



Circular No 24 @ November 2014

Notes on Alteration of Share Capital and useful examples to be used as precedents

A Company may, if so authorized by its Articles, alter its share capital in the following ways:-

1. Increase its share capital by the creation of new shares in any amount.
2. Consolidate or Sub-divide all or any of its shares.
3. Re-classify all or any of its share capital.
4. Convert all or any of its fully paid up shares into stock.
5. Cancel shares that have not been taken up (i.e. issued or agreed to be taken up).
6. Redenominate all or any of its shares into another currency under section 159 of the Companies Act.
7. Reduce its share capital under section 136 of the Companies Act.

Examples

Increase of Share Capital

Example: A share capital of **£100** divided into **100 shares** of **£1.00** each could be increased into **£50,000** divided into **50,000 shares** of **£1.00** each.

Documents to be delivered to the Registry (within 15 days of the passing of the resolution):-

1. Company Resolution to increase share capital (original signature required or certified true copy by the secretary)
2. Notice to Increase (Statutory form summarising resolution)
3. Statement of Increase (With endorsement of £10 charge of duty on capital as per Sec.36(1) of the Stamp Duties Act)
4. Amended Memorandum of Association (Amend by inserting the new amount of share capital)
5. Amended Articles of Association (Only to be filed if the Share Capital is stated in the Articles)
6. Filing Fee of £60 if documents 1-4 are filed and £75 if documents 1-5 are filed
 - £10.00 Stamp Duty payment on increases in share capital will be payable at Companies House at the time of increase.

Consolidation of Shares

Example: 100 shares of £1.00 each could be consolidated to 10 shares of £10.00 each.

Documents to be delivered to the Registry (within 30 days from consolidation):-

1. Company Resolution to Consolidate (original signature required or certified true copy by the secretary)
2. Notice of Consolidation (Statutory form summarising resolution)
3. Amended Memorandum of Association (Amend by inserting the new share capital)
4. Amended Articles of Association (Only to be filed if the Share Capital is stated in the Articles)
5. Filing Fee of £60 if documents 1-3 are filed and £75 if documents 1-4 are filed

Sub-Division of Shares

Example: 100 shares of £1.00 each could be sub-divided into 1000 shares of 10p each.

Documents to be delivered to the Registry (within 30 days from sub-division):-

1. Company Resolution to Sub-Divide shares (original signature required or certified true copy by the secretary)
2. Notice of Sub-Division (Statutory form summarising resolution)
3. Amended Memorandum of Association (Amend by inserting the new share capital)
4. Amended Articles of Association (Only to be filed if the Share Capital is stated in the Articles)
6. Filing Fee of £60 if documents 1-3 are filed and £75 if documents 1-4 are filed

Redenomination of Shares into another currency

Example: A share capital of £100 divided into 100 shares of £1.00 each could be converted into €120 divided into 100 shares of €1.20 each.

Documents to be delivered to the Registry (within 1 month of the redenomination):-

1. Company Resolution to convert (original signature required or certified true copy by the secretary)

NB. The rate of exchange must be mentioned in the resolution, and must be either a rate prevailing on a day specified in the resolution or a rate determined by taking the average of rates on each consecutive day of a period specified in the resolution- and the day or period specified must be within the period of 30 days ending on the day before the resolution is passed).

2. Notice to convert (Statutory form summarising resolution)
3. Amended Memorandum of Association (Amend by inserting the new share capital)
4. Amended Articles of Association (Only to be filed if the Share Capital is stated in the Articles)
5. Filing Fee of £60 if documents 1-3 are filed and £75 if documents 1-4 are filed

Increase and Redenomination of Shares into another currency

Documents to be delivered to the Registry (within 15 days of the resolution):-

1. Company Resolution to Increase and Convert the shares into another currency
2. Notice to Increase and Convert the shares into another currency
3. Statement of Increase
4. Amended Memorandum of Association
5. Amended Articles of Association (if applicable)
6. Filing Fee of £60 if documents 1-4 are filed or £75 if documents 1-5 are filed

* £10.00 Stamp Duty payment on increases in share capital will be payable at Companies House at the time of increase

(1) Increase, (2) Redenomination of Shares into another currency and (3) Consolidation

NB. Three different things are being done in one resolution

Documents to be delivered to the Registry (within 15 days of the resolution to increase):-

1. Company Resolution to Increase and Convert the shares into another currency and consolidate
2. Notice to Increase and Convert the shares into another currency and Consolidate
3. Statement of Increase - with endorsement of £10 charge of duty on capital
4. Amended Memorandum of Association
5. Amended Articles of Association (if applicable)
6. Filing Fee of £60 if documents 1-4 are filed or £75 if documents 1-5 are filed

* £10.00 Stamp Duty payment on increases in share capital will be payable at Companies House at the time of increase

Redenomination of Shares into another currency and Consolidation

Documents to be delivered to the Registry (within 30 days):-

1. Company Resolution to Redenominate the shares into another currency and to Consolidate
2. Notice to Redenominate the shares into another currency and Consolidate
3. Amended Memorandum of Association
4. Amended Articles of Association (if applicable)
5. Filing Fee of £60 if documents 1-3 are filed or £75 if documents 1-4 are filed

Recommended wording and presentation of the different resolutions listed above:

That the share capital of the company be **increased**

From	£100	divided into	100 shares	of	£1.00 each
To	£3000	divided into	3000 shares	of	£1.00 each

By the Creation of £2900 divided into 2900 shares of £1.00 each

That the share capital of the company be **converted**

From	£100	divided into	100 shares	of	£1.00 each
To	€120	divided into	100 shares	of	€1.20 each

(At the rate of €1.20 to the pound)

That the share capital of the company be **consolidated**

From	£100	divided into	100 shares	of	£1.00 each
To	£100	divided into	10 shares	of	£10.00 each

That the share capital of the company be **sub-divided**

From	£100	divided into	100 shares	of	£1.00 each
To	£100	divided into	1000 shares	of	10p each

That the share capital of the company be **increased**

From	£100	divided into	100 shares	of	£1.00 each
To	£3000	divided into	3000 shares	of	£1.00 each

By the Creation of £2900 divided into 2900 shares of £1.00 each

and converted

From	£3000	divided into	3000 shares	of	£1.00 each
To	USD 7200	divided into	7200 shares	of	1USD each

(At the rate of 2.40 US Dollar to the pound)

and consolidated

From	USD 7200	divided into	7200 shares	of	1USD each
To	USD 7200	divided into	720 shares	of	10USD each

Capital Duty

Charge of duty on capital of Limited Liability Company

Section 36 of the Stamp Duties Act 2005:

36. (1) A statement of the amount which is to form the nominal share capital of any company to be registered with limited liability, and a statement of the amount of any increase of registered capital of any company shall be delivered to the Registrar.

(2) The statements referred to in subsection (1) shall be charged with duty of £10.

The same charge of £10 on duty on capital also applies to corporations or companies with limited liability otherwise than under the Companies Act.

- £10.00 Stamp Duty payment on increases in share capital will be payable at Companies House at the time of increase

Reduction of Share Capital

A reduction of share capital requires an application to Court.

▪ **Payment Method**

UK clearing cheques should be crossed and made payable to Companies House (Gibraltar) Limited

▪ **Guidance only**

This Circular is intended for general guidance only. Companies House (Gibraltar) Limited does not assume legal responsibility for the accuracy of any particular statement. In the case of a specific problem, we recommend that you seek professional advice.

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