

---

STATUTORY INSTRUMENTS

---

**1992 No. 1699**

**COMPANIES**

**The Companies (Single Member Private  
Limited Companies) Regulations 1992**

*Made* - - - - 14th July 1992

*Coming into force* - - 15th July 1992

Whereas a draft of these Regulations has been approved by resolution of each House of Parliament in pursuance of paragraph 2(2) of Schedule 2 to the European Communities Act 1972<sup>(1)</sup>.

Now, therefore, the Secretary of State, being a Minister designated for the purposes of section 2(2) of that Act in relation to measures relating to single member private companies limited by shares or by guarantee<sup>(2)</sup>, in exercise of the powers conferred by that section hereby makes the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Companies (Single Member Private Limited Companies) Regulations 1992 and shall come into force on the day after the day on which they were made.

**Single member private companies limited by shares or by guarantee**

2.—(1) Notwithstanding any enactment or rule of law to the contrary, a private company limited by shares or by guarantee within the meaning of section 1 of the Companies Act 1985<sup>(3)</sup> may be formed by one person (in so far as permitted by that section as amended by these Regulations) and may have one member; and accordingly—

- (a) any enactment or rule of law which applies in relation to a private company limited by shares or by guarantee shall, in the absence of any express provision to the contrary, apply with such modification as may be necessary in relation to such a company which is formed by one person or which has only one person as a member as it does in relation to such a company which is formed by two or more persons or which has two or more persons as members; and

---

(1) 1972 c. 68.  
(2) S.I.1991/2289.  
(3) 1985 c. 6.

---

**Status:** This is the original version (as it was originally made). UK  
Statutory Instruments are not carried in their revised form on this site.

---

(b) without prejudice to the generality of the foregoing, the Companies Act 1985 and the Insolvency Act 1986<sup>(4)</sup> shall have effect with the amendments specified in the Schedule to these Regulations.

(2) In this regulation “enactment” shall include an enactment comprised in subordinate legislation and “subordinate legislation” shall have the same meaning as in section 21(1) of the Interpretation Act 1978<sup>(5)</sup>.

**Transitional provision**

3. A person who, before the coming into force of these Regulations, is liable by virtue of section 24 of the Companies Act 1985 for the payment of the debts of a private company limited by shares or by guarantee, shall not be so liable for the payment of the company’s debts contracted on or after the day on which these Regulations come into force.

*N. Hamilton*  
Parliamentary Under Secretary of State for  
Corporate Affairs,  
Department of Trade and Industry

14th July 1992

---

(4) 1986 c. 45.  
(5) 1978 c. 30.

## SCHEDULE

Regulation 2

### AMENDMENTS TO THE COMPANIES ACT 1985 AND THE INSOLVENCY ACT 1986

#### Formation

1. In section 1 of the Companies Act 1985 (mode of forming incorporated company), after subsection (3) insert—

“(3A) Notwithstanding subsection (1), one person may, for a lawful purpose, by subscribing his name to a memorandum of association and otherwise complying with the requirements of this Act in respect of registration, form an incorporated company being a private company limited by shares or by guarantee.”.

#### Minimum membership for carrying on business

2. In section 24 of the Companies Act 1985 (minimum membership for carrying on business), after “company” where it first occurs insert “, other than a private company limited by shares or by guarantee,”.

#### Contracts with sole members

3.—(1) In Part X of the Companies Act 1985, after section 322A(6) insert—

##### “Contracts with sole members who are directors

**322B.**—(1) Subject to subsection (2), where a private company limited by shares or by guarantee having only one member enters into a contract with the sole member of the company and the sole member is also a director of the company, the company shall, unless the contract is in writing, ensure that the terms of the contract are either set out in a written memorandum or are recorded in the minutes of the first meeting of the directors of the company following the making of the contract.

(2) Subsection (1) shall not apply to contracts entered into in the ordinary course of the company’s business.

(3) For the purposes of this section a sole member who is a shadow director is treated as a director.

(4) If a company fails to comply with subsection (1), the company and every officer of it who is in default is liable to a fine.

(5) Subject to subsection (6), nothing in this section shall be construed as excluding the operation of any other enactment or rule of law applying to contracts between a company and a director of that company.

(6) Failure to comply with subsection (1) with respect to a contract shall not affect the validity of that contract.”.

(2) In section 741 of the Companies Act 1985 (“director” and “shadow director”), in subsection (3) after “sections 320 to 322 (substantial property transactions involving directors),” delete “and” and insert “section 322B (contracts with sole members who are directors), and”.

(3) In Schedule 24 to the Companies Act 1985 (punishment of offences), after the entry relating to section 318(8) insert—

---

(6) Section 322A was inserted into the Companies Act 1985 by section 109 of the Companies Act 1989 (c. 40).

