**Glossary**

Below are the key legal terms used in this text.

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| **Term** | **Definition** |
| accounting reference date | Normally, the last day of the month on which the anniversary of the company falls |
| accounting reference period | A company’s first accounting reference period begins on the date of its incorporation and ends on its accounting reference date. Subsequent accounting reference periods are periods of twelve months beginning the day after the company’s accounting reference date |
| accumulated profits | The amount of profit a company has made taking into account performance in previous years |
| actual authority | A legal relationship between the principal and agent created by a consensual agreement to which they alone are parties |
| administration | A procedure that is designed to (i) rescue a company as a going concern; (ii) achieve a better result for the company’s creditors than would be likely if the company were wound up, or; (iii) realize property in order to make a distribution to one or more secured or preferential creditors |
| administration order | A court order placing a company in administration |
| administrative restoration | An application made to the registrar of companies to have a dissolved company restored to the register |
| agency | A relationship that arises where one-person (the principal) consents to another person (the agent) acting on the principal’s behalf. This usually involves the agent effecting a contractual relationship between the principal and one or more third parties |
| agent | A person who acts on behalf of a principal, usually by effecting a contractual relationship between that principal and one or more third parties |
| allotted share capital | The total nominal value of shares that a company has allotted |
| allotment of shares | Shares are allotted when a person acquires an unconditional right to be included in the register of members in respect of the shares |
| allottee | A person to whom shares are allotted |
| alternate director | A person appointed to act as director in place of a director (e.g. where a director cannot attend a board meeting, or is incapacitated) |
| annual general meeting | A meeting of a public or traded company that must take place within a sex-month period beginning on the day following the company’s accounting reference date |
| annual reports | A company’s annual reports consist of the strategic report, the directors’ report, and the auditor’s report. In addition, quoted companies must also prepare a directors’ remuneration report |
| annuity | A yearly payment of a sum of money |
| apparent authority | A legal relationship between the principal and a third party created by a representation made by the principal to the contractor, intended to be and in fact acted upon by the contractor, that the agent has authority to enter on behalf of the principal into the contract |
| apply and explain | The basis on which the Wates Corporate Governance Principles operate. Companies to whom the Principles apply should apply the Principles and explain how they have addressed them |
| articles of association | A company’s principal constitutional document, which sets out the internal rules by which a company is to be run (e.g. |
| attribution | The process by which the acts or mental states of certain persons are regarded as the acts or mental states of a company |
| auditor | A person appointed by the company to determine if, in his opinion, the annual accounts have been prepared in accordance with the law and give a true and fair view of the company’s finances |
| authorized share capital | The total nominal value of shares that may be allotted by a company |
| bare licensee | Someone who is permitted to be present on another’s land, but is required to leave if the owner withdraws permission |
| beneficial ownership | The beneficial owner of shares is the person who ultimately owns or controls those shares |
| bidder | A person that makes a takeover bid |
| bonus shares | Shares allotted to existing shareholders and paid for out of the company’s distributable profits |
| book debts | Sums of money owed to a bankrupt, partnership or company, usually for good supplied or services undertaken |
| called-up share capital | The paid-up share capital plus the amount called for or instalment due |
| call notice | A notice issued by the company which requires allottees of nil- or partly-paid shares to pay all or part of the unpaid amount on those shares |
| casting vote | A vote granted to a person to determine a vote where the result is tied |
| certificate of incorporation | A certificate issued to a company, which provides conclusive proof that the requirements for registration have been met and that the company is registered under the CA 2006 |
| certificated shares | Shares in relation to which a share certificate is issued |
| charge | A form of security under which the creditor may appropriate the charged asset if the debtor defaults |
| chargee | A person to whom a charge is granted (also known as a chargeholder) |
| chargeholder | A person to whom a charge is granted (also known as a chargee) |
