

**IS YOUR BUSINESS "E-COMPLIANT"?**

Despite the UK having extensive legislation governing exactly what information must be shown on electronic communications and websites, many business still fail to comply with this legislation.

It is worth noting that failure to comply with the Companies (Trading Disclosures) Regulations 2008, is an offence, not only for the Company itself but also for each officer of the Company who is in default. Such offence, is punishable by a fine of up to £1,000 and an additional daily fine for any continued breach. There are also sanctions applicable to businesses in breach of the Electronic Commerce (EC Directive) Regulations 2002, including the potential for a customer to cancel an order and to seek damages against the business.

So, what information must be shown? A company must show (in legible characters) its full company name, company registration number, place of registration and registered office address on its website, order forms and electronic documents. Please note that this information need not be shown on every page of a company's website, provided that it is easily accessible.

Businesses in general should show their name, geographical address and details (including an email address) of the business, with the aim of making communication more rapid and direct. If the entity with which a customer will be contracting is different to, for example, a trading name, the difference should also be explained. In addition, details of any membership of a trade or professional body, professional titles and the EU Member State where the title has been granted should also be stated and there should also be reference to any professional rules that apply and how such rules can be accessed. Any VAT number must also be shown and any prices stated on the website must be clear and unambiguous and state whether they include VAT and delivery costs.

*If you are at all concerned, please do not hesitate to contact a member of our team, who would be happy to advise you further.*

**REDUCTION OF CAPITAL**

New procedures have been introduced which make it easier for a Company to reduce its share capital.

There are many reasons why a Company would choose to reduce its share capital. Maybe, for example, to enable it to pay a dividend to its members or to increase its capital reserves to enable it to complete a buy back of its own shares.

Previously, a company which had a deficit on its profit and loss account was unable to make a distribution, even if it had substantial cash resources, unless it made an application to Court to approve a reduction in its share capital. This was a costly and often difficult procedure.

Under new legislation a solvency statement procedure is adopted, under which directors must give careful consideration to the Company's financial status, taking into account projections, for at least 12 months following the reduction. Caution must be advised in relation to this as directors are potentially liable to imprisonment or a fine, if they do not have reasonable grounds for making the opinions expressed in the solvency statement. It is for this reason, that many directors will seek third party advice in this regard and are strongly advised to record all information considered by them in the course of reaching their decisions.

If you would like further information in relation to this, or the case mentioned below, then please do not hesitate to contact a member of our team.

**RECENT CASE LAW!**

A recent Court of Appeal case has ruled that where a party has contracted to carry out work for the benefit of another party but fails to do so, the other party may perform such work itself and claim, as damages, the amount it would have cost for the breaching party to perform its obligations.

**For details of seminars that Chattertons will be running in 2010  
visit our new website at [www.chattertons.com](http://www.chattertons.com)**

**Peter Cropley, Stuart Cox, Roly Freeman, Emma Clement, Bill Winckworth, Emma Clayden, Abbie Turner and Caroline Cropley**

**- Boston - Grantham - Horncastle - Lincoln - Newark - Spalding - Sleaford - Stamford -**