

## Contractor guide to completing a statement of capital

New rules introduced by the [Companies Act 2006](#) in October 2009 mean that [limited company contractors](#) with a company that has share capital must complete a Statement of Capital. This includes information about the types of shares issued and their status.

The Statement of Capital is designed to be a snapshot and explanation of the type of shares issued, for example ordinary or preference shares, the rights that come with the differing share types, and the currency and denomination of the shares.

Contractors must complete a Statement of Capital when:

- o The company is first incorporated, in Part 3 of [form IN01](#) from Companies House
- o As part of the Annual Return, in part 3 of [form AR01](#) from Companies House
- o When changing a company from unlimited to limited on [form SH19](#) from Companies House
- o When reducing a company's share capital, usually accompanying a solvency statement.

In addition, there are times when a Statement of Capital needs to be updated, as described at the end of this article.

### Information required for a Statement of Capital

The information required in the Statement of Capital includes:

- o The total number of shares created for the company
- o The 'aggregate nominal value' of the company's shares
- o If there are different classes of shares, a breakdown of each of the share types and the 'aggregate nominal value' of the shares in each class
- o For all shares, the amount of shares that are 'paid up' and those that are 'unpaid'
- o Share currency.

Total number of shares: for most contractor limited companies, the most common situation is that the contractor, and often a spouse, have been allocated ordinary shares. Sometimes, a contractor may wish to create other share classes, such as preference shares or redeemable shares. The type and number of each must be listed.

'Aggregate nominal value': this is the value of the shares in each class. It is calculated by multiplying the total number of shares in the class by its nominal share value. For ordinary shares in a contractor limited company, the nominal share value is usually £1, but preference shares or other classes, and even ordinary shares, can have all kinds of nominal values, such as 1p, £0.50 or even £100.

Share classes: companies that have different share classes must list details such as voting rights, dividend rights, redemption details and any other pertinent information about the rights, obligations and conditions placed on holders of these shares.

Paid and unpaid: Shares might have been issued to a shareholder, but the shares may not have actually been paid for by that shareholder; this needs to be clarified.

Share currency: The vast majority of UK-based contractor limited companies will have shares in pounds sterling, but it is also possible to have shares in other currencies.

### Updating a Statement of Capital

An updated Statement of Capital must be filed each time one or more of the following occurs:

- o The total number of shares allotted is changed
- o The 'aggregate nominal value' of the company's shares is changed
- o The value of allotted shares is changed
- o When shares previously registered as unpaid become paid.

An updated Statement of Capital will also be required when there is a reduction in the issued capital of a company. This is usually associated with a 'solvency statement', or where a company is being re-registered from unlimited to limited company.

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Most contractors will find their contractor accountant will alert them of any changes that have to be made to a Statement of Capital. If a contractor does make any changes to shareholders, company officers such as directors and secretaries, shareholders addresses and types of share, they should inform [Companies House](#), or alert their accountant who will handle the paperwork for them.

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