

Summary of changes to company compliance and filing requirements relating to the Small Business, Enterprise and Employment Act 2015

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The Small Business, Enterprise and Employment Act (the Act) received Royal Assent in March 2015 which introduced changes to several company statutory compliance. The changes were being phased over a period of 12 months which began in May 2015. The measures that affect companies aim to reduce red tape, increase the quality of information on the public register and enhance transparency. All companies will be affected in some way, as the measures change legal requirements on companies, including what they file with Companies House. Some of the changes have already been implemented below:

May 2015

Bearer shares were abolished. These were shares issued by a company, but assigned to a warrant rather than a registered owner. If this affects your company, your bearer shareholders have 9 months (from 26 May 2015) to surrender their warrants voluntarily. These can then be converted into registered shares, and the bearer shareholder will enter their name into the register of members. If the share warrants haven't been surrendered within 7 months all rights are automatically suspended. For example, bearer shareholders can't vote or claim dividends from shares. Your company should take steps to ensure bearer shareholders know their rights to surrender their warrants and the consequence if they don't.

Partial suppression of date of birth of directors on the public register. Suppressing the day element only. It has always been a requirement for directors to provide a full date of birth under the Companies Act 2006. The suppression of the day element provides the directors with more protection. The full date of birth will still be needed to be provided to Companies House and in the statutory registers of the company, but will no longer be shown in full on the public register.

Accelerated strike-off. Under the old legislation, if no objection was received, a company will be struck off not less than 3 months after a notice is published in The Gazette. Under the new timescales, a company will be struck off not less than 2 months from publication. If you are objecting to a company being struck off, this also means you now have 2 months to object instead of 3.

Consent to act as an officer. For newly appointed officers (i.e. director or secretary), a statement was added by Companies House to the relevant appointment and incorporation forms (paper and electronic) that the person has consented to act in their relevant capacity. Companies are required to agree to this statement. This replaced the previous consent to act procedure of providing a signature on paper forms and personal authentication on electronic filings.

April 2016

Director disputes. There will now be a simpler way to get falsely appointed directors' details removed from the register. Disputes might be made where it is found an appointed director did not consent to act in their appointment. Companies House has procedure in place in such circumstances, and if sufficient evidence is not provided, this may result in the director's appointment being removed from the register.

Registered office address disputes. There will also be a new procedure with Companies House when a company is using an address for its registered office it doesn't have authorisation for. Where a complaint is received, Companies House will investigate and if the registrar is satisfied that a company is not entitled to use an address, he will have the power to change the registered office address to a "default" address. A default address is the relevant Companies House address for that jurisdiction.

People with Significant Control (PSC). Companies will need to keep a register of people with significant control ("PSC Register") from April 2016 in preparation for the need to file its information at Companies House from 30 June 2016.

A PSC is anyone in the company who meets one or more of the conditions listed in the Act. This is a person who:

- owns more than 25% of the company's shares
- owns more than 25% of the company's voting rights
- has the right to appoint or remove a majority of the board of directors
- has significant influence or control over the company
- has significant influence or control over a trust or firm

One of the reasons behind this significant change is to improve transparency around who owns and controls UK businesses. It is expected that the following information of a PSC will be provided in the PSC Registers and also with Companies House:

- name
- service address
- usual residential address
- country and state of residence
- nationality
- date of birth
- date they became a PSC
- nature of company control

The usual residential address and day of birth will be protected, in a similar way to how director information will be treated under the new legislation.

June 2016

Check and confirm. A requirement to "check and confirm" the company information by filing a "confirmation statement" and notify changes if necessary at least once every 12 months with Companies House replaces the requirement to file Annual Return under the old legislation.

PSC information on incorporation. There will be a requirement to file information of PSCs on incorporation of a new company.

Public company registers. Private companies will be able to opt to keep their statutory registers on the public register, instead of holding their own statutory registers. This will apply to registers of:-

- Members
- Directors
- Secretaries
- Directors Residential Address
- People with Significant Control

This is voluntary and your company can continue to hold its own registers if you prefer. However, note that if you do opt in to keep the registers public then sensitive information of your directors, PSCs and shareholders will be made public, such as full date of birth and residential addresses.

Directors misconduct. Companies House have made the necessary changes to forms and systems to support the updated and strengthened disqualified directors regime. New offences have been added to the current regime that individuals can also be disqualified for such as disqualification for certain convictions abroad and disqualification of persons instructing unfit directors.

Statement of capital. Simplification of the statement of capital and consistency throughout the Act. The changes remove the requirement to show the "amount paid up" and "unpaid" on each share. Instead, you now need to show the aggregate amount unpaid on the total number of shares. This figure is more useful for shareholders and creditors as it shows money which is still due to the company.

Currently, a statement of capital needs to be provided every year on the annual return. Instead, you can now simply show on the "confirmation statement" that there have been no changes for that year. You will only need to provide full statement of capital where changes have been made during the year. This will avoid you have to provide duplicate information to Companies House.

October 2016

Corporate directors. A prohibition on appointing corporate directors will be introduced with some limited exceptions. Any company with an existing corporate director will need to take action, either explaining how they meet the conditions for an exception or give notice to Companies House that the entity has ceased to be a director. Further details on this and what it means for companies with corporate directors is being considered by the government and further guidance will be circulated.

Late 2016/early 2017

Optional information. Companies will be able to deliver certain categories of optional information to Companies House. There will be a consultation period which will establish which types of information will be able to be held at Companies House, these might include company trading addresses, number of employees, one email address and one phone number. The criteria are yet to be decided, but any optional information would be sent to Companies House on a voluntary basis.