| chargor | The person who grants another person a charge |
| charterparty | A contract for the hiring of a ship |
| chair | The head of the board |
| chief executive officer | The head of the company |
| chief operating officer | A director responsible for ensuring that the organizational operation of the company is geared towards meeting the company’s objectives, and complying with legal requirements and best practice |
| chief risk officer | A director responsible for participating in the company’s risk-management processes |
| City Code on Takeovers and Mergers | A body of rules that establishes the framework within which takeovers are conducted (usually known as the Takeover Code) |
| class meeting | A meeting to which only a specified class (or classes) of member are entitled to attend |
| codification | The process whereby law is restated in statute |
| cold-shouldering | A statement of the Takeover Panel stating that a person is not likely to comply with the Takeover Code |
| common seal | An embossed stamp, bearing the name of the company, that can be used as the company’s ‘signature’ to enter into contracts and execute documents |
| Companies House | An executive agency of BEIS responsible for, *inter alia*, incorporating and dissolving companies, sorting information on companies, and making this information available to the public |
| company voluntary arrangement | An insolvency procedure under which a company enters into a binding agreement with its creditors |
| comply or explain | The basis on which the UK Corporate Governance Code operates. Companies with a premium listing must apply the Code’s Principles, and must apply the Code’s Provision or explain non-compliance |
| confirmation statement | A statement confirming that all the information required to be delivered to Companies House in the relevant confirmation period has been delivered or is being delivered alongside the confirmation statement |
| constitution | In the corporate context, a series of documents (notably the articles of association) that set out the internal rules by which a company is to be run |
| contractual capacity | The extent to which a person is able to enter into contracts |
| corporate capacity | The company’s ability to enter into contracts (i.e. the company’s contractual capacity) |
| corporate opportunity doctrine | The rule which provides that a director breaches his duty (notably the duty in s 175 of the CA 2006) if he takes advantage of property, information or an opportunity and, in doing so, his interest conflict with those of the company |
| corporate representative | Where a company (A) holds shares in another company (B), then A can authorize a person (the corporate representative) to act as its representative at any meeting of B |
| corporate veil | The veil which shields those behind the company (e.g. directors and members) from being liable for the company’s debts and liabilities |
| class rights | Rights granted to different classes of share |
| creditor | A person to whom a debt is owed |
| cross-listing | Where a single company lists its shares on multiple stock markets |
| crystallisation | The process by which a floating charge becomes a fixed charge |
| debenture | A document that creates or acknowledges a debt |
| debt capital | Capital raised through borrowing (also known as loan capital) |
| debtor | A person who owes a debt to another |
| debt securities | Tradeable financial instruments that a company can issue in order to raise finance – the persons to whom debt securities are issued are creditors and not usually members |
| *de facto* director | A person who acts as a director, but has not been validly appointed as a director |
| default | The word ‘default’ can refer to:   * a failure to perform a legally obligated act; * a debtor failing to pay back a loan, or instalment of a loan |
| deferred debts | Debts which are subordinated to other debts of the company |
| deferred shares | Shares that provide that their holders are not entitled to a dividend or surplus assets upon liquidation unless the ordinary shareholders have first been paid |
| *de jure* director | A person who has been validly appointed as a director |
| dematerialization | The process of converting certificated shares into uncertificated shares |
| derivative claim | A claim brought by a member in respect of a cause of action vested in the company, seeking relief on behalf of the company |
| director | Any person occupying the position of director, by whatever name called (CA 2006, s 250) |
| disqualification order | An order of the court providing that a person shall not, for a period specified in the order, be a director of the company, or take part in the promotion, formation or management of the company, unless leave of the court is obtained |
| disqualification undertaking | An undertaking, which is accepted by the Secretary of State, from a person that they will not act as a director for a specified period |
| dissolution | The process by which the existence of a company or LLP is brought to an end |
| dividend | The distribution of all or part of a company’s profits to its members, usually determined at *x* pence per share |
