

**EXPLANATORY MEMORANDUM TO**  
**THE COMPANIES AND LIMITED LIABILITY PARTNERSHIPS (FILING**  
**REQUIREMENTS) REGULATIONS 2016**

**2016 No. 599**

**1. Introduction**

1.1 This explanatory memorandum has been prepared by the Department for Business, Innovation and Skills and is laid before Parliament by Command of Her Majesty.

**2. Purpose of the instrument**

2.1 To apply changes to company filing requirements in the Small Business, Enterprise and Employment Act 2015 (“the 2015 Act”) to various legal entities.

2.2 The instrument also makes amendments to secondary legislation in consequence of the changes to company filing requirements made by the 2015 Act. It also prescribes the classification scheme for company type, and classification system for a company’s principal business activities, to be used where companies are required to provide this information to the registrar of companies.

**3. Matters of special interest to Parliament**

*Matters of special interest to the Joint Committee on Statutory Instruments*

3.1 The Committee’s 14<sup>th</sup> Report of Session 2015-16 drew the attention of both Houses to the Companies (Disclosure of Date of Birth Information) Regulations (SI 2015/1694) on the grounds that these regulations require elucidation.

3.2 Those regulations imposed a duty on an overseas authority without any mechanism for enforcement. These obligations were intended to be pre-requirements for the disclosure of information by the registrar of companies to that overseas authority. The Committee considered that “the Department should give early consideration to restructuring the Regulations to make that clear, so far as overseas authorities are concerned”.

3.3 This instrument makes changes to SI 2015/1694 to remove the reference to overseas regulatory authorities in the list of public bodies which may receive restricted information. This reflects a change in policy and the intention is that overseas authorities approach the National Crime Agency for restricted information instead of the registrar of companies. This approach is consistent with the approach taken in the Register of People with Significant Control Regulations 2016 (SI 2016/339).

*Other matters of interest to the House of Commons*

3.4 As this instrument is subject to negative resolution procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

**4. Legislative Context**

4.1 Part 8 of the 2015 Act contains a number of measures in relation to a company’s obligations to file information with the registrar of companies.

- 4.2 The provisions in sections 92 – 94, 97 – 98 of, and Schedules 5 and 6 to, the 2015 Act amend the Companies Act 2006 (“the 2006 Act”) with effect from 30 June 2016. Sections 92 and 93 replace the current annual return with a new confirmation statement.
- 4.3 New section 853C of the 2006 Act, inserted by section 92 of the 2015 Act, requires a company to include any changes to its principal business activities in its confirmation statement. Section 93 of the 2015 Act amends section 9 of the 2006 Act to require an application for registration of a company to include a statement of the type of company it is to be and its intended principal business activities.
- 4.4 Sections 92 and 93 of the 2015 Act provide for this information to be given by reference to a prescribed scheme or classification system. Section 1167 of the 2006 Act defines “prescribed” as prescribed by order or by regulations by the Secretary of State.
- 4.5 Section 94 of, and Schedule 5 to, the 2015 Act allow private companies to opt out of the requirement to keep certain company registers and instead keep the information solely on the public register. Sections 97 and 98 and Schedule 6 make changes to the information required in a company’s statement of capital.
- 4.6 The Regulations apply these provisions, to varying degrees and with modifications, to limited liability partnerships and unregistered companies. They also amend S.I. 2015/1694 to remove the reference to overseas regulatory authorities in the list of public authorities that can make a direct request to the registrar for the disclosure of restricted date of birth information.
- 4.7 The Regulations also make consequential amendments to other instruments in light of the changes made to the 2006 Act by the 2015 Act.

## **5. Extent and Territorial Application**

- 5.1 The extent of this instrument is the United Kingdom.
- 5.2 The territorial application of this instrument is the United Kingdom.
- 5.3 The UK Government is responsible for company law in England and Wales, and in Scotland. The Northern Ireland administration has agreed that, while company law remains a transferred matter within the legislative competence of the Northern Ireland Assembly, the 2006 Act and associated legislation on companies and partnerships should apply to the whole of the United Kingdom.

## **6. European Convention on Human Rights**

- 6.1 As the instrument is subject to the negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

### *What is being done and why*

- 7.1 The 2006 Act requires companies to file information on a public register held by the registrar of companies at Companies House. This information ranges from basic information, such as the address of a company’s registered office, through to details about ownership and financial information. The aim of these disclosures is to allow

anyone considering working or doing business with a company to obtain information about the business and make more informed decisions about its financial health.

- 7.2 Responses to the Company and Commercial Law Red Tape Challenge indicated that there were a number of areas where filing requirements could be simplified and where it could be made easier to update and amend the public register. Following a consultation on a number of proposed reforms to the company filing regime, a number of measures to simplify the current filing requirements for companies and improve the accuracy and integrity of the public register were included in Part 8 of the 2015 Act.
- 7.3 A number of these measures are being commenced on 30 June 2016 (see paragraph 4.2 above). The aim of the new confirmation statement is to provide companies with a more flexible way of confirming whether their basic information is correct and complete at any point in the year. Companies will only need to provide further information if the information is not correct and complete.
- 7.4 The aim of the new option for companies to choