of each member do not need to be on a single document.

A copy of the proposed written resolution must be sent to the company's auditors - or they must otherwise be notified of its contents - at or before the time the resolution is supplied to the members for signature. A breach of this requirement would be a criminal offence but would not affect the validity of the resolution. This requirement does not apply to companies that do not have auditors.

The statutory written resolution procedure is in addition to anything the company's articles say about written resolutions.

7. Class resolution

When a company proposes to pass a resolution that affects one class of share only, then it will usually need to obtain the consent of a majority of the holders of the class of share. This can be obtained in writing or by passing an extraordinary resolution at a separate class meeting.

8 .Shareholder resolution

A company has a duty to circulate resolutions proposed by shareholders and intended to be moved at an annual general meeting if a certain number of members request it. The number of members necessary is:

- members having 5% of the voting power of the company; or
- 100 or more shareholders whose paid-up capital averages at least £100 each.

The resolution may be circulated at the expense of the members making the request, unless the company resolves otherwise.

Sections 376 and 377 of the Companies Act also places other conditions on the circulation of proposed shareholders' resolutions. For example, the time within which the request must be deposited at the company's registered office before the annual general meeting.

Shareholder resolutions are voted on at a company's annual general meeting in the same way as other resolutions - [see chapter 1](#).

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CHAPTER 3

Further information

1. Is there a standard form for resolutions?

No, but the Registrar does have a standard format available for:

- dormant companies wishing to exempt themselves from the requirements to appoint auditors in respect of accounts covering a financial year ending before 26 July 2000; and
- companies wishing to change their name.

If you need more information about resolutions, please write to Companies House at one of the addresses given below.

2. How do I send information to the Registrar?

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

You may also send documents by post or by the Hays Document Exchange service (DX). 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	The Registrar of Companies Companies House 37 Castle Terrace Edinburgh EH1 2EB
DX33050 Cardiff	DX ED235 Edinburgh 1

We will only acknowledge receipt of documents at Companies if you provide a stamped addressed envelope.

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

3. Where do I get forms and guidance booklets?

This is one of a series of Companies House booklets which provide a simple guide to the

Companies Act.

[Statutory forms](#) and [guidance booklets](#) are available, free of charge from Companies House. The quickest way to get them is through this website or by telephoning 0870 3333636.

If you prefer you can write to our stationery sections in [Cardiff](#) or [Edinburgh](#).

Forms can also be obtained from legal stationers, accountants, solicitors and company formation agents - addresses in business phone books.

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