| enlightened shareholder value | The ultimate objective of companies (i.e. to generate long-term maximum value for shareholders) is the best way to achieve overall prosperity |
| entrenched article provisions | An article provision that can only be amended if ‘certain conditions are met, or procedures are complied with, that are more restrictive than those applicable in the case of a special resolution (CA 2006, s 22(1)) |
| equity capital | Capital raised by selling shares (also known as share capital) |
| equity securities | Equity securities are (i) ordinary shares in the company; or (ii) rights to subscribe for, or to convert securities into, ordinary shares in the company |
| estop | To deny the exercise of a right |
| Euroclear UK and Ireland Ltd | A company that has been approved to run a system that enables securities to be transferred without a written instrument |
| evasion principle | The principle which provides that a company’s corporate personality can be set aside where a person is ‘under an existing obligation or liability or subject to an existing legal restriction which he deliberately evades or whose enforcement he deliberately frustrates by interposing a company under his control (*Prest v Petrodel Resources*) |
| executive director | A director, usually full-time and operating under a contract of service, who engages in the day-to-day management of a company |
| express actual authority | Authority given to a director by express words (e.g. when a board of directors pass a resolution which authorises two of their number to sign cheques) |
| extraordinary general meeting | A meeting of the company that is not an annual general meeting. Note that this term is no longer used under the CA 2006 |
| final dividend | A dividend paid out once the final accounts have been prepared (i.e. paid following the end of the company’s financial year) |
| finance director | A director responsible for managing the financial risks of the company |
| Financial Conduct Authority | The UK regulator for financial services firms and financial markets |
| financial year | A company’s financial year begins on the day of its first accounting reference period and ends with the last day of that period, or some other date not more than seven days before or after that period, as the directors may determine Subsequent financial years begin on the day following the end of the previous financial year, and end on the last day of its next accounting reference period, or some other date not more than seven days before or after that period, as the directors may determine |
| fixed charge | A charge taken over a specific asset that restricts the chargor’s ability to deal with that asset. If the debtor defaults, the chargeholder can usually seize the charged asset and sell it to recover the sum owed |
| floating charge | A charge, usually taken over a class of assets or the entire undertaking of the company, that floats over the charged asset until some specified event occurs, at which point it becomes fixed |
| forfeiture of shares | Shares that are forfeited become the property of the company, and can be sold, re-allotted or disposed of as the company sees fit |
| Form IN01 | The application form to register a company |
| fully-paid shares | Shares allotted with the full nominal value being due on allotment |
| gearing | The ratio of a company’s debt capital to its share capital |
| general duties | The duties imposed upon directors by ss 170-87 of the CA 2006 |
| general meeting | A meeting of the company |
| golden share | A share which gives its holder the ability to outvote all other shares |
| group accounts | Annual accounts that provide consolidates financial information on a parent company and its subsidiaires |
| Group Litigation Order | A legal action involving multiple claims arising from the same issues of act or law, whereby affected persons can opt into the action. Their names will be entered into ‘group register’ and their claims heard by a single court. If the action succeeds, the judgment will bind all those on the group register |
| Hearings Committee | The body that reviews appeals of the decisions of the Panel Executive of the Takeover Panel |
| hostile takeover | A takeover bid that the target’s board believes should not be accepted |
| identification theory | A rule which provides that the mental state or knowledge of certain persons is attributed to the company |
| implied actual authority | Authority that the law deems to have been bestowed by the company upon the director as a result of their dealings, circumstances, or relationship |
| incorporation | The process by which a company or limited liability partnership is created |
| individual | A natural person (i.e. a human being) |
| indoor management rule | The rule which provides that parties dealing with a company can assume that any internal management rules have been complied with |
| initial public offering | The first time a company offers to sell its share to the public |
| institutional investors | Large bodies (such as banks, pension funds, insurance companies) that purchase significant amounts of shares |
