Autumn 2015

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SCHOOLS BRIEFING

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LETTER FROM THE EDITOR

Welcome to the Autumn edition of the haysmacintyre Schools Briefing.

It is a busy time for Bursars with audits in full swing or waiting to happen. The Charities SORP was issued last Summer and schools are now starting to think about how the changes are going to impact the 2016 accounts and the 2015 comparatives. The changes are not revolutionary but one area to consider is the holiday pay accrual. While many schools have August year ends there are a number with June and July year ends, meaning the requirement to accrue holiday pay will need to be considered. Richard Weaver presents an argument for not accruing.

There has been a flurry of discussion regarding public benefit and, following queries from a number of schools, I have set out some initial thoughts on what needs to be considered in the 2015 Governors' Annual Reports.

At first glance the Annual Tax on Enveloped Dwellings may seem irrelevant for schools, but on closer inspection it could be more relevant than we think. Katharine Arthur sets out the key questions we need to be asking ourselves.

Many bursars are also the company secretary for the school and Linn-Marita Sen reminds us of the legal duties of this role.

We are always very grateful to our guest writers. The audit season has highlighted a number of issues and David Williams asks 'Should Independent Schools be worried about changing market forces?'.

With child protection high on the agenda of most Bursars and governors, Jeremy Isaacson from Farrer & Co LLP takes us through the implications of a legal case reported at the end of July. The High Court handed down an important judgment on the retention period for child protection information and records.

As Bursars are explaining the food cost variances to auditors and governors, Simon Pollard from the Independent Schools Catering Consultancy asks whether making fresh food from scratch comes at a premium.

Finally, may I wish you a successful end to what seems like a long first half term. I hope you enjoy this edition and as always we value your feedback and suggestions for the future.

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FINANCIAL REPORTING

RESPONDING TO THE REQUEST TO INCREASE PUBLIC BENEFIT REPORTING

Just before we broke for the Summer the Charity Commission published its letter to the ISC on the issues raised by peers relating to the public benefit of independent schools.

The amendment was put forward in the House of Lords that would have required charitable independent schools to work with state schools on specific projects. It was argued that more could be done to share facilities for sports, music and the arts with schools in the maintained sector and that in doing so could meet the public benefit requirement. It is reported that over 90% of schools are already doing this and have been for a long time. Schools are now being encouraged to ensure that all areas of public benefit are mentioned in annual reports.

There is risk is that we will end up disclosing more and more on public benefit and perhaps return to the days where public benefit reporting took the lion share of the governors' annual report. This might not be a problem but the risk is that the report becomes defensive and the core public benefit messages gets lost in pages of data. Many of you will have heard me say that governors' reports are too long and need to be shortened and sharpened and my article in *Bursars Review* this term looks at reporting impact. You might say that public benefit reporting is about reporting impact. Our approach might be to replace the long list of what we have done to work with and support local schools and the community with just a number of areas explained well, demonstrating the impact we have made and what we have achieved together for groups of pupils, teachers and governors. Some initial thoughts for now and more in the months to come.

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WILL THE ANNUAL TAX ON ENVELOPED DWELLINGS APPLY TO YOUR SCHOOL?

Consideration will need to be given as to whether any UK residential property owned by the school will be subject to the Annual Tax on Enveloped Dwellings (ATED).

Currently the charge will only apply to property values of £1million or more and £500,000 or more from April 2016. The rules are complex and will only be relevant where the property is owned by a company, partnership with a corporate member or collective investment scheme. Properties owned by a charitable trust are outside the scope of ATED.

Properties owned by companies which are registered charities will, in most circumstances, be exempt from ATED, provided the properties are used in the furtherance of a charity's charitable purposes.

However, particular attention should be paid where properties are owned by trading subsidiaries, and/or where a property is let on a commercial basis to a third party. It may be necessary in those circumstances for a company to file an ATED return with HMRC and/or pay the ATED charge.