“322B(4)	Terms of unwritten contract between sole member of a private company limited by shares or by guarantee and the company not set out in a written memorandum or recorded in minutes of a directors' meeting	Summary	Level 5 on the standard scale.”.
----------	---	---------	----------------------------------

#### **Statement that company has only one member**

4.—(1) In Chapter II of Part XI of the Companies Act 1985, after section 352 insert—

##### **“Statement that company has only one member**

**352A.**—(1) If the number of members of a private company limited by shares or by guarantee falls to one there shall upon the occurrence of that event be entered in the company’s register of members with the name and address of the sole member—

- (i) a statement that the company has only one member, and
- (ii) the date on which the company became a company having only one member.

(2) If the membership of a private company limited by shares or by guarantee increases from one to two or more members there shall upon the occurrence of that event be entered in the company’s register of members, with the name and address of the person who was formerly the sole member, a statement that the company has ceased to have only one member together with the date on which that event occurred.

(3) If a company makes default in complying with this section, the company and every officer of it who is in default is liable to a fine and, for continued contravention, to a daily default fine.”.

(2) In Schedule 24 to the Companies Act 1985 (punishment of offences), after the entry relating to section 352(5) insert—

“352A(3)	Company default in complying with section 352A (statement that company has only one member)	Summary	Level 2 on the standard scale	One-tenth of level 2 on the standard scale.”.
----------	---	---------	-------------------------------	---

#### **Meetings**

5. In Chapter IV of Part XI of the Companies Act 1985, after section 370 insert—

##### **“Quorum at meetings of the sole member**

**370A.** Notwithstanding any provision to the contrary in the articles of a private company limited by shares or by guarantee having only one member, one member present in person or by proxy shall be a quorum.”.

### Recording of decisions by the sole member

6.—(1) In Chapter IV of Part XI of the Companies Act 1985, after section 382A(7) insert—

#### “Recording of decisions by the sole member

**382B.**—(1) Where a private company limited by shares or by guarantee has only one member and he takes any decision which may be taken by the company in general meeting and which has effect as if agreed by the company in general meeting, he shall (unless that decision is taken by way of a written resolution) provide the company with a written record of that decision.

(2) If the sole member fails to comply with subsection (1) he shall be liable to a fine.

(3) Failure by the sole member to comply with subsection (1) shall not affect the validity of any decision referred to in that subsection.”.

(2) In Schedule 24 to the Companies Act 1985 (punishment of offences), after the entry relating to section 382(5) insert—

---

“382B(2)	Failure of sole member to provide the company with a written record of decision	Summary	Level 2 on the standard scale.”.
----------	---	---------	----------------------------------

---

### Registration of single member companies

7. In section 680 of the Companies Act 1985 (companies capable of being registered under Chapter II of Part XXII), after subsection (1) insert—

“(1A) A company shall not be prevented from registering under this Act as a private company limited by shares or by guarantee solely because it has only one member.”.

### Amendment of the Insolvency Act 1986

8. In section 122 of the Insolvency Act 1986 (circumstances in which company may be wound up by the court), in subsection (1)(e) at the beginning insert “except in the case of a private company limited by shares or by guarantee.”.

---

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

1. These Regulations implement Council Directive No. [89/667/EEC](#) on single-member private limited-liability companies (OJ No. L395, 30.12.89, p.40). The directive requires Member States to provide for the formation of a company having one member and to permit a company to be a single member company, subject to certain safeguards. In relation to the UK, it applies to private companies limited by shares or by guarantee.

---

(7) Section 382A was inserted by section 113 of the Companies Act 1989.

2. Regulation 2(1) provides that a private company limited by shares or by guarantee may be formed by one person (in so far as permitted by section 1 of the Companies Act 1985 as amended by the Regulations) and may have one member. It also provides that any enactment or rule of law applying to a private company limited by shares or by guarantee shall, in the absence of any express provision to the contrary, apply with any necessary modification to such a company which has been formed by one person or which has only one member.

3. Without prejudice to the generality of Regulation 2(1), Regulation 2(2) also makes specific amendments to the Companies Act 1985 and the Insolvency Act 1986 as set out in the Schedule to the Regulations. The following sections of the Companies Act 1985 are amended: section 1 (mode of forming an incorporated company), section 24 (minimum membership for carrying on business) and section 680 (companies capable of being registered under Chapter II of Part XXII). The following new provisions are inserted into the Companies Act 1985: section 322B (contracts with sole members who are directors), section 352A (statement that company has only one member), section 370A (quorum at meetings of the sole member) and section 382B (recording of decisions by the sole member). Consequential amendments are made to section 741 of the Companies Act 1985 and to Schedule 24 to that Act. Section 122 of the Insolvency Act 1986 (circumstances in which company may be wound up by the court) is also amended.

4. Regulation 3 contains a transitional provision.