| interim dividend | A dividend paid out before the company’s final accounts have been prepared (i.e. paid during a company’s financial year) |
| internal audit | An audit the provides an independent assurance that an organization’s risk management, governance, and internal control processes are operating effectively. |
| *intra vires* | ‘Within one’s powers’ |
| irregularity principle | Where an irregularity is committed, an aggrieved member cannot commence proceedings where the irregularity is one that can be ratified by a simple majority of the members |
| issued share capital | The total nominal value of shares that a company has issued |
| issuing of shares | Shares are issued when a person’s name is entered into the register of members in respect of those shares |
| legal person | A person created by operation of the law (e.g. a company or LLP) |
| liability limitation agreement | An agreement between an auditor and the company that purports to limit the amount of liability owed to a company by an auditor in respect of any negligence, default, breach of duty or breach of trust occurring in the course of auditing a company’s accounts of which the auditor may be guilty in relation to the company |
| lien | The right to hold the property of another person until that person satisfies an obligation |
| limited liability | In a limited liability company, the liability of the members is limited in the event of the company’s liquidation. Where a company is limited by shares (as most are), the members’ liability will be limited to the amount that is unpaid on their shares. In a company limited by guarantee, the members’ liability is limited to the amount stated in the statement of guarantee |
| limited liability partnership | An incorporated business structure created under the Limited Liability Partnerships Act 2000. LLPs have corporate personality and its members have limited liability |
| limited partnership | A partnership created under the Limited Partnerships Act 1907, that consists of at least one general partner (with unlimited liability) and at least one limited partner (whose liability is limited) |
| liquidation | The process by which the company’s assets are collected and realized, its debts and liabilities paid, and the remainder distributed to persons so entitled. The company is then dissolved |
| liquidator | A person appointed to liquidate a company |
| listed company | A company that has a class of its securities listed on the UK’s official list |
| listing | The process whereby a company applies for its securities to be admitted to the official list |
| listing hearing | The process whereby the FCA reviews a company’s application for listing |
| loan capital | Capital raised through borrowing (also known as debt capital) |
| *mala fides* | ‘Bad faith’ |
| mandatory offer | An offer to purchase the shares of all shareholders that must be made by a person who acquires an interest in shares that carry at least 30 per cent of the company’s voting rights |
| market capitalisation | The amount of shares a company has issued multiplied by its current share price |
| materialization | The process of converting uncertificated shares into certificated shares |
| maximum engagement period | The maximum period of time that an auditor may audit a company’s annual accounts for before that auditor must be replaced |
| member | The term ‘member’ can refer to:   * a partner of a limited liability partnership, or; * a person who falls within the definition of a company member under s 112 of the CA 2006 |
| memorandum of association | A document that states that the subscribers (i) wish to form a company and (ii) agree to become members of the company and, in the case of a company with a share capital, to take at least one share each |
| *mens rea* | ‘Guilty mind.’ The mental element of a criminal offence (e.g. intent to commit). |
| minimum share capital | The minimum share capital that a public company is required to have allotted (currently £50,000) |
| minutes | The formal record of a meeting |
| misfeasance | The improper or unlawful performance of a lawful act |
| model articles | Articles that can be used by a company if it does not wish to register its own articles, or which can be used alongside registered articles. The model articles can be found in the Companies (Model Articles) Regulations 2008 |
| moratorium | The temporary prohibition of a specified act (e.g. where a company is in administration, the creditors will be prevented from enforcing their security) |
| mortgage | A form of security whereby the debtor transfers legal title of the secured asset to the creditor, on the condition that title will be transferred back to the debtor once its obligations have been fulfilled |
| negotiable instrument | A document that places an obligation upon one person to pay a sum of money to another, and which can be transferred by delivery |
| nil-paid shares | Shares with no payment due on allotment, and the full price being due at some point in the future |
| no-access order | An order of the court stating that a request to inspect the register of members was made for a proper purpose, which directs the company to not comply with the request |