SO WHAT DO YOU NEED TO THINK ABOUT?

1. Are you an incorporated school?
2. Do you have a commercial/trading subsidiary company?
3. Does the school or the trading subsidiary own residential property (other than boarding houses) with a value of £500,000 or more?
4. Who is living in the property? Staff or third parties?
5. For staff accommodation, is there a taxable benefit or has an exemption been agreed with HMRC?

The first filing deadline for properties with a value of £1million or more was 1 October 2015. Contact Katharine Arthur for further details and to discuss the applicability of the ATED regime to any residential properties.

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CHILD PROTECTION RECORDS - RETENTION PERIOD EXPLORED

Many schools will have been affected (if not directly then indirectly) by the Goddard Independent Inquiry into Child Sexual Abuse and the intense scrutiny child safeguarding is receiving at present.

We have prepared a short note to highlight a legal case reported at the end of July, when the High Court handed down an important judgment in R(C) v Northumberland County Council (NCC) and Information Commissioner's Office (Interested Party) on the retention period for child protection information and records.

This case involves an analysis of the tension between the need to protect children on the one hand and the right for respect for private and family life (under Article 8 of the ECHR and complemented by the relevant provisions in the Data Protection Act 1998) on the other.

The background to the case is that the claimant, C, brought a judicial review claim against Northumberland County Council (NCC) on the basis that its policy of retaining child protection case files for 35 years following case closure was unlawful. C initially asked for the relevant personal data to be destroyed and when NCC did this, the claim focussed on the more abstract question of whether the policy of retaining records for 35 years was lawful.

The judgment discusses the reasons why retaining information in the child protection context is important:

- **Future interventions and protecting other children** - information relating to one child can be relevant to future interventions such as care proceedings relating to that child and to other children.
- **Access by data subjects (the children, or the children when they grow up)** - children may wish to access records containing their personal information later in life, for example to gain understanding, 'closure' or identity, or as otherwise important to a sense of emotional wellbeing.
- **Investigations, inquiries and litigation** - organisations should be mindful of the importance of having good records for subsequent litigation, police investigations and public inquiries.

The court was sympathetic about the difficult position organisations find themselves in - do you destroy child protection information as soon as the case is closed, and fear criticism (or worse) for failure to keep adequate records, or do you retain it, with the consequent risk of breach of the Data Protection Act or human rights laws? The fifth data protection principle, for example, says that personal data should not be kept for any longer than is necessary for the purposes for which it is processed.

The judge concluded that NCC's retention policy of 35 years was justified and therefore rejected the judicial review claim for the following reasons:

- There is a need to keep records for a **substantial period** - 6 years (as had been argued by C and the ICO) is not long enough.
- Whilst **35 years** is not the only possible period for retention, it **"falls within the bracket of legitimate periods of retention".**
- Reviewing each file on a case-by-case basis at the end of a case or periodically (to decide whether to keep it for a long period or a short period) was a "disproportionate use of labour and unproductive use of resources" - you would need an experienced social worker to conduct such reviews, and **his or her time would be better devoted to protecting children**.
- Retaining information helps form the **'long view' on patterns and risks** which can only be identified with the benefit of hindsight.

WHAT SHOULD SCHOOLS DO?

- Organisations who process information about child protection matters will need to think carefully about **how that information should be stored and for how long it should be retained.**
- The judgment does not, sadly, contain clear guidance on what the 'correct' period of retention would be – there is no 'magic number' of years. We can assume that the rejection of the ICO's proposed approach (6 years and only if retained by a legal department for the purpose of defending litigation) suggests that **6 years (or less) may be too short.**
- At the very least, organisations should ensure that their approach to the retention of child protection records is recorded in a **written policy, in which a balance is struck**, reflecting some of the advantages of retaining such information beyond the closure of a case.
- Organisations should also consider Justice Goddard's guidance on the **retention/non-destruction of documents** which was issued to relevant organisations in the context of the Independent Inquiry into Child Sexual Abuse (https://www.iicsa.org.uk/news/chair-of-the-inquiry-issues-guidance-on-destruction-of-documents).
- Schools will be aware of separate guidance issued by the Information and Records Management Society which recommends that schools **retain child protection files until the pupil whose information is contained in the file reaches the age of 25** (http://www.irms.org.uk/resources/information-guides/199-rm-toolkit-for-school).

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THE HOLIDAY THAT IS NOT A HOLIDAY

As part of the transition to FRS 102 and the new charity SORP, the notion of a Holiday Pay Accrual has been well documented and discussed in the sector.

The principal is that if you have staff that are entitled to holiday and at the end of your financial year they have holiday entitlement that has not yet been taken, you need to make a provision for the value of the holiday entitlement untaken. This would be a pro rata cost linked to that individual's salary.

Certain clients have taken the administrative step of aligning their holiday year with their accounting year to avoid this provision, but for independent schools this is posing a real and substantial issue if you have a July year end.

For those with August as a year end, the teachers and students arrive back in September and there is no issue. The only residual consideration is whether there is a provision for the non-teaching staff depending on their holiday year.

For those with a July year end, however, the guidance has to date suggested that because there is a requirement to pay teachers' salary for the month of August when the school is not 'in-term', there is a potential liability for the teachers' August salary. This is likely to be material to all schools that have a July year end.

IS THERE AN ALTERNATIVE VIEW?

A teachers' employment contract is not like that of a non-teaching member of staff. They are required to work during full term, and make themselves available to work if required during non-term time. Their 'holidays' are not the same, as they are not entitled to take holiday during term time. Indeed during August teachers will be required to be present for results days, and may well be preparing for the new term, albeit not present on the school site.

Teaching contracts also have specific provisions for the period of notice, which is commonly by the half term date, in order to start at a new school at the start of the next term. In considering the treatment a distinction should be drawn between fixed term contracts and continuing employment. The notion of a holiday pay accrual for staff for the August payroll seems to imply that these are in reality annual agreements, but I do not believe they are. It is the resignation provisions which are unusual when compared to other contracts of employment.

Each school will have slightly different employment contract terms and conditions. It will depend on the specific circumstances, but there may be a case for saying that the only true liability a school has at the end of July is for those teachers that resigned prior to the half term, who are indeed entitled to pay for August, but for which the school will have received no additional benefit. All other teachers are in continuing employment and therefore the notion of a holiday pay accrual for August may be invalid or at least questionable.

As this is a significant value transaction, early consideration should be given to whether such an argument can be established. If it can, I believe it will be more helpful than making a provision. You run the risk of making a one off charge to reserves and including a large creditor balance which, on the basis that staff numbers do not change significantly, will only be made once and then sit on the balance sheet for ever more, but only for those with a July year end. Comparability and real life are left behind. My appeal is for some common sense in the application of this principle and to look at the reality of the situation.

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FRESH FOOD MADE FROM SCRATCH - DOES IT COME AT A PREMIUM?

Ask any Head or Bursar whether providing healthy nutritious food is important at their school and they will invariably answer "absolutely yes".

Ask whether providing fresh food from scratch comes at a premium cost and in most instances you will get a blank stare! So this question therefore needs addressing…

Most parents are very keen on their child receiving freshly prepared meals whilst at school and our experience shows that the quality of catering services is an ever increasingly important aspect of school life being considered by parents when choosing a school.

We wouldn't say that it's a deciding factor, but it does sit within the pastoral melting pot and can most definitely be a differentiator. If a school cares passionately about what their pupils eat then the assumption is that they must also care equally about all the other aspects of their social, academic and pastoral life whilst at school.

SO DOES PROVIDING FRESH FOOD MADE FROM SCRATCH COME AT A PREMIUM?

There are many influencing factors that affect the outcome to this question, but in simplistic terms there should be no reason why a meal prepared from fresh quality ingredients should come at a premium price.

The art of balancing food costs during a move to a fresh food service is a simple concept based on swapping the high priced pre-prepared items found in your catering stores with similar or cheaper priced fresh ingredients. An example of this balancing of costs is the use of the popular bought-in Ready To Use (RTU) tubs of sauce, such as tomato and basil. The cost of these sauces can be upwards of four times the cost of making your own sauce simply by cooking and blending tinned chopped tomatoes, onion, garlic cloves, seasoning and fresh basil. When making your own sauce you are also in control of salt and sugar levels. It is this principle that should be translated to all the bought-in ready prepared or frozen goods in the kitchen storeroom.

We regularly see other even more expensive RTU sauces and mixes in use such as curries, bolognaise sauce, sweet and sour and stir-fry sauces, pizza toppings and gravy granules. Whilst making a decent curry for the first time from scratch using fresh herbs and spices or blending your own sweet and sour sauce might seem a daunting task, once it has been done successfully it quickly becomes second nature, and provides a far more satisfying process than opening a jar!

Other expensive bought-in goods also extend into packet mixes such as sponge mixes, muffin, scone, pizza base and bread mixes. All of these products, in bulky bags, can once again be eliminated and relatively easily freshly made from base ingredients such as flour, sugar, eggs and butter or margarine, items which are in the store cupboard or fridge already. Surely a win win; a better quality and more natural product, without all the E-numbers and at a cheaper cost!

Many schools also appear to be reliant on using ready prepared (peeled and sliced) vegetables and potatoes from their greengrocer, such as baton carrots and diced potatoes. Whilst these products are time saving you pay a considerable premium for these goods and their quality is often inferior as they are not graded in the same way as fresh produce and for the potato products an unpleasant whitening agent is used to preserve their colour. We acknowledge that not every kitchen has the equipment or manpower to prepare these goods from raw but with some clever planning and maybe upfront investment in modern peeling and vegetable preparation machines these tasks can be carried out without increasing labour costs, with preparation normally taking place the afternoon before the next day's production.

Considerable savings can be generated through using in season vegetables and of course the quality of freshly prepared vegetables far outstrips ready prepared. By using fresh vegetables and potatoes you also get to choose the variety used ensuring that it is not only the ideal product for the finished dish but also that cheaper variety options are used. Why use top quality tomatoes or mushrooms for a sauce when you are coarsely chopping them up, slow cooking and then blending them? Often 2nd class, or category 2, tomatoes which are over-ripe with naturally higher sweetness, are ideal for sauces rather than the firm salad tomatoes found in most kitchens.

Many caterers (self-managed and outsourced) shy away from asking their butchers for special offers or cost efficient cuts of meat. As an example, all too often we see restaurant style joints of meat being roasted for lunchtime when, with some clever planning and intelligent cooking, the same quality of finished product can be produced for considerably less by using different cuts cooked appropriately. As an example, compare the costs of the premium cut of topside of beef for roasting against a brisket joint for slow pot roasting. Brisket costs around 35% less than topside. It tastes fabulous and melts in your mouth when slow roasted with root vegetables. Many kitchens now have combination ovens which simplify this process for the catering team as well as adding cost savings by reducing shrinkage.

On a more cautionary note, one early consequence of moving to a fresh food offer is that pupils and staff seem to enjoy the improvements so much they invariably eat heartier portions. Our experience is that this phenomenon seems to last for as long as the first term post introduction before settling back down to the previous allowance.

So if your lunchtime allowance is in the region of £1.00 for a pupil lunch in a Preparatory School or £1.20 in a Senior School then you should hold sufficient funding for a move to a fresh food offer with at least 85% to 90% of your dishes being cooked from scratch.

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SHOULD INDEPENDENT SCHOOLS BE WORRIED ABOUT CHANGING MARKET FORCES?

When the *Daily Telegraph* runs a headline "What's happening in our state schools is little short of a miracle", it is perhaps time that some schools in the independent sector asked 'why?'.

