STATUTORY RULES OF NORTHERN IRELAND

1992 No. 405

COMPANIES

Companies (Single Member Private Limited Companies) Regulations (Northern Ireland) 1992

Made - - - -	*21st September 1992*
Coming into operation	*19th October 1992*

The Department of Economic Development, being a Department designated(**1**) for the purposes of section 2(2) of the European Communities Act 1972(**2**) in relation to measures relating to single member private companies limited by shares or by guarantee, in exercise of the powers conferred on it by that section and of every other power enabling it in that behalf, hereby makes the following Regulations:—

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Companies (Single Member Private Limited Companies) Regulations (Northern Ireland) 1992 and shall come into operation on 19th October 1992.

(2) In these Regulations—

"the 1986 Order" means the Companies (Northern Ireland) Order 1986(**3**), and

"the Insolvency Order" means the Insolvency (Northern Ireland) Order 1989(**4**).

(3) The Interpretation Act (Northern Ireland) 1954(**5**) shall apply to these Regulations as it applies to a Measure of the Northern Ireland Assembly.

Single member private companies limited by shares or by guarantee

2.—(1) Notwithstanding any statutory provision or rule of law to the contrary, a private company limited by shares or by guarantee within the meaning of Article 12 of the 1986 Order may be formed by one person (insofar as permitted by that Article as amended by these Regulations) and may have one member; and accordingly—

(**1**) S.I.1991/2289
(**2**) 1972 c. 68
(**3**) S.I. 1986/1032 (N.I. 6)
(**4**) S.I. 1989/2405 (N.I. 19)
(**5**) 1954 c. 33 (N.I.)

(a) any statutory provision or rule of law which applies in relation to a private company limited by shares or by guarantee shall, in the absence of any express provision to the contrary, apply with such modification as may be necessary in relation to such a company which is formed by one person or which has only one person as a member as it does in relation to such a company which is formed by two or more persons or which has two or more persons as members; and

(b) without prejudice to the generality of the foregoing, the 1986 Order and the Insolvency Order shall have effect with the amendments specified in the Schedule.

(2) In this regulation "statutory provision" has the meaning assigned to it by section 1(f) of the Interpretation Act (Northern Ireland) 1954.

Transitional provision

3. A person who, before the coming into operation of these Regulations, is liable by virtue of Article 34 of the 1986 Order for the payment of the debts of a private company limited by shares or by guarantee, shall not be so liable for the payment of the company's debts contracted on or after the day on which these Regulations come into operation.

Sealed with the Official Seal of the Department of Economic Development on 21st September 1992.

R. Gamble
Assistant Secretary

SCHEDULE Regulation 2

AMENDMENTS TO THE 1986 ORDER AND THEINSOLVENCY ORDER

Formation

1. In Article 12 of the 1986 Order (mode of forming incorporated company), after paragraph (3) insert—

"3A. Notwithstanding paragraph (1), one person may, for a lawful purpose, by subscribing his name to a memorandum of association and otherwise complying with the requirements of this Order in respect of registration, form an incorporated company being a private company limited by shares or by guarantee.".

Minimum membership for carrying on business

2. In Article 34 of the 1986 Order (minimum membership for carrying on business), after "company" where it first occurs insert ", other than a private company limited by shares or by guarantee,".

Contracts with sole members

3.—(1) In Part XI of the 1986 Order, after Article 330A(**6**) insert—

"**Contracts with sole members who are directors**

330B.—(1) Subject to paragraph (2), where a private company limited by shares or by guarantee having only one member enters into a contract with the sole member of the company and the sole member is also a director of the company, the company shall, unless the contract is in writing, ensure that the terms of the contract are either set out in a written memorandum or are recorded in the minutes of the first meeting of the directors of the company following the making of the contract.

(2) Paragraph (1) shall not apply to contracts entered into the ordinary course of the company's business.

(3) For the purposes of this Article a sole member who is a shadow director is treated as a director.

(4) If a company fails to comply with paragraph (1), the company and every officer of it who is in default is liable to a fine.

(5) Subject to paragraph (6), nothing in this Article shall be construed as excluding the operation of any other statutory provision or rule of law applying to contracts between a company and a director of that company.

(6) Failure to comply with paragraph (1) with respect to a contract shall not affect the validity of that contract.".

(2) In Article 9 of the 1986 Order ("director" and "shadow director"), in paragraph (3) after "Article 328 to 330 (substantial property transactions involving directors);" delete "and" and insert "Article 330B (contracts with sole members who are directors); and".

(3) In Schedule 23 to the 1986 Order (punishment of offences), after the entry relating to Article 326(8) insert—

(**6**) Article 330A was inserted into the 1986 Order by Article 45 of the Companies (No. 2) (Northern Ireland) Order 1990 (S.I. 1990/1504 (N.I. 10))