| no reflective loss principle | A member cannot sue a person for losses sustained if those losses are reflective of losses sustained by the company and which could be recovered by the company |
| nominal value | The fixed value attached to shares in a limited company |
| nominee director | A person appointed as director by, or to safeguard the interests of, a person (e.g. a major shareholder or creditor) |
| non-cash asset | Any property or interest in property, other than cash |
| non-executive director | A director, usually part-time and operating under a letter of appointment, who provides independent objective guidance to the executives and holds them to account |
| non-possessory security | Where the creditor takes security over an asset of the debtor, but the borrower retains possession of the asset and can continue to make use of it (although this usage may be restricted) |
| objects clause | A clause in a company’s articles that sets out the purposes for which the company was formed |
| ‘off the shelf’ company | A company that is created (usually by an incorporation or company formation agent) with a view to later being sold to someone who does not wish to create their own company |
| offer document | A document that sets out specified information regarding a takeover offer |
| offer for sale | A form of public offer under which the company allots the shares to an investment bank, and the bank then offers them for sale to the public |
| offer for subscription | A form of public offer under which the company directly offers its shares for sale to the public |
| offer period | A period that begins with the announcement of a takeover offer or a possible takeover offer |
| official list | A rights issue under which existing shareholders do not have the ability to sell their right to buy shares to another person. |
| open offer | A rights issue that does not provide an existing shareholder with ability to sell the right to buy the shares under the rights issue |
| operator | A person who runs a relevant system under which uncertificated shares can be transferred |
| ordinary resolution | A resolution of the company that is passed by a simple majority (i.e. over 50 per cent) |
| ordinary shares | Shares other than shares that, as respect dividends and capital, carry a right to participate only up to a specified amount in a distribution (CA 2006, s 560(1) |
| outsider | A person who is not a party to the s 33 statutory contract |
| outsider rights | Rights granted to a member other than in his capacity as a member |
| overdraft | An agreement between a bank and debtor under which the debtor can withdraw more from its current account than it has deposited into it |
| overseas company | A company incorporated outside the UK (CA 2006, s 1044) |
| paid-up share capital | The combined total of nominal share capital that has been paid to the company |
| Panel on Takeovers and Mergers | The body responsible for regulating takeovers and mergers in the UK (usually known as the Takeover Panel) |
| *pari passu* | ‘With equal step.’ A rule which provides that, if the assets of the company are insufficient to pay off all the company’s debt and liabilities, then each creditor will receive an equal percentage of the debt owed to them |
| partly-paid shares | Shares allotted with less than the full nominal value being due on allotment, and the remainder due later |
| partnership | A partnership (often known as a ‘general’ or ‘ordinary’ partnership is defined as ‘the relation which subsists between persons carrying on a business in common with a view of profit’ (PA 1890, s 1(1)) |
| passporting | A prospectus approved in one EEA Member State will be regarded as approved in any other EEA Member State |
| *persona ficta* | A ‘fictional person’ |
| person with significant control | A person is a person with significant control if that person:   * holds, directly or indirectly, more than 25 per cent of the company’s shares or voting rights; * holds the right, directly or indirectly, to appoint or remove a majority of the company’s directors; * has the right to exercise, or actually exercises, significant influence or control over the company |
| Phoenix company | A company with the same (or very similar) name to a company that has been liquidated, and which as set up by the directors of the liquidated company |
| piercing the veil | The disregarding of a company’s separate personality |
| placing | Where a company (or a bank acting on its behalf) offers its shares to a person or limited group of persons |
| pledge | A form of security under which the creditor takes possession of an asset of the debtor |
| pluralist approach | Company law should require companies to serve not just members, but should also serve a wider range of interests that are not subordinate to those of the members |
| poll vote | A vote under which each member has one vote per share (unless the company has no share capital, in which case each member has one vote) |
| possessory security | Where the creditor has physical possession of an asset belonging to the debtor, on the condition that the asset is returned once the debtor pays off the debt owed |