The article by Fraser Nelson then went on to say that, "staggering advances have been made by teachers and Academies freed from the heavy hand of the state" so much so that Eton-educated David Cameron is happy to send his daughter to a state school although, admittedly, a highly selective one. Therefore, if this trend continues the independent sector does have cause for concern.

Historically the ability to remain autonomous has been the preserve, in fact the USP, of independent schools. However, if the state system is now adopting the same principles, what can the private sector do to maintain its raison d'etre and justify charging for educational services? Furthermore, how can this sector remain a viable option for the financially squeezed professional classes who may feel unable to give their offspring the independent education that they may, themselves have enjoyed. This generation of young parents is certainly questioning the objectives of institutions that have increased their fees at twice the rate of salary inflation (4% on average during the past five years). Successful independent schools will have recognised that the education market is changing and will have reacted accordingly. They have understood that increasing fees without considering whether their potential customers – parents – are able to afford them is no longer an option. They have appreciated that they are a commercial enterprise and that if they do not provide a viable service then the customers will take their business elsewhere. In this article I would like to examine two of the main approaches that such schools have made to tackle the problem: firstly, fee income opportunities and secondly, the major cost line of salaries.

When one looks at fee income, it is striking that many schools still underestimate the effect that non or low fee paying students have on the total budget. Maximising the quota of full fee paying students allows for costs to be spread effectively and potential fee increases to be minimised. In my last article in the Spring edition of *Schools Briefing*, I questioned the long term practicality of giving high value scholarships to children whose parents may not need financial help and also the sustainability of staff discounts. Ideally the percentage of concessions should be below 10% of income. However, imaginative restructuring of the business model can mitigate the need for fee increases and it goes without saying that fundamental to this is an understanding of customer needs. It is surprising how few schools carry out annual parent surveys. As customers, parents are being faced with an ever increasing spiral of costs but this means that they have a right to demand more for their money. This results in a 'Catch 22' situation for schools as they struggle to provide more lavish facilities and smaller class sizes within their budget.

So what can be learnt from schools at the vanguard of change? Most importantly, governors should identify and understand their market – the parent body. From this they can assess new fee income opportunities. Although each school will have its own distinct aims and objectives, those that wish to attract pupils from, in particular, the professional classes should examine how they can accommodate, increasingly, the needs of two working parents. Weekly or occasional 'lite-week' boarding may be an option, longer school days - say from 7.00am to 7.00pm that offer 'wrap around' care plus professionally run holiday clubs could, and should, be considered.

For schools with boarding facilities, promoting occasional boarding may well attract those parents reluctant to embrace the full boarding ethos but who might sometimes need overnight childcare. Parents who cannot afford full time boarding fees might also find it an appealing option. The provision of school endorsed holiday clubs would have the dual benefit of being of service to parents already committed to independent education plus being attractive to parents of state educated children who probably also struggle to find reliable school holiday time childcare. Holiday clubs would utilise underused school accommodation and facilities, could act as a 'try before you buy' scheme to wavering parents and crucially provide a regular extra income stream which would help towards the spread of fixed costs.

So, looking now at these fixed costs, I wonder how many independent schools would, if they were starting today, instigate the same cost structure. I suspect that very few, in all honesty, would do so. It is interesting to note that government academies have a lower cost structure than similar independent schools in nearly every area.

In order to run a school successfully one needs to have four figures in mind: pupil numbers, the pupil/teacher ratio, the employment cost per teacher and the salary cost as a percentage to fee income. The haysmacintyre benchmarking survey tracks these and the next survey will be released in November 2015.

The bottom line for fee income is pupil numbers. This will affect class sizes and teaching staff provision. Balancing class size is often a no win situation. If, for instance, the expectation is to offer class sizes of twenty pupils, then a multiple of twenty entrants per year would be the desired target. In practice this is rarely the case. A major divergence, either up or down, would produce overall smaller class sizes and consequently affect the pupil/teacher ratio.

