

Companies House reforms – the possible impact on your business

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Directors



- All new and existing directors will have **to verify their identity** (with photo ID) with Companies House. This requirement will extend to overseas companies with an establishment (also known as a branch) in the UK. The registration of a new director will not be accepted unless their identity has been verified first. There will be a transitional period for existing directors to comply.
- An individual who isn't appropriately verified or notified to Companies House **must not act as a director** of a company. It will be a criminal offence to do so, although a breach will not affect the validity of the person's acts as a director.
- Corporate directors (being a corporate entity registered as a director of a UK company) will **no longer be allowed** unless:
(a) the corporate director is incorporated in the UK and has only natural persons (whose identities have been separately verified) on its own board; and
(b) there is at least one natural director sitting alongside the corporate director (which mirrors existing law). Existing companies with corporate directors will have 12 months to comply.
- Only **one "layer" of corporate directors** will be allowed. Multiple corporate directors running up and down groups of companies will not be permitted.

Beneficial owners and shareholders



- Every existing and new "person with significant control" (**PSC**) will have **to verify their identity** with Companies House. For "relevant legal entities" (**RLEs**), this will mean verifying the identity of an individual who is a relevant officer of that RLE.
- Companies House will **collect and display** more information from companies claiming an exemption from the requirement to provide details of their PSCs. For example, if the PSC is a RLE listed on a regulated market, the name of the market on which it is listed.
- Shareholders will **not need to verify** their identity. However, private companies (and certain traded companies) will need to provide a one-off shareholders list, which must be annually updated through their confirmation statements.

Company secretaries and other presenters



- Anyone making filings on behalf of a UK entity must first **be verified or authorised** by Companies House. This includes company secretaries, formation agents and other third party suppliers eg law and accounting firms.

Company records



- **Full names** (not abbreviations) of shareholders, subscribers and members must be noted in a company's statutory registers.
- Companies will **no longer need** to keep their own registers of directors, directors' residential addresses, secretaries and PSCs (but will need to notify Companies House of any related changes).
- The only register a company will need to maintain is a **register of members** (shareholders). However, the ability to have a company's register of members held at Companies House will be withdrawn.
- Individuals will be able to ask, in certain circumstances, for additional **personal information to be suppressed** from the Companies House public record eg signatures, full dates of birth, former names, residential addresses and professions.
- A company must have a **registered office address** which is "appropriate", meaning somewhere that documents delivered to it would be expected to come to the attention of a person acting on behalf of the company and can be recorded by obtaining an acknowledgement. A PO Box is not an appropriate address.
- All companies will need to maintain a non-public "appropriate" **e-mail address** where messages can reach a person acting on behalf of the company.

The [Economic Crime and Corporate Transparency Act 2023](#) received Royal Assent on 26 October 2023 and will transform the powers of Companies House and the information it must receive from registered entities.

This summary covers the proposals we think most relevant to a company's day-to-day operations. The Act covers a wide range of other reforms too, notably for Limited Liability Partnerships and Limited Partnerships – where reforms are not dissimilar to the above but not identical.

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Accounts



Accounts filed at Companies House will need to be fully tagged in **iXBRL digital format**.



Filing options for small and micro companies will be simplified by reducing the filing options to just two: **micro-entities and small companies**. Abridged and "filleted" accounts options will be removed. Companies House will require a **balance sheet, profit and loss account and directors' report** for all small companies (except where a small company satisfies the micro-entity thresholds).



Small companies and micro-entities will need to file sufficient information to **confirm they qualify** for the accounting category they claim to fall within.



Dormant companies will need to file an **eligibility statement** (confirming that the company is not trading and meets the criteria for filing dormant accounts).



Limits to the number of times a company can shorten its accounting reference period are also expected.

Get in touch

We would be happy to work with you on your analysis and implementation of any changes needed. Please contact us for more details.

Generally (these reforms are now in force)



Companies House to have broader powers to **reject and query** information being filed, review and change company names and registered office addresses and remove material which impacts the integrity of the public register.



Companies House to be able to **cross reference and share information** more widely with other government/public bodies to identify discrepancies and economic crime.



Prohibition of company names which include computer code, or are intended to facilitate certain crimes, or which are falsely connected to foreign government and international organisations.

Sanctions



Sanctions for breach are varied but, in certain circumstances, will include **criminal liability** as well as **civil penalties**. These can attach to relevant individuals, as well as to the UK entity involved.



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How can businesses prepare?

- Decide what your "appropriate e-mail address" and "appropriate registered office address" will be (Companies House has now introduced these requirements)
- Work through your group structures to identify any corporate directors and map out changes to these that may be required (for example, to remove any "layering").
- Prepare your directors, PSCs and presenters for ID verification – so that when the verification process is finalised and live, they are ready to lodge what is needed (Annex 1 of this [White Paper](#) sets out a useful table of who is expected to verify their ID for each type of corporate entity).
- Review each group company's register of members to ensure no abbreviated names are used. If your register of members is held centrally at Companies House, start preparing a version to be maintained by the company itself.
- Consider how best to prepare for iXBRL digital formatting and the balance sheet, profit and loss account and directors' report requirements being introduced.
- Consider what exemption evidence and eligibility statements will need to be provided (for dormant companies, small companies, micro-entities and PSCs particularly).

Timeline

These reforms will come into force in a phased way and businesses should track the implementation timetable, government [guidance](#) and Companies House [blog](#).