



Companies Act 2006

2006 CHAPTER 46

PART 20

PRIVATE AND PUBLIC COMPANIES

CHAPTER 2

MINIMUM SHARE CAPITAL REQUIREMENT FOR PUBLIC COMPANIES

761 Public company: requirement as to minimum share capital

- (1) A company that is a public company (otherwise than by virtue of re-registration as a public company) must not do business or exercise any borrowing powers unless the registrar has issued it with a certificate under this section (a “trading certificate”).
- (2) The registrar shall issue a trading certificate if, on an application made in accordance with section 762, he is satisfied that the nominal value of the company's allotted share capital is not less than the authorised minimum.
- (3) For this purpose a share allotted in pursuance of an employees' share scheme shall not be taken into account unless paid up as to—
 - (a) at least one-quarter of the nominal value of the share, and
 - (b) the whole of any premium on the share.
- (4) A trading certificate has effect from the date on which it is issued and is conclusive evidence that the company is entitled to do business and exercise any borrowing powers.

762 Procedure for obtaining certificate

- (1) An application for a certificate under section 761 must—
 - (a) state that the nominal value of the company's allotted share capital is not less than the authorised minimum,

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- (b) specify the amount, or estimated amount, of the company's preliminary expenses,
 - (c) specify any amount or benefit paid or given, or intended to be paid or given, to any promoter of the company, and the consideration for the payment or benefit,^{F1} ...
 - (d) be accompanied by a statement of compliance [^{F2}and
 - (e) be accompanied by a statement of the aggregate amount paid up on the shares of the company on account of their nominal value.]
- (2) The statement of compliance is a statement that the company meets the requirements for the issue of a certificate under section 761.
- (3) The registrar may accept the statement of compliance as sufficient evidence of the matters stated in it.

Textual Amendments

- F1** Word in s. 762(1) omitted (30.6.2016) by virtue of [Small Business, Enterprise and Employment Act 2015 \(c. 26\), ss. 98\(3\)\(a\)](#), 164(1); S.I. 2016/321, reg. 6(f)
- F2** S. 762(1)(e) and word inserted (30.6.2016) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), ss. 98\(3\)\(b\)](#), 164(1); S.I. 2016/321, reg. 6(f)

763 The authorised minimum

- (1) “The authorised minimum”, in relation to the nominal value of a public company's allotted share capital is—
- (a) £50,000, or
 - (b) the prescribed euro equivalent.
- (2) The Secretary of State may by order prescribe the amount in euros that is for the time being to be treated as equivalent to the sterling amount of the authorised minimum.
- (3) This power may be exercised from time to time as appears to the Secretary of State to be appropriate.
- (4) The amount prescribed shall be determined by applying an appropriate spot rate of exchange to the sterling amount and rounding to the nearest 100 euros.
- (5) An order under this section is subject to negative resolution procedure.
- (6) This section has effect subject to any exercise of the power conferred by section 764 (power to alter authorised minimum).

Commencement Information

- I1** S. 763 wholly in force at 6.4.2008; s. 763 not in force at Royal Assent, see s. 1300; s. 763 in force for specified purposes at 20.1.2007 by [S.I. 2006/3428](#), [art. 3\(3\)](#) (subject to [art. 5](#), [Sch. 1](#) and with [arts. 6, 8](#), [Sch. 5](#)); s. 763 in force at 6.4.2008 by [S.I. 2007/3495](#), [art. 3\(1\)\(h\)](#) (with savings in [arts. 7, 12](#), subject to transitional adaptations in [Sch. 1 para. 13](#) and with savings in [Sch. 4 paras. 24-29](#))

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764 Power to alter authorised minimum

- (1) The Secretary of State may by order—
 - (a) alter the sterling amount of the authorised minimum, and
 - (b) make a corresponding alteration of the prescribed euro equivalent.
- (2) The amount of the prescribed euro equivalent shall be determined by applying an appropriate spot rate of exchange to the sterling amount and rounding to the nearest 100 euros.
- (3) An order under this section that increases the authorised minimum may—
 - (a) require a public company having an allotted share capital of which the nominal value is less than the amount specified in the order to—
 - (i) increase that value to not less than that amount, or
 - (ii) re-register as a private company;
 - (b) make provision in connection with any such requirement for any of the matters for which provision is made by this Act relating to—
 - (i) a company's registration, re-registration or change of name,
 - (ii) payment for shares comprised in a company's share capital, and
 - (iii) offers to the public of shares in or debentures of a company,including provision as to the consequences (in criminal law or otherwise) of a failure to comply with any requirement of the order;
 - (c) provide for any provision of the order to come into force on different days for different purposes.
- (4) An order under this section is subject to affirmative resolution procedure.