Therefore, the balancing of the pupil/teacher ratio will have a somewhat quixotic effect on cost structure. Whether through parent demand or through a desire to offer a more specialised service, the pupil/teacher ratio has recently shown a steady decline and there are now 10% more teachers working within the independent sector than 15 years ago. The consequential increase in the employment cost per teacher has had a major influence on cost structures. Successfully managed schools will have ensured that they employ their teaching staff on a variety of contracts: full time, part time, one year contract, teaching assistants and gap-year students. This provides the maximum flexibility in response to the vagaries of fluctuating pupil numbers and (in the case of senior departments) the quirks of subject choices!

Additionally, staff numbers can be more tightly controlled if teachers can offer to teach more than one subject. This is especially opportune when, through a process of either customer demand or department empire building, overlapping subjects are offered. For instance, one has to question why Economics and Business Studies are offered simultaneously! Further cost savings can be made by allowing exam planning and other administrative functions to be carried out by support, rather than teaching staff. Additionally, still too many schools cling to the old remuneration system whereby each member of the teaching staff automatically advances one grade up the pay scale each year. In the state sector this has long been abolished and should the independent sector follow suit, significant salary savings could be made. However, although appropriate staff salary levels as a percentage to fee income can, to some extent, fluctuate, the scope of staff pension provision remains a sticking point. At 16.84% of salary - a figure sadly often overlooked by all except by Bursars - it is a significant drain on the fixed costs. Therefore, the KPI of salary cost/fee income should be examined critically.

It is clear that the independent school sector is under financial pressure and must now take a serious look at both income and cost lines. In order to survive it must respond faster to swings in pupil numbers and changes in parent requirements. However, if governing bodies are prepared to react positively to market forces, then, despite the breakthrough in state schools' management, the independent sector should still be financially sustainable.

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LEGAL DUTIES OF A COMPANY SECRETARY

The company secretary's role in advising on governance matters, coordinating company meetings and ensuring good information flows between the board and the management team is well known to most, but what are the specific legal duties which a company secretary should be aware of?

The Companies Act 2006 ("the Act") places many obligations on company officers, which includes secretaries. Breaches can result in fines and criminal sanctions and company secretaries should therefore ensure they are fully aware of the duties which fall within their remit. Although public companies are required to appoint secretaries with appropriate qualifications, those appointed by private companies may be new to the role and will need to familiarise themselves with their legal duties in order to avoid potential liabilities.

In addition, there will be other legal requirements including industry-specific legislation. For example, a registered charity will need to comply with the Charities Act and consider the best practice guidance provided by the Charity Commission. If employed then a company secretary will also have additional responsibilities arising from his/her employment contract. This article only looks at private companies, however, secretaries of publicly listed companies will need to be familiar with the Listing Rules and the latest corporate governance code.

ACCOUNTS

Company secretaries are often involved in liaising with the accountants and auditors in connection with the preparation of the annual report and accounts. Once complete the accounts must be formally approved by the directors at a board meeting. The Act no longer requires private companies to hold annual general meetings, however, the articles may still do so. If accounts are not presented to members at a meeting then the requirement to circulate the accounts (s424 of the Act) must be remembered.

MEETINGS

All meetings must be conducted in accordance with the Act and the articles of association. Different rules will apply to meetings of the directors and those of members/shareholders. The relevant notice periods must be complied with, a quorum must be present at the meeting and conflicts of interests as well as voting rights should be considered. Meetings can be held by video or telephone conference and resolutions can be approved by electronic means if permitted by the articles. Companies can usually send documents to members by email, but the position should be checked before doing so.

STATUTORY RECORDS

Most companies are currently aiming to become as paperless as possible, however, certain records are required to be kept by law including minutes of board and member meetings as well as any resolutions in writing. The Act provides that company records can be kept in hard copy form or electronically (s1135 of the Act), but original signatures have higher evidential value and it is generally advisable to retain the original records for the life of the company.

