

## Contractors should act now to stay on right side of October's companies legislation

1st October 2008 saw the introduction of a raft of [new legislation](#), as part of the Companies Act, which will affect those contractors who contract through their own [limited companies](#). Action should be taken now by contractors to avoid falling foul of the new requirements.

The new rules, which have been in force for a month now, include:

- o Directors' duties
- o Disclosure of trading information, such as display of company names
- o Minimum age for company directors
- o Limited companies as sole directors of other companies
- o Changes in share capital and financial assistance rules
- o Disclosure in annual returns for private and non-traded public companies
- o Company names adjudication procedure.

Contractors are advised to confirm with their accountants that there are no particular aspects of their personal circumstances that mean they might be affected by any of the new regulations. Those rules most likely to affect contractors are disclosure of trading information and directors' duties, which are discussed in more detail below.

### Trading names and company identity

The [Companies \(Trading Disclosures\) Regulations 2008](#) have changed how companies should display their details at their business premises and in multi-occupancy offices, such as serviced offices. Contractors who have an office in their home are not affected by these changes.

In addition, although these rules have been in force since 2006, a company's details must be displayed on websites, emails and business letters, plus other documentation, such as order forms and invoices. These details must include the limited company name, its place of registration (eg England and Wales, Scotland) its registered number and the address of the company's registered office.

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The company details do not have to appear on every page of the website, but they must be easy to find and read. If the website represents more than one company, for example if several contractors use the same site to market themselves, the details of each individual company must be provided.

Failure to comply with these regulations, enforced by Companies House and Trading Standards, is an offence and a contractor's company could be subject of a fine of up to £1,000 for non-compliance.

### Directors' duties

The key changes to directors' duties are regarding conflicts of interest. From 1st October, company directors are under an express duty to [avoid conflicts of interest](#).

This change, which is now on a statutory footing, includes not accepting benefits from third parties where there is the possibility of a conflict arising. Many contractors who are single directors and majority shareholders of their own limited company are unlikely to be affected by these changes.

However, the new requirements are far-reaching and contractors with directorships in more than one limited company with co-directors should flag any potential conflicts of interest with their colleagues immediately.

There have also been wide-ranging changes to employment law, intellectual property law and environmental law, none of which are likely to have an impact on the vast majority of contractors.

However, specialist contractors in sectors such as waste management, construction and engineering should consult their legal advisors or professional institutes/trade bodies, as there are specific changes to chemicals handling and labelling, offshore working, health and safety and other specialised activities.

Although regulations are introduced throughout the year, a number of government departments make a concerted effort to release all their changes just twice a year, in an attempt to ease the regulatory burden on small businesses, like contractors' limited companies.

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