

Single-member companies — absence of need to hold general meetings, etc.

196. (1) In this Act “single-member company” means a company which, for whatever reason, has, for the time being, a sole member (and this applies notwithstanding a stipulation in the constitution that there be 2 members, or a greater number).

(2) Subject to subsection (3), all the powers exercisable by a company in general meeting under this Act or otherwise shall be exercisable, in the case of a single-member company, by the sole member without the need to hold a general meeting for that purpose; for the avoidance of doubt this subsection extends to the exercise of the power under section 146 to remove a director and, accordingly, any of the procedures under that section concerning notice to the director or the making of representations by the director shall not apply in the case of a single-member company but this is without prejudice to the application of the requirements of procedural fairness to the exercise of that power of removal by the sole member and section 147.

(3) Subsection (2) shall not empower the sole member of a single-member company to exercise the powers under section 382 (2), 383 (2)(b) or 394 to remove a statutory auditor from, or not continue a statutory auditor in, office without holding the requisite meeting provided for in the section concerned.

(4) Subject to subsection (3), any provision of this Act which—

(a) enables or requires any matter to be done or to be decided by a company in general meeting, or

(b) requires any matter to be decided by a resolution of the company,

shall be deemed to be satisfied, in the case of a single-member company, by a decision of the member which is drawn up in writing and notified to the company in accordance with this section.

(5) Where the sole member of a single-member company takes any decision which has effect, pursuant to subsections (2) and (4), as if agreed by the company in general meeting, the member shall provide the company with a written record of that decision, unless the decision is taken by way of written resolution which the member has already forwarded to the company.

(6) Where the sole member notifies to the company of which he or she is such member a decision taken by way of written resolution, or, pursuant to subsection (5), a written record of a decision taken by him or her, the notification shall be recorded and retained by the company in a book or by some other suitable means maintained for the purpose, and the one or more records so retained shall—

(a) be deemed to be the books kept by the company pursuant to section 199, or

(b) where (at any subsequent or prior time when the company is, or was, not a single-member company) that section has or had application to proceedings of its members, be kept with the books kept by the company pursuant to section 199,

and, either case, subsection (5) of that section applies to those records as it applies to books generally of a company under that section.

(7) Where—

(a) the sole member of a single-member company exercises or discharges, by virtue of this section, any power, right or obligation, and

(b) such exercise or discharge involves or consists of the passing of a resolution, or the sole member's agreeing to a thing, to which section 198 applies,

such exercise or discharge shall, within 15 days after the date of the exercise or discharge, be notified by the company in writing to the Registrar and be recorded by the Registrar.

(8) If—

(a) the sole member fails to comply with subsection (5), or

(b) a company fails to comply with subsection (6) or (7),

then (irrespective of whether the case falls within paragraph (a) or (b)) the sole member, the company and any officer of it who is in default shall be guilty of a category 4 offence.

(9) Failure by the sole member to comply with subsection (5) shall not affect the validity of any decision referred to in that subsection.