Commencement Information

- I2** S. 764 wholly in force at 6.4.2008; s. 764 not in force at Royal Assent, see s. 1300; s. 764 in force for specified purposes at 20.1.2007 by S.I. 2006/3428, [art. 3\(3\)](#) (subject to [art. 5](#), [Sch. 1](#) and with [arts. 6, 8](#), [Sch. 5](#)); s. 764 in force at 6.4.2008 by S.I. 2007/3495, [art. 3\(1\)\(h\)](#) (with savings in [arts. 7, 12](#) and subject to transitional adaptations in [Sch. 1 para. 13](#) and with savings in [Sch. 4 paras. 24-29](#))

765 Authorised minimum: application of initial requirement

- (1) The initial requirement for a public company to have allotted share capital of a nominal value not less than the authorised minimum, that is—
 - (a) the requirement in section 761(2) for the issue of a trading certificate, or
 - (b) the requirement in section 91(1)(a) for re-registration as a public company,must be met either by reference to allotted share capital denominated in sterling or by reference to allotted share capital denominated in euros (but not partly in one and partly in the other).
- (2) Whether the requirement is met is determined in the first case by reference to the sterling amount and in the second case by reference to the prescribed euro equivalent.
- (3) No account is to be taken of any allotted share capital of the company denominated in a currency other than sterling or, as the case may be, euros.
- (4) If the company could meet the requirement either by reference to share capital denominated in sterling or by reference to share capital denominated in euros, it must

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elect in its application for a trading certificate or, as the case may be, for re-registration as a public company which is to be the currency by reference to which the matter is determined.

Modifications etc. (not altering text)

- C1** S. 765 applied (6.4.2008) by 1985 c. 9, s. 3(2A) (as inserted by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 3(1), **Sch. 1 para. 95(3)** (with arts. 6, 11, 12))
- C2** S. 765 applied (6.4.2008) by S.I.1986/1032 (N.I. 6), art. 22(b) (as substituted by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 3(1), **Sch. 1 para. 114** (with arts. 6, 11, 12))

Commencement Information

- I3** S. 765 wholly in force at 6.4.2008; s. 765 not in force at Royal Assent, see s. 1300; s. 765 in force for specified purposes at 20.1.2007 by S.I. 2006/3428, **art. 3(3)** (subject to [art. 5, Sch. 1](#) and with [arts. 6, 8, Sch. 5](#)); s. 765 in force at 6.4.2008 by S.I. 2007/3495, **art. 3(1)(h)** (with savings in [arts. 7, 12](#) and subject to transitional adaptations in [Sch. 1 para. 12](#) and with savings in [Sch. 4 paras. 24-29](#))

766 Authorised minimum: application where shares denominated in different currencies etc

- (1) The Secretary of State may make provision by regulations as to the application of the authorised minimum in relation to a public company that—
- [^{F3}(a) has shares denominated—
- (i) in more than one currency, or
- (ii) in a currency other than sterling or euros,]
- (b) redenominates the whole or part of its allotted share capital, or
- (c) allots new shares.
- (2) The regulations may make provision as to the currencies, exchange rates and dates by reference to which it is to be determined whether the nominal value of the company's allotted share capital is less than the authorised minimum.
- (3) The regulations may provide that where—
- (a) a company has redenominated the whole or part of its allotted share capital, and
- (b) the effect of the redenomination is that the nominal value of the company's allotted share capital is less than the authorised minimum,
- the company must re-register as a private company.
- (4) Regulations under subsection (3) may make provision corresponding to any provision made by sections 664 to 667 (re-registration as private company in consequence of cancellation of shares).
- (5) Any regulations under this section have effect subject to section 765 (authorised minimum: application of initial requirement).
- (6) Regulations under this section are subject to negative resolution procedure.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Chapter 2. (See end of Document for details)

Textual Amendments

- F3** S. 766(1)(a) substituted (12.5.2011) by [The Companies Act 2006 \(Consequential Amendments and Transitional Provisions\) Order 2011 \(S.I. 2011/1265\)](#), [art. 28\(2\)](#)

Commencement Information

- I4** S. 766 wholly in force at 6.4.2008; s. 766 not in force at Royal Assent, see s. 1300; s. 766 in force for specified purposes at 20.1.2007 by [S.I. 2006/3428](#), [art. 3\(3\)](#) (subject to [art. 5](#), [Sch. 1](#) and with [arts. 6, 8](#), [Sch. 5](#)); s. 766 in force at 6.4.2008 by [S.I. 2007/3495](#), [art. 3\(1\)\(h\)](#) (with savings in [arts. 7, 12](#) and subject to transitional adaptations in [Sch. 1 para. 13](#) and with savings in [Sch. 4 paras. 24-29](#))

767 Consequences of doing business etc without a trading certificate

- (1) If a company does business or exercises any borrowing powers in contravention of section 761, an offence is committed by—
 - (a) the company, and
 - (b) every officer of the company who is in default.
- (2) A person guilty of an offence under subsection (1) is liable—
 - (a) on conviction on indictment, to a fine;
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.
- (3) A contravention of section 761 does not affect the validity of a transaction entered into by the company, but if a company—
 - (a) enters into a transaction in contravention of that section, and
 - (b) fails to comply with its obligations in connection with the transaction within 21 days from being called on to do so,the directors of the company are jointly and severally liable to indemnify any other party to the transaction in respect of any loss or damage suffered by him by reason of the company's failure to comply with its obligations.
- (4) The directors who are so liable are those who were directors at the time the company entered into the transaction.

Changes to legislation:

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