

The biggest change to the UK companies register since 1844?

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On 5 May 2019 BEIS (the Department for Business, Energy & Industrial Strategy) published a [consultation](#) on options to enhance the role of Companies House and increase the transparency of UK corporate entities – which has been billed as the “*the biggest changes to the UK system for setting up and operating companies since the UK company register was created in 1844*”. So, do the proposed reforms live up to this headline?

It is clear that the proposals seek to improve the accuracy of information on the register at Companies House and to strengthen to UK’s ability to combat economic crime – whilst remaining a global leader in the corporate arena. The government is consulting on a wide range of possible measures – many of which would take years to implement as they require significant legislative changes, as well as wholesale systems, process and staffing changes at Companies House.

The key change would result in a shift in the status of Companies House from a largely passive filing system to more of a proactive verification body - sharing information with other enforcement agencies to make it easier to spot criminal activities and cross-checking its information against data held by other bodies.

It is proposed that individual directors and people with significant control (PSCs), as well as those who present information for filing at Companies House, will have to verify their identities before being added to the register and on an ongoing basis. The key here will be to ensure the verification process is timely and efficient. The consultation also looks at whether this verification requirement should be partially extended to shareholders – with the register noting when shareholders have not had their identities verified. This could prove a big task for private companies with hundreds of shareholders as a result of numerous venture capital fundraisings for example.

However, the proposals in the consultation are wide ranging – for example; the government is considering whether a cap on the number of directorships an individual can hold concurrently should be introduced. Other aspects considered in the consultation include:

- Measures aimed at improving the accuracy and usability of data at Companies House - by increasing the registrar’s powers to query information before entering it on to the register and also making it easier for them to remove inaccurate information (without having to go to court). The consultation also considers the extent to which personal information collated as part of the enhanced information gathering proposed should be protected – and also what information should (or should not) be made publicly available.
- Whether certain information should be suppressed – such as individuals’ signatures on historic filings, the day element of a director’s date of birth (where this information was filed before October 2015) and information about a historic registered office address where this is a person’s residential address. It is also proposed that the requirement to specify a director’s occupation be removed (as including this information – which is often just completed as ‘director’ – is of very little practical value).
- Whether companies should be required to provide evidence that they are entitled to use an address as their registered office.
- Whether information about a company’s bank accounts should be disclosed to Companies House.
- A uniform format for the submission of company accounts.

- Whether some companies are using the current power to shorten accounting reference periods several times with the result that no financial information is available for that company over an extended period. The consultation considers what (if any) measures should be introduced to prevent the abuse of this legislation – for example, by limiting the amount of times a company can shorten its accounting reference period.
- Whether Companies House should include some limited information on PSCs in companies which are exempt from the regime – for example, as a result of being listed.
- Whether entities which are regulated for anti-money laundering purposes (such as banks, accountants and law firms) should be required to report anomalies in data to Companies House.
- Whether the courts should be able to order a limited partnership to no longer carry on its business if it is in the public interest to do so.

It is also stated that Companies House charges are likely to increase if the proposals are adopted – although it is noted that they will remain low by international standards.

Comments on the consultation are invited by 5 August 2019 – and we will keep a watching brief over developments.

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