

Management, Administration and Regulations of Companies

Company meetings

Aims of the lecture

- distinguish between **types of meetings**: ordinary general meetings and annual general meetings
- explain the procedure for **calling such meetings**
- detail the procedure for **conducting company meetings**
- distinguish between **types of resolutions**: ordinary, special, and written.

TYPES OF MEETING

WHO CAN CALL?

NOTICE

RESOLUTIONS

VOTING

Company Meetings

- Annual general meeting (AGM)
- General meetings (GM)
- Class meetings

Annual general meeting (AGM)

- **Timing** - Public companies must hold an AGM within the six months following their financial year end: [s336 CA06](#).
- **Failure to hold** - The company and every officer in default can be fined if an AGM is not held. Any member can apply to the Department for Business, Enterprise and Regulatory Reform to convene the meeting.
- **Private companies** - Private companies are not required to hold an AGM.
- **Notice** - 21 days' notice is required unless every member entitled to attend and vote agrees to a shorter period. The notice must state that the meeting is an AGM.
- **Agenda** - • consider accounts • appoint auditors • elect directors • declare dividends.

Annual general meeting (AGM)

- **Resolutions**

- Members holding at least **5% of the voting rights** (or at least 100 members holding on average £100 paid-up capital) have the right to **propose a resolution** for the AGM agenda and to require the company to circulate details of the resolution to all members.
- If the members' request is received before the financial year end, the members are not required to cover the costs of circulation. Otherwise, the **members requesting the resolution must deposit a sum to cover the company's costs.**

General meetings (GM)

- **Timing** - Held whenever required. Must be held by a plc if a serious loss of capital has occurred, i.e. net assets have fallen to less than half of the called up share capital.
- **Notice** - At least 14 days.
- **Agenda** - The person who requisitions the meeting sets the agenda.

Class meetings

- **Purpose** - meeting of a class of shareholders, usually to consider a variation of their class rights.
- **Procedure** - notice, etc. as for general meetings.
- **Quorum** - two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question.

Who can call a meeting?

- **Directors** - The articles usually delegate this power to the directors.
- **Members** - may require the directors to call a GM if they hold:
 - at least 10% of the paid up voting capital, or
 - (in the case of a private company) 5% of the paid up voting capital if more than 12 months has elapsed since the last GM: [s303 CA06](#).

The directors must call a meeting within 21 days of receiving a requisition.

The meeting must take place within 28 days of the notice convening the meeting.

If the directors do not call a meeting, the members who requested the meeting (or any members holding over 50% of the total voting rights) may themselves call a meeting to take place within three months of the initial request and recover their expenses from the company.

- **Resigning auditor** - may require the directors to convene a meeting so he can explain the reasons for his resignation.
- **Court** - on the application of a director or member where it would otherwise be impracticable, e.g. to break a [deadlock](#).

Notice

- **Who must receive notice?** - Every member and every director: s310 CA06.
- **Failure to give notice** - Accidental failure to give notice to one or more persons does not invalidate the meeting: s313 CA06.
- **Contents of notice** - • Date, time and place of the meeting • The general nature of the business to be transacted • The text of any special resolutions.
- **Length of notice period** - AGM – 21 days. Less if every member entitled to attend and vote agrees. GM – 14 days. Less if members holding at least 95% of shares agree. (Where company is private, can be reduced to 90%.)
- **Special notice** - Requires 28 days' notice. Required for the removal of a director or auditor.

Resolutions

- **S281 CA06 Resolutions (general rules)**
- **S282 CA06 Ordinary resolutions**
- **S283 CA06 Special resolutions**
- **S288 CA06 Written resolutions of private companies**

Type	% required to pass	To Registrar?	Purpose of resolution
Special	≥75%	Yes – within 15 days	• Alter name.
			• Wind up company.
			• Alter articles.
			• Reduce share capital.
Ordinary	>50%	Only if required by statute	Used whenever the law or the articles do not require a special resolution.
Written (private companies only)	Same majority as required in GM	Yes if a 75% majority is required	The purpose can be anything apart from resolutions requiring special notice. Members cannot revoke their agreement.
			The date of the resolution is the date when the necessary majority has been reached.
			The resolution must be passed within 28 days from its circulation.

Procedure at company meetings

- **S318 CA06 Quorum at meetings**
 - A **quorum** is the minimum number of members that needs to be present at a meeting in order to validate business. It is generally two types of persons: members or proxies. A **proxy** (representative) can attend meetings, vote and speak on behalf of the member for whom he is acting.
- **S319 CA06 Chairman of meeting**
 - A member may be elected to be the chairman of a general meeting by a resolution of the company passed at the meeting; the company's articles state who may or may not be chairman.

Procedure at company meetings

- **S320 CA06 Declaration by chairman on a show of hands**
 - Voting is by a show of hands initially, unless a poll is demanded. A show of hands means **one member one vote**, irrespective of the number of shares held.
- **S321 CA06 Right to demand a poll**
 - A poll may be demanded by members holding at least 10% of the total voting rights (or by not fewer than 5 members having the right to vote on the resolution).

Procedure at company meetings

- **S322 CA06 Voting on a poll**
 - A poll means **one vote per share**. The result of a poll replaces the result of the previous show of hands. Quoted companies must publish the results of polls on their website: **s341 CA06**.
- **S323 CA06 Representation of corporations at meetings**
 - If a corporation (whether or not a company within the meaning of this Act) is a member of a company, it may by resolution of its directors or other governing body authorise a person or persons to act as its representative or representatives at any meeting of the company.

