



# GUIDANCE NOTE 24

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

Updated January 2022

A Company may, if so authorised 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 £80 if documents 1-4 are filed and £100.00 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 £60.00 if documents 1-3 are filed and £80.00 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 £60.00 if documents 1-3 are filed and £80.00 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 of redenomination (Statutory form)
3. Statement of Capital in connection with a redenomination (Statutory form)
4. Amended Memorandum of Association (Amend by inserting the new share capital)
5. Amended Articles of Association (Only to be filed if affected by the change)
6. Filing Fee of £80.00 if documents 1-3 are filed and £100.00 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**

<b>From</b>	£100	divided into	100 shares	of	£1.00	each
<b>To</b>	£3000	divided into	3000 shares	of	£1.00	each

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

<b>From</b>	£100	divided into	100 shares	of	£1.00	each
<b>To</b>	£100	divided into	10 shares	of	£10.00	each

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

<b>From</b>	£100	divided into	100 shares	of	£1.00	each
<b>To</b>	£100	divided into	1000 shares	of	10p	each

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

<b>From</b>	£100	divided into	100 shares	of	£1.00	each
<b>To</b>	€110	divided into	100 shares	of	€1.10	each

(the rate of exchange used has been €1.10/£1 being the prevailing rate on the date of the resolution)

## **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**

Please refer to Guidance Note 36 for payment methods accepted by Companies House Gibraltar.

## **Guidance only**

These notes are intended for general guidance only. Companies House Gibraltar 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.

## **Registry Contact Details**

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