

Annual General Meetings

A quick guide



Oifig an Stiúirthóra um
Fhorfheidhmiú Corparáideach
Office of the Director
of Corporate Enforcement

**Plain
English**



Approved by NALA

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About this guide

We have produced this quick guide to explain why most companies are required to hold an Annual General Meeting (AGM).

This guide gives only a summary of the rules for AGMs. If you have a concern about the AGM of a particular company, you should get independent legal advice.

What is an AGM?

An AGM is a meeting of members of a company at which the members can ask questions and get information about the company. Some companies are required to hold an AGM every calendar year. The length of time between one AGM and the next cannot be more than 15 months.

Can some companies choose not to hold an AGM?

Yes. Private limited companies (LTDs) and some single member companies can decide not to hold an AGM. Special rules apply in these cases.

LTDs

- All members of a LTD (where there is more than one member) must approve and sign a written resolution not to hold an AGM.
- The resolution must be approved before the latest date for holding the AGM.

- Each member must confirm in writing that they have received the company's financial statements and that they agree with any other issues that would normally be decided at the AGM.
- This resolution is as valid as if it had been passed at a general meeting.

Single member companies

- The sole member must write to the company and say they have decided not to hold an AGM.
- The company must send the financial statements and other documents to the member. The documents are those that would normally be sent to the member before the AGM.

Who are members?

A member is one of the company's owners whose name appears on the register of members.

Register of members

Every company must keep a register of its members. This document lists the name and address of each member and the date they became a member. Any member may inspect the register free of charge.

How does someone become a member?

There are two ways:

1. When a company is first set up, the people who set it up automatically become members of the company, even if their names are not entered in the register of members.

2. Other people can choose to become members. The company's rules set out who can become a member and how to become a member. When someone agrees to become a member, their name is entered in the register of members.

How many members can companies have?

By law, all companies must have at least one member. For most companies, there is no maximum number of members. However, there are two exceptions:

- a private company limited by shares (LTD), and
- a designated activity company (DAC) such as a charity, trade association or sport club.

By law, these two types of companies may have no more than 149 members.

What is the purpose of an AGM?

An AGM gives members an opportunity each year to meet the directors, ask questions and get information about the company. The main business conducted at the AGM is to:

- review the company's financial statements;
- fill vacancies on the board of directors;
- appoint auditors; and
- declare a dividend (a payment to members).

The AGM may also discuss and vote on other matters.

Who can call an AGM?

The board of directors will normally call an AGM and ask the company secretary to write and let the members know. The notice must follow the rules laid down in company law.

Where are AGMs held?

AGMs of companies are normally held in the State, unless:

- a) all the members entitled to attend and vote agree in writing to hold the AGM elsewhere; or
- b) the members voted at the previous AGM to hold the next meeting outside the State; or
- c) the company has changed its internal rules to allow the AGM to be held outside the State.

The law does not say that the AGM must be held in any particular place in the State. The directors can decide where to hold the AGM or the company's rules may say where the AGM shall be held.

Have members a right to receive notice of an AGM?

Yes, members of a company have the right to receive notice of an AGM. The notice should be sent at least 21 days before the AGM is held (not including the day the notice is sent or the day of the meeting). This period is called the 'notice period'.

A company is only allowed to give shorter notice if the company auditors and all the members entitled to attend and vote at the meeting agree.

How do members receive notice?

The company may:

- hand the written notice to a member in person;
- send the notice by post; or
- send the notice electronically, if the company's rules allow.

If the company's rules do not allow the company to send notice electronically of an AGM, the members may change the rules. To do so, the company must put a proposal to members to vote on at an AGM or Extraordinary General Meeting (EGM). At least 75% of those voting at the AGM must approve the change.

What must the notice include?

The notice will normally include:

- the date, time and place of meeting;
- the agenda (this is a list of all of the matters to be discussed and voted on at the AGM);
- the financial statements for the year, including the directors' and auditors' reports (if any); and
- a note telling members of their right to appoint a proxy and a proxy form.

What is a proxy?

Any member who cannot attend a meeting can appoint someone (called a 'proxy') to attend the meeting on their behalf. A proxy has the same rights as the member to vote and speak at the meeting.

What is a quorum?

A quorum is the minimum number of members who must attend (in person or by proxy) an AGM for it to be a valid meeting.

The quorum for:

- single member companies is **one** member; and
- all other company types is **two** members.

However, the company rules can set a higher quorum.

What happens if a quorum is not present?

If a quorum is not present within 15 minutes of the scheduled start time of an AGM, the chairperson must postpone (adjourn) the meeting for a week or for another date that the directors choose.

If a quorum is not present at the reconvened meeting within half an hour of the scheduled start time, the members present will be the quorum and the meeting can go ahead.

Only the business left unfinished at the AGM which was postponed can be dealt with at the reconvened meeting.

When a meeting is adjourned for 30 days or more, notice of the reconvened meeting must be given to members.

Who runs the AGM?

The chairperson makes sure the meeting runs smoothly. Usually, the chairperson is one of the directors. However, if no director is present or willing to chair the meeting, the members who are present can appoint a member to act as chairperson. Some company constitutions may have other rules for appointing a chairperson.

How are decisions taken at an AGM?

The members vote and decide on the items listed on the agenda. The decisions taken are called resolutions. There are two types:

- **ordinary resolutions** are used to decide most company business. They need a simple majority (50% plus one) of the votes cast at the meeting;
- **special resolutions** deal with certain important decisions. They need a 75% majority of the votes cast.