| pre-emption right | A right granted to existing shareholders under which newly-issued shares must first be offered to them in proportion to their existing holdings |
| preference | Where a company does anything or suffers anything to be done which has the effect of putting a creditor, surety or guarantor of the company into a position which, in the event of the company going into insolvent liquidation, will be better than the position he would have been in if that thing had not been done |
| preference shares | Shares which grant ‘preferential’ rights to their holder (e.g. a pre-determined fixed dividend payable before a dividend is paid to the ordinary shareholders) |
| preferential debts | Those debts that statute ranks as being prioritized to all other debts, except debts secured by fixed charge and liquidation expenses |
| premium listing | A listing of equity shares that requires compliance with a series of rules that go beyond the EU requirements (i.e. beyond the rules that apply to a standard listing) |
| pre-pack administration | An arrangement under which the sale of all or part of the company’s assets or business is negotiated with a purchaser prior to an administrator being appointed, and the administrator effects the sale immediately on, or shortly after, being appointed |
| prescribed part | The portion of a debt owed to floating chargeholders that must be set aside and used to pay off the company’s unsecured debts |
| price-earnings ratio | A method of valuing a company, calculated by dividing the company’s share price by its earnings per share |
| *prima facie* | ‘At first appearance’ |
| principal | The word ‘principal’ can refer to:   * a person on whose behalf an agent acts * in a loan agreement, the repayment of the sum borrowed |
| private Act | A private Act of Parliament is one that affects specific groups of persons, organizations or localities |
| private company | Any company that is not a public company |
| promoter | A person engaged in the formation of a company, who usually goes on to become a director of that company |
| proper claimant principle | The principle that where the company is wronged, the company is the proper claimant and therefore the person in whom the cause of action is vested |
| prospectus | A document, issued by a company that offers transferable securities to the public, that provides information about the company and the securities to be offered |
| proxy | A person appointed to attend, speak or vote at general meetings on behalf of a member |
| public Act | A public Act of Parliament is one that that deals with matters of public interest that affect the general population |
| public company | A company limited by shares, or limited by guarantee and having a share capital, the certificate of incorporation of which states that it is a public company |
| public interest entity | Entities whose transferable securities are admitted to trading on a regulated market within an EU Member State (e.g. a UK listed company). Credit institutions and insurance undertakings also constitute PIEs |
| *qua* | ‘in the capacity of’ |
| quasi-loan | Where the company agrees to pay a sum on behalf of the director, or where the company reimburses expenses incurred by another party due to the actions of the director, on the understanding that the director (or someone acting on his behalf) will later reimburse the company |
| quasi-partnership | A company involving one or more of the following elements:   * as association formed or continued on the basis of a personal relationship involving mutual confidence; * an agreement or understanding that all, or some, of the members shall participate in the conduct of the business; * a restriction upon the transfer of the members’ interest in the company |
| quorum | The minimum number of qualifying persons required to be present in order to transact business |
| quota | A legal rule that provides that a certain proportion of a group of people (e.g. a board of directors) must consist of a specified group (e.g. women) |
| quoted company | A company whose share capital (i) has been included on the official list; (ii) is officially listed in a EEA State, or; (iii) is admitted to dealing on the New York Stock Exchange or Nasdaq |
| realised profits | Profits are realised only when realised in the form of either cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty |
| receivership |  |
| recognized investment exchange | An organization that has been authorized by the FCA to provide certain services (notably to act as a stock exchange) |
| redeemable shares | Shares that offer their holder temporary membership, and can be bought back by the company, usually upon the company or holder’s insistence |
| redenomination | The process of converting shares having a fixed nominal value in one currency to having a fixed nominal value in another currency |
| registered company | A company incorporated by registration |
| registered office | An address where communications and notices to the company can be sent, and where certain company documents can be inspected or deposited |
| registration document | The part of a prospectus that provides information on the issuer of the relevant securities |
