

## JERSEY COMPANIES

### A MOORE STEPHENS GUIDE TO THEIR INCORPORATION AND ADMINISTRATION

#### **Incorporating a Company**

Jersey companies are regulated by the Companies (Jersey) Law 1991, which suits the requirements of international investors, and by applying the doctrine of ultra vires, a Jersey company has all the powers of a natural person.

Due to the simplicity of the incorporation process and the regulations governing disclosure of beneficial ownership and the raising of funds through the issue of shares, shelf companies are not generally used. When a Jersey company is required it is usual practice to incorporate a new company, which provides greater security and negates the need for expensive reviews of the shelf company's financial standing.

Before incorporation, a company name must be reserved. This can take approximately two days. If a fast incorporation is intended a name can be reserved more quickly.

It is advisable to provide us with at least two alternative names should the first choice of name be refused. The grounds for refusal include the name being too similar to an existing company, that it gives a misleading impression of the company's size or activities, that it includes references to Royalty, Government or Countries, or includes any words suggesting an activity, which is regulated by other laws such as Bank, Institute, Trustee or Doctor.

Once name approval has been obtained it will take approximately four business days to incorporate a Jersey company although a same day service is available at additional cost.

Certain information must be disclosed to the Financial Services Commission (the Jersey registrar) on incorporation including the identity of the beneficial owners of the company and details of the company's proposed activities. This information is confidential to the Financial Services Commission and will not be disclosed to any other authority or government agency in Jersey or elsewhere, as the beneficial ownership (as opposed to the identity of the registered shareholders) of a Jersey company is not a matter of public record.

An application to issue shares in a Jersey company must be supported by the signature of a person authorised to conduct trust and company business in accordance with the Financial Services (Jersey) Law 1998.

#### **Types of Company**

Until September 2002, Jersey Companies could only be incorporated with limited liability. The Law now provides for several new forms of company including no par value companies, guarantee companies, single member companies, unlimited companies, protected cell companies and incorporated cell companies. The majority of companies to be formed will be limited liability but we are able to form other company types upon request.

#### **Costs of Incorporation**

Moore Stephens charge a standard, minimum fee of £2,000 for the incorporation of a limited liability par value company with an authorised share capital not exceeding £10,000 or currency equivalent, preparation of the company's initial records, opening a single bank account and setting up the minute book.

This fee is based on the adoption of standard table articles of association. Should non-standard articles of association or capital structure be required an additional fee will be charged based on the complexity of the special requirements.

In such cases the preparation of articles of association may need to be referred to Jersey lawyers and associated legal fees would be addressed separately.

Companies incorporated in Jersey pay a fee of £200 on delivery to, and registration by, the Royal Court of Jersey of the memorandum and articles of association. This fee is not included in the £2,000 establishment fee.

The incorporation fee is exclusive of any disbursements for items such as the company seal, nameplate, statutory books, registers and company stationery. Based on minimum requirements we would estimate initial disbursements of approximately £230. A same day service is also available for an additional charge of £400.

### **Ongoing costs**

To maintain the legal standing of a Jersey company, it is necessary to submit annually a return of the company's registered shareholders and issue share capital together with a filing fee of £150. The annual return is a document of public record and is available for inspection at the Financial Services Commission. The use of nominee shareholders will avoid disclosure of beneficial ownership of a Jersey company to the general public, and Moore Stephens would provide this service.

It is also a requirement of Jersey law that a Jersey company has a registered office on the Island. Moore Stephens would provide this facility together with the services of directors, secretary and nominee shareholders and will prepare and submit annual returns for an inclusive fee of £2,750 per annum, plus local authorities fees, which are payable in full in advance.

If the company is not dormant, it may be necessary to render additional administration services. We charge for such work on a time spent basis and our fees reflect the nature of work or duties undertaken, the time engaged thereon and the degree of responsibility or expertise required in the conduct of the company's affairs.

Clients are expected to maintain liquid funds in a company account sufficient to discharge its annual liabilities and, to this end, Moore Stephens will require a minimum balance of £6,000.

Professional services rendered by Moore Stephens to any client company are subject to our terms and conditions of business. These are incorporated in our standard Client Application Form, which must be completed before incorporation of a company.

### **Other Statutory Requirements**

The company must maintain a registered office in the Island, which must be notified to the Financial Services Commission (as should any changes).

The register of members of a Jersey company should be kept at the registered office and be available for inspection by members of the company and members of the public.

Other documents that must be maintained at the registered office, although not open to public scrutiny, include a minute book of directors' and shareholders' meetings and a register of directors and secretary.

The company must show its name in full on all stationery and keep a company seal at the registered office.

### **Accounting and Administration Services**

Jersey law requires companies registered locally to hold an annual general meeting of shareholders and the directors of a Jersey company have a statutory obligation to present accounts to the shareholders at such annual general meetings. Moore Stephens can prepare unaudited accounts on an annual basis for submission to and approval by the directors. An additional charge is rendered for this service.

### **Ownership of a Jersey Company**

Shares in a Jersey company represent an estate for local probate purposes. If you made a will, upon your death your executors would need to apply for a Jersey Grant of Probate in order to deal with the transfer of your Jersey company shares. Apart from the professional costs involved, such an application would require a year and a day to pass before your shares could be sold or transferred, and would incur probate charges of 0.5% to 0.75% of the value of the shares.

If you have not made a will, similar costs and delays would arise; in this case Grant of Letters of Administration would be necessary.

To avoid such costs and delays we recommend that you do not hold shares in your Jersey company directly, but through a trust. This would enable your trustees to deal with the shares in your Jersey company entirely in accordance with your wishes without additional cost or delay. Should you require further information on Jersey trusts, please let us know.

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This information sheet provides a brief outline only and is not comprehensive as such and should you require further specific advice, please contact either Clive Barton or Paul Camara:

Telephone: 00 44 1534 880088  
Facsimile: 00 44 1534 880099  
E-mail: [mail@moorestephens-jersey.com](mailto:mail@moorestephens-jersey.com)

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