How is voting carried out?

Voting at an AGM is either by:

- **a show of hands** – where every member present (or by proxy) has one vote and they raise their hand to vote; or
- **a poll** – this is a count of votes where every member present (or by proxy) has one vote for each share they hold.

Voting at an AGM is normally by a show of hands unless a member demands a vote by poll. Some companies may have rules on voting such as that no member may vote at an AGM if they owe fees or money to the company.

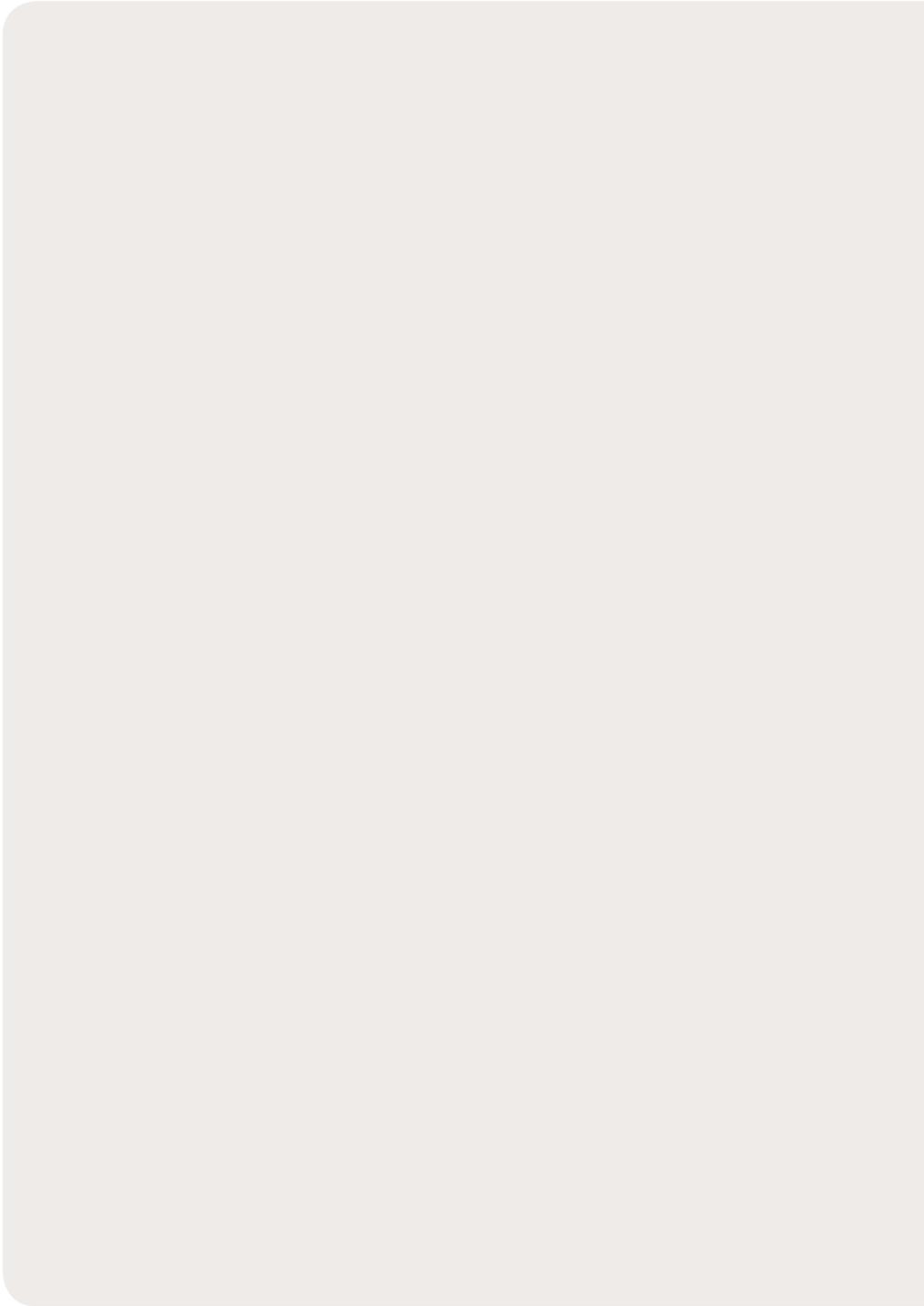
Who keeps a record of what happens at an AGM?

Records of company meetings are called minutes. Every company must keep a minute book to record what happens at its general meetings. The company decides who will keep the minutes.

Members have the right to inspect and get copies of the minutes of general meetings and resolutions. The official minutes of a meeting are those approved either by the chairperson or by the members at the beginning of the next AGM. There can be only one set of official minutes, which are a formal record of decisions taken at the AGM.

What if the directors do not call an AGM?

If the board of directors does not call an AGM, any member of the company may ask the Office of the Director of Corporate Enforcement (ODCE) to call, or order the calling of, an AGM. To do this, the member must fill out a formal complaint form and send it to ODCE. You can download this complaint form from the 'Forms and Procedures' section of www.odce.ie.



Disclaimer

This Quick Guide sets out some of the basic legal duties of companies in relation to AGM's. It is not a legal interpretation of any part of the Companies Act. The Director of Corporate Enforcement accepts no responsibility or liability for any errors, inaccuracies or omissions in this guide.



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*Tá leagan Gaeilge den leabhrán seo ar fáil
An Irish version of this booklet is available*