| registration number | A unique number allocated to each company when it is incorporated |
| regulatory information service | An authorized body whose function is to disseminate information to the public |
| relevant system | A computer-based system, and procedures, which enable title to units of a security to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters’ |
| representative action | A member (or members) who has sustained losses due to the actions of another can commence proceedings on behalf of himself and other wronged members |
| rescue culture | Where a legal system puts in place mechanisms designed to help financially struggling companies survive and become profitable |
| reserve power | A power granted to the members to direct the directors to take, or refrain from taking, specified action |
| response circular | A document setting out the target board’s opinion on the takeover offer |
| restoration | The process by which a dissolved company is restored back to the register of companies |
| restrictive covenant | A term, usually found in a contract or deed, that restricts the actions of one or more of the parties subject to it. |
| retention of title clause | A clause in a contract for the sale of goods that provides the seller will retain title to the goods until they are fully paid for |
| retirement by rotation | A system under which directors are periodically required to step down from office and, if they so wish, can then seek re-election |
| right of establishment | The right to set up and manage undertakings, particularly companies, in any EU Member State |
| rights issue | An offer to sell shares that is made to the company’s existing shareholders |
| royal charter | A document issued by, or on behalf of, the monarch that grants certain rights to a person, place or body |
| scheme of arrangement | A compromise or arrangement between a company and (i) its creditors, or any class of them; or (ii) its members, or any class of them |
| scrip dividend | A dividend under which members can choose between receiving a cash dividend or a dividend in the form of newly issued and fully paid-up shares |
| secured borrowing | Where a creditor lends money and takes some form of security over an asset or assets of the debtor |
| secured creditor | A creditor who has taken some form of security over a debt owed to him |
| securities | Shares or debentures (CA 2006, s 755(5)) |
| securities note | The part of a prospectus that sets out details of the securities to be admitted to trading on the market |
| security | Where a creditor acquires some form of right over an asset or assets of a debtor |
| sell-out rights | The ability of a shareholder to compel a bidder to purchase his shares |
| shadow director | A person in accordance with whose direction or instructions the directors of a company are accustomed to act (CA 2006, s 251(1)) |
| share | An item of property that confers upon its holder rights and obligations as set out in law and the company’s constitution |
| share capital | Capital raised by selling shares (also known as equity capital) |
| share certificate | A certificate delivered to a shareholder following an issue of certificated shares that provides *prima facie* evidence as to the title of those shares |
| shareholder | A person who holds a share |
| shareholders’ agreement | An agreement entered into by two or more shareholders (the company may also be a party) that establishes rules regarding the relationship between the members, and/or the company |
| share premium | The amount that a share is sold for in excess of its nominal value |
| share warrant | A document stating that its holder is entitled to the shares specified in the document |
| sole proprietorship | A sole individual carrying out some form of business activity on their own account (i.e. a self-employed person) |
| solvency statement | A statement stating that each of the directors has formed the opinion that:   * there is no ground on which the company could be found to be unable to pay its debts, and; * the company will be able to pay (or otherwise discharge) its debts as they fall due during the year immediately following the date of the statement |
| special resolution | A vote of the members which is passed by a majority of not less than 75 per cent |
| special notice | Certain resolutions require the provision of special notice, namely 28 clear days |
| special resolution | A resolution of the company that is passed by a majority of not less than 75 per cent |
| specific performance | A court order compelling a person to fulfil an obligation under a contract |
| squeeze-out rights | The ability of a bidder to compel the remaining shareholders to sell their shares |
| stamp duty | A tax payable on documents that effect transfers of certain assets or property (e.g. shares) |
| standard listing | A listing of shares which requires compliance with the minimum EU directive standards |
| statement of capital | A statement that sets out details regarding the company’s share capital and its shareholders (see s 10 of the CA 2006) |
