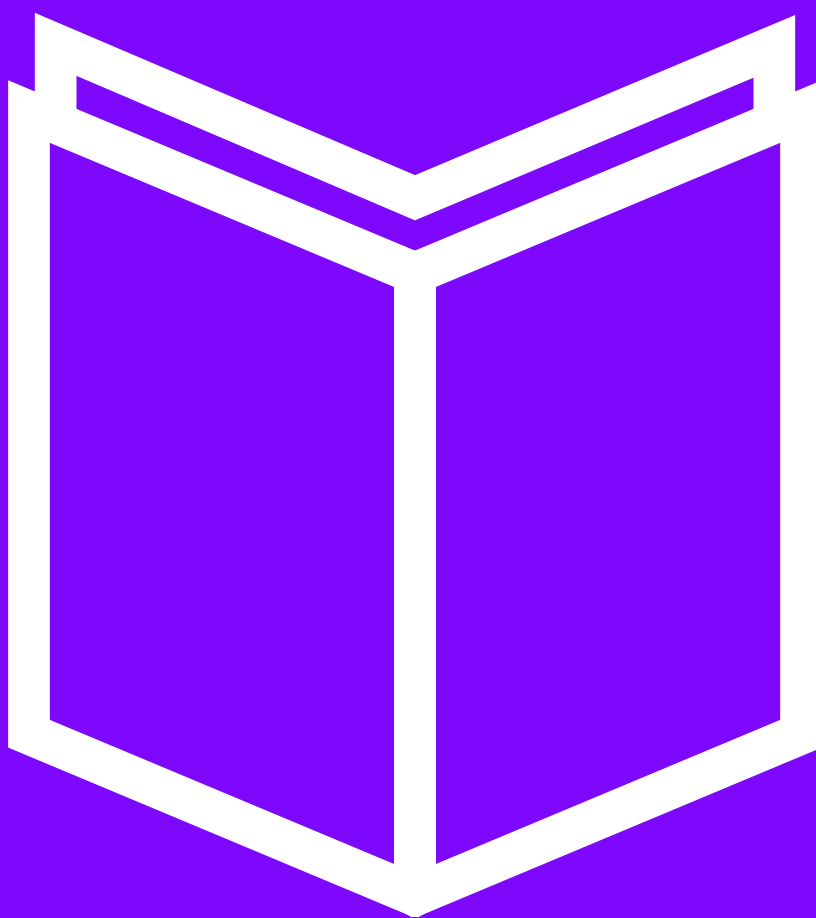


Registering Your Business

Glossary of Key Terms



Here's a quick guide to the key terms you need to know when registering your business.

Aggregate Nominal Value: The nominal value is the face value of the shares. It is also the minimum amount that must be paid for shares. The aggregate nominal value is the number of shares issued multiplied by the nominal value of each share.

Amount paid up on each share: This is the value paid up on each share - either fully paid or partially paid (e.g. £1.00). The amount should include the share premium, if one was paid. If no amount has been paid then a value of zero '0' can be entered.

Amount unpaid on each share: This is the value which is unpaid on each share (e.g. £1.00). The amount should include the share premium, if one was paid. Depending on the value entered for paid, the unpaid value will be the remaining amount. If there is no amount unpaid then a value of zero '0' can be entered.

Class of share: A company may have as many different types of shares as it wishes, all with different conditions attached to them. Typically, share types fall into the following categories:

Cumulative preference: These shares normally carry a right that, if the company cannot pay the dividend in one year, it will carry it forward to successive years;

Preference: These shares carry a right that the company should pay any annual dividends available for distribution on these shares before other classes;

Redeemable: These shares are issued by the company with an agreement that it will buy them back at the option of either the company or the shareholder after a certain period, or on a fixed date. A company cannot have only redeemable shares.

Smart Ordinary: These are the ordinary shares of the company with no special rights or restrictions. The company may divide them into classes of different values;

Memorandum of association: The memorandum of association confirms the subscriber's intention to form a company and become members of that company on formation.

Prescribed Particulars: The prescribed particulars are defined in secondary legislation, namely the Company's (Shares and Share Capital) Order 2009. The particulars are:

Particulars of any voting rights attached to the shares, including rights that arise only in certain circumstances;

Particulars of any rights attached to the shares, as respects dividends, to participate in a distribution;

Particulars of any rights attached to the shares, as respects capital, to participate in a distribution (including on winding up);

Whether the shares are to be redeemed or are liable to be redeemed at the option of the company or the shareholder.

Statement of compliance: The law requires you to confirm that the requirements of the Companies Act 2006 have been complied with as part of your application to incorporate a company. You will therefore need to agree with a statement to show that you have complied with the Companies Act 2006.

Subscriber: The subscribers are the first shareholders of a limited company. A subscriber is a person who subscribes, or puts their name, on the Memorandum of Association and agrees to take up shares in the company at the time of incorporating the company.

Source:

companieshouse.gov.uk

