

**Companies Act 2014:  
Guide for Directors of  
Private Limited Companies**

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The Companies Act 2014 ("the Act") applies from the 1st June, 2015. The function of the Act is to simplify, consolidate and restructure company law in Ireland. The focus of the Act is the Private Limited Company, the most common form of company in Ireland.

**Changes for the Private Limited Company**

The LTD - *the "Company Limited by Shares"* - this is the new simplified form of private company limited by shares. This type of company shall have a **single constitutional document** rather than having a Memorandum and Articles of Association. The LTD will no longer have an objects clause and therefore limited corporate capacity will no longer apply.

**Main Changes**

1. Eight Directors duties are now codified in the Act and are applicable to all directors, including shadow and de facto. These duties include to act in good faith, act honestly and responsibly, avoid conflicting interests etc. (*Section 228 Companies Act 2014*).
2. A new Summary Approval Procedure may be used to authorise a number of otherwise restricted activities, for example, loans to Directors and Connected Persons.
3. The name of any person who has unqualified corporate authority to bind the Company may be registered with the Companies Registration Office ("CRO")
4. Heightened offences mean increased fines / terms of imprisonment for breach of the Act.
5. For the first time under Irish law, mergers between Irish companies shall be allowed as the Act contains provisions modelled on the EU Cross-Border Regulations. A new statutory procedure allows the assets and liabilities of one company transfer by operation of law to the other after which the former company is dissolved.
6. Audit exemption qualifications are broadened and less conditions need to be satisfied.
7. The Company Secretary **must** have the requisite skills to carry out the role.
8. Director's loans must be formally documented. If the loan is not approved in writing then it is deemed not to be a loan and repayable on demand with interest.

**What do you need to do?**

Directors and members of private limited companies may opt to become the more simplified LTD by passing a special resolution and adopting a new Constitution under the provisions of the Act. There shall be a transition period from the 1st June 2015 for 18 months. If no action is taken, a company will automatically become an LTD.

<b>LTD</b>
Company name must end in suffix of Limited or LTD
Minimum of 1 Director
1 – 149 shareholders
One document Constitution – No objects clause meaning that capacity is not limited
The Sole Director of the Company cannot also act as Company Secretary
May dispense with holding a physical AGM and adopt written AGM
Cannot list debts or securities
Cannot be a credit institution or an insurance undertaking
No Company name change required