



Oifig an Stiúrthóra um
Fhorfheidhmiú Corparáideach

Office of the Director
of Corporate Enforcement



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The New Companies Act and Arts Organisations

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Companies Act 2014

- Signed into law December 2014
- Commenced 1 June 2015, in almost its entirety
- 1,448 sections
- Aimed primarily at easing burden for private companies



Companies Limited by Guarantee (CLG)

- Much unchanged
- Still need two directors
- Still need to hold AGM
- Still required to file financial statements



Companies Limited by Guarantee (CLG)

- Minimum membership reduced to one member (from seven)
- Introduction of audit exemption – subject to rights of one member to request audit
- Must change name to end in CLG (or Irish equivalent)



Companies Limited by Guarantee (CLG)

- Scope to take certain decisions, for example as regards share structure, by Summary Approvals Procedure, rather than through Court
- For larger companies
 - Directors compliance statements
 - Audit committees
 - On a “comply or explain” basis



Companies Limited by Guarantee (CLG)

- CLG's continue to exist – no fundamental change as a result of Act
- Opportunity to review Memo and Articles
- Make arrangements for name change
 - Special resolution of members
 - Letterhead, company seal, etc.
- Consider audit exemption, carefully



Private Limited Companies

- For private limited companies, a choice
 - LTD (new model company)
 - DAC (equivalent to current private company)
- 18 month transition period, after which default to LTD
- More details on www.cro.ie



Designated Activity Company - DAC

- Like the current private company
- Two directors
- Constitution (Memo and articles) setting out company's objects
- Requirement to hold AGM
- Must change name to DAC (or Irish equivalent)



Designated Activity Company - DAC

- May be of interest for companies who wish to ensure specific activities
- Acting beyond objects does not invalidate those actions as regards third parties, may expose directors to legal action



LTD or DAC

- If a company wishes to convert
 - Ordinary resolution to convert to DAC
 - Special resolution to convert to LTD
 - New constitution
 - Forms on CRO website
- **Remember, do nothing and you will be a LTD**



Key corporate governance priorities

- Ensure your Memo and Articles are fit
 - Board structure
 - Director rotation
 - CEO
- Ensure you keep proper accounting records
 - Fundamental legal requirement
 - Visibility on organisation's viability



Key corporate governance priorities

- File your CRO Annual Return on time
 - Risk of strike-off
 - Lose limited liability
 - Lose assets
 - Costly and time-consuming to re-register



Key corporate governance priorities

- Have a strategic plan
 - Sense of direction
 - Awareness of opportunities and threats
- Engage constructively at board level
 - Have meetings
 - Keep minutes
 - Disagreement is healthy, fights are not!



Key corporate governance priorities

- Address financial difficulties
 - Potentially serious repercussions for directors
 - Must act honestly and **responsibly**
- Don't leave it to the accountant...



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THANK YOU

Questions?