Summary of Companies incorporated under the Companies Act 2006

March 2012

The Isle of Man Companies Act 2006 introduced a modern and flexible corporate entity, referred to locally as the "2006 Act" company or "NMV" (New Manx Vehicle). 2006 Act companies exist in parallel with the more traditional companies incorporated under the Isle of Man Companies Acts 1931 – 2004. 2006 Act companies are available as limited by shares, limited by guarantee, limited by shares and guarantee (hybrid company), unlimited or a protected cell company. There is no distinction between private and public companies.

Features

- Corporate directors are permitted (with some restrictions)
- Ability to convert 1931 companies into 2006 companies
- No statutory requirement for a company secretary
- Single member companies are permitted
- No financial assistance prohibition
- Must have a Registered Agent (see below for more detail)
- No statutory financial statements
- Capital maintenance doctrine replaced by statutory solvency test
- No audit requirement (unless shares are listed or admitted to trade on a securities market or exchange
- Merger and consolidation provisions are flexible and simple
- Protected cell companies are permitted without restriction to use
- No requirement for authorized share capital or capital duty
- Reduced public disclosure
- Sole director permitted.

Registered Agent

A Registered Agent ("RA") is required at all times and must hold a licence under the Isle of Man Financial Services Act 2008. It is the Registered Agent's duty to incorporate 2006 Companies and to file certain documents including the annual return.

In addition the RA is required to keep certain company records including a signed copy of the Memorandum & Articles of Association, register of members, register of directors, register of charges, copies of all documents filed by the company, accounting records and minutes of meetings of members and directors.

If the directors determine to keep the minutes elsewhere the RA must be advised where they are kept. Such is the importance of the RA that the Registrar may strike the company off if there is no RA.

Accounts

It is necessary to maintain accounting records although there is no requirement for statutory annual accounts. The records should correctly explain the transactions of the company; enable the financial position of the company to be determined with reasonable accuracy at any time and would allow financial statements to be prepared.

The accounting records of the company should be kept at the office of the registered agent or at such other place as the directors of the company think fit (subject to certain restrictions).

Solvency test

The traditional capital maintenance doctrine has been replaced by a statutory solvency test. The solvency test requires that the company is able to pay its debts as they become due in the normal course of its business and that the value of the company's assets exceeds the value of its liabilities.

Memorandum

The Memorandum will provide the name and type of company, registered office and first registered agent, subscribers' names and addresses. Restrictions in the Memorandum are permitted and take effect as a contract with members, and restrict the directors, although third parties are not required to investigate.

Model Articles

Model form Articles of Association have been prescribed by the Companies (Model Articles) Regulations 2006. However, it is possible for a company to adopt its own form of Articles of Association should it wish to do so. The Companies Act 2006 gives great flexibility which includes, for example, the facility to entrench members' rights into the Articles of Association. The power to amend the Articles can be given to the directors.

Companies Act 2006

A copy of the Companies Act 2006 can be found on the website www.gov.im/ded

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