| statement of compliance | A document, included with the application for registering a company, under which the promoter(s) state that the CA 206’s requirements regarding registration have been complied with |
| statement of guarantee | A statement that sets out how much the members of a company limited by guarantee must pay in the event of the company’s liquidation (see s 11 of the CA 2006) |
| statutory audit | The audit of a company’s annual accounts that it is legally required to undertake |
| statutory auditor | An auditor who conducts a company’s statutory audit |
| statutory contract | The contract that exists between the company and its members, and between the members themselves, that is created via s 33 of the CA 2006 |
| stay | The temporary or permanent suspension of legal proceedings |
| strict liability | A criminal offence or civil wrong that requires no mental element to establish (e.g. no *mens rea* requirement) |
| substantial property transaction | A transaction between a director (or a person connected with the director) and the company that requires member approval under s 190 of the CA 2006 |
| succession planning | A system to identify and put in place replacement directors for those directors who are departing |
| surety | A person who offers security for the debts of another |
| takeover | A transaction under which one company acquires sufficient shares in another company to give it control |
| Takeover Appeal Board | A body that hears appeals of the decisions of the Hearings Committee |
| takeover bid | Where a person makes an offer to all the shareholders of a company to purchase their shares |
| target | A comp any that is subject to a takeover bid (also known as the ‘offeree’) |
| term loan | A loan under which the company borrows a sum of money from a debtor, with repayment of the sum borrowed plus interest being due by a specified date |
| thing | An asset other than land |
| thing in action | An intangible thing (e.g. a share in a company) |
| thing in possession | A tangible thing |
| title | A person’s right of ownership over property |
| trading certificate | A certificate, issues by Companies House to a public company, that allows the company to commence business and to exercise borrowing powers (see s 761 of the CA 2006) |
| transfer of shares | Where shares pass from one person to another, other than through the operation of law (e.g. where they are sold) |
| transmission of shares | Where shares pass from one person to another through the operation of law (e.g. where a shareholder dies, or is declared bankrupt) |
| transmittee | A person to whom shares are transmitted |
| treasury shares | Shares held by the company ‘in treasury’, which can be sold, transferred or cancelled by the company |
| two-tier board structure | A board structure where different types of directors (e.g. executives and non-executives) are separated into different boards |
| UK Listing Authority | A title bestowed upon the body responsible for securities regulation. In the UK, this body is the FCA. Note that the FCA has stated that it intends to no longer use the term ‘UK Listing Authority’ |
| *ultra vires* | Where a person or body acts ‘beyond one’s powers’ |
| uncalled share capital | The amount that a company can call on in relation to unpaid shares |
| uncertificated shares | Shares in respect of which a share certificate is not issued |
| unissued share capital | The nominal value of shares that a company can issue before it reaches its authorized share capital |
| unitary board structure | A board structure under which all directors (e.g. executive and non-executives) operate on a single board |
| unregistered company | A company that was not incorporated by registration (e.g. a company incorporated by royal charter or Act or Parliament) |
| unsecured borrowing | Where a creditor lends money and does not take some form of security over an asset or assets of the debtor |
| unsecured creditor | A creditor who has not taken any security in respect to a debt owed |
| *ut res magis valeat quam pereat* | ‘It is better for a thing to have effect than to be made void’ |
| vicarious liability | Where a person is liable for the unlawful acts or omissions of another person |
| weighted voting clause | A clause, usually found in the company’s articles, which provides that, in specified circumstances, the voting rights of specified members will be increased |
| winding up | Another name for liquidation |
| winding up order | A court order that provides that a company is to be wound up |
| written resolution | A resolution that can be used as a substitute for a resolution at a meeting, that involves a copy of the resolution being sent to every member eligible to vote (e.g. in hard copy, by email or via a website) |
| wrongful trading | A person will be liable for wrongful trading where:   * a company has gone into insolvent liquidation or insolvent administration; * at some time before the commencement of the winding up or before the company entered administration, that person knew or ought to have concluded that there was no reasonable prospect that the company would avoid going into insolvent liquidation or insolvent administration, and; * that person was a director of the company at the time |