Other statutory records include the certificate of incorporation, articles of association, any shareholder agreements, membership application forms, stock transfer forms, details of charges, contracts for any share buy backs, register of debenture holders (if any), details of directors' interests and copies of their service contracts as well as accounting records.

Secretaries will be responsible for maintaining the company's registers as required by the Act. These include the register of members, directors, secretaries and directors' residential addresses. A new register of people with significant control (PSC) will be introduced in April 2016. The registers can be kept electronically but it must be possible to re-produce them in hard copy form. Apart from the register of directors' residential addresses, the registers must all be kept at the registered office or at a specified single alternative inspection location (SAIL) as advised to Companies House. Companies will also be able to opt to keep some registers at Companies House from June 2016.

Ensuring that the information shown in the registers is correct is of critical importance. For example, a person will only become a member of the company and therefore able to exercise voting rights from the moment his or her name has been entered in the Register of Members. Mistakes and delays can result in unnecessary disputes.

The company secretary must also be familiar with the Companies Act rules with regards to who has a right to inspect the various records and the procedure for dealing with such a request. Failure to comply can result in the secretary being fined.

COMPANIES HOUSE FILING

Companies House recently announced that being late in filing certain documents can affect a company's credit standing. Regularly filing documents late will make a company appear unreliable and it is therefore important to ensure that the annual - as well as the event - driven filings are made on time.

Accounts	9 months (private companies)
Share allotments	1 month
Annual Return*	28 days
Resolutions required to be filed by the Act	15 days
Amended articles of association	15 days
Form CC04 to change or remove company objects	15 days
Changes of personal details of the company officers	14 days
Appointments and resignations of directors/trustees/secretaries	14 days
Change of Registered Office address	14 days
Change of accounting reference date	14 days
Auditor resignation/removal	14 days

* The Small Business, Enterprise and Employment (SBEE) Act 2015 has introduced changes to the Annual Return procedure which will come into effect in June 2016. The new "check and confirm" process will require companies to file a confirmation statement at least once every 12 months to confirm that the information held by Companies House is up to date. In practice this will be fairly similar to the current Annual Return, but companies will have more flexibility regarding the timing of filings.

Note - registered charities will also need to ensure the information held by the Charity Commission is kept up to date and that accounts and annual returns are filed as required.

OWNERSHIP CHANGES AND RESTRUCTURINGS

The company secretary will need to deal with changes to the members of the company, update the Register of Members and issue new share/membership certificates. Although not required by the Act, it is advisable to also maintain registers of share transfers and allotments.

Any restructurings such as a capital reduction, buy back of shares, consolidation or subdivision of shares will result in the registers having to be updated and documents should be filed with the Registrar of Companies by the required deadline.

STATUTORY AND FIDUCIARY DUTIES

The secretary will be expected to advise the directors on their legal obligations, including the statutory duties set out in s170 onwards of the Act. As an officer, the secretary will also have general fiduciary duties in law and should act in good faith, in the best interest of the company and should endeavour to avoid conflicts of interests.

COMPANY STATIONERY AND PREMISES

Business letters, emails and websites must as a minimum show a company's full name, the part of the United Kingdom in which the company is registered, e.g. England and Wales, the company number and the registered office address. The company name must also be displayed at the registered office, the place of trading (if different) and any place where company records are available for inspection.

CONCLUSION

The legal duties of a company secretary is a broad topic and the above is a brief summary only. There are many other obligations specific to certain companies or industries and with legislation and best practice regularly being updated the demands placed upon a company secretary are increasing.

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Future events

Finance for the Non-Financial Governor - joint seminar with AGBIS	04 November 2015
haysmacintyre Independent Schools' Conference	03 February 2016
Training Courses for Trustees	Multiple dates available

For further information on the events above please visit www.haysmacintyre.com/events

Should you wish to receive an electronic version of our briefing in the future, please email our Editorial team on marketing@haysmacintyre.com

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