

Annual general meeting

Private companies do not need to hold an annual general meeting unless their articles of association require this. Where a company is required to hold an annual general meeting by their articles of association, the notice period, in the absence of any provisions of the articles of association, is the same as for any general meeting.

A public company must hold an annual general meeting within six months of its accounting reference date. Where a company's accounting reference period is shortened, the annual general meeting must be held within three months of the giving of the notice to shorten the accounting period.

s.336(1)

s.336(2)

As a consequence, a public company may not need to hold an annual general meeting in any particular calendar year if it has a financial year in excess of 12 months.

The normal or 'ordinary' business of the AGM is to receive the most recent accounts, consider the remuneration report (quoted companies only), confirm the declaration of a final dividend (where appropriate), approve the remuneration of the auditors and re-elect the auditors and retiring directors, if necessary. Any other business is deemed to be 'special' business.

Checklist

- ▶ The meeting must be held within six months of the company's accounting reference date. **s.336(1)**
- ▶ If the directors propose payment of a final dividend, this must be approved at a general meeting. **art. 70 sch. 3, SI 2008/3229**
- ▶ If the company is quoted, a resolution to approve the directors' remuneration report will be required. **s.439**
- ▶ Check the articles of association to see if the directors are required to retire by rotation. Directors of FTSE 350 companies are recommended to retire and offer themselves for re-election every year. All other directors of listed companies should offer themselves for re-election at least once every three years. **CGC B7.1**
- ▶ Check the articles of association to see if any new directors appointed by the directors during the year are required to retire at the next

- annual general meeting. If the company is a public company, each director offering themselves for re-election will require a separate resolution. **s. 160**
- ▶ Check the articles to see if there are any special requirements for the election or re-election of directors. **s. 338**
 - ▶ Check to see if any members have validly proposed any resolutions required to be included in the notice. **ss. 489, 515**
 - ▶ Are the auditors to be reappointed, or are new auditors being appointed requiring special notice (see page 162)? **s. 492**
 - ▶ The remuneration of the auditors must be fixed by the members or in such manner as they shall approve. **ss. 549, 551**
 - ▶ If appropriate, a resolution to extend or renew any authority (see page 256) to issue shares can be put as 'special business'. **ss. 561, 570,**
 - ▶ If appropriate, a resolution to extend or renew any waiver of pre-emption rights on allotment can be put as 'special business'. **571, 573**
 - ▶ Consider whether there is any other business to be put before the members.

Procedure

- ▶ Convene a directors' meeting to recommend appropriate resolution(s) to members and to convene annual general meeting. Ensure valid quorum present. **s. 302**
- ▶ Only the directors may convene an AGM as members' right to requisition a meeting only applies to general meetings. The directors should formally convene the meeting and approve the contents of the notice and accompanying documents. **s. 312**
- ▶ Company secretary or director to give special notice to the company, if required (such as appointment of auditor other than retiring auditor). **s. 337**
- ▶ Issue notice, signed by director or company secretary, convening annual general meeting of a public company on 21 clear days' notice (20 clear working days, for a quoted company) for members to consider resolutions. Private companies holding an annual general meeting need only give 14 clear days' notice, subject to the articles of association. **CGC E2.4**
- ▶ Notice must be given in hard copy, in electronic form (provided the person has agreed to accept documents and notice in this way) or by means of a website. Notice may be given partly by one such means and partly by another. **s. 307**
- ▶ Notice must be given in hard copy, in electronic form (provided the person has agreed to accept documents and notice in this way) or by means of a website. Notice may be given partly by one such means and partly by another. **s. 308**
- ▶ If notice is given by placing it on a website, members must be notified where it may be viewed. **s. 309**
- ▶ Enclose with the notice a copy of any accounts and a form of proxy if desired. Where issued forms of proxy must be sent to all members entitled to vote at the meeting, listed companies must enclose a three-way form of proxy (see page 186). **s. 326**
LR 9.3.6

- ▶ Consider whether class meeting(s) also required.
- ▶ If the meeting is to be convened on short notice, the company secretary should arrange for agreement to short notice to be signed by each of the members (see page 26).
- ▶ Copy of notice to be sent to non-member directors and auditors. **s.502(2)**
- ▶ Hold annual general meeting. Ensure valid quorum is present.
- ▶ Resolutions put to vote either by show of hands or by poll and to be passed by appropriate majority (ordinary resolutions by 50% majority, special resolutions by 75% majority).

Filing requirement

- ▶ Copies of any special resolutions and those ordinary resolutions where notification required. **ss.29,30**
- ▶ Any appropriate forms relating to non-reappointment of directors or auditors. **ss.167,521**

Notes

- ▶ The company secretary should arrange a suitable venue for the meeting.
- ▶ Before the meeting the company secretary or, if appointed, the company's share registrars should check and count all the proxies received.
- ▶ At the meeting the company secretary should ensure that an attendance sheet is circulated.
- ▶ Arrangements should be made to ensure that members alone have access to the meeting; however, this is not always possible or desirable in practice.
- ▶ Unless waived by the meeting, the notice and the directors' report should be read to the meeting.
- ▶ There is no longer a statutory requirement for the audit report to be read to the meeting. However, if the auditor is present, it is common practice for him or her to read the audit opinion.
- ▶ For companies with a large number of shareholders, or at meetings where there may be questions from the floor, it is useful to prepare a chairman's script prior to the meeting. Additionally, the directors should meet before the meeting to discuss any matters that might be raised at the meeting and decide who will deal with certain queries.
- ▶ If a poll is likely, the company secretary should arrange for poll cards to be available. Companies that use registrars will normally use their services when conducting a poll. The directors should ensure that as many proxy forms as possible are received prior to the meeting. It is important that proxy forms are received at the registered office, or the

office of the registrars, before the deadline for receipt of proxies. Most companies adopt the standard, and maximum, period prior to the meeting of 48 hours, but the articles of association must be checked as companies can adopt a shorter period up to the start of the meeting itself. Proxy forms arriving later than this cannot be accepted, and any proxy forms brought to the meeting are invalid.

- ▶ Additional copies of the latest audited accounts and directors' service contracts must be available at the meeting, together with a copy of the register of members and minutes of previous shareholder meetings.

More information



Chapter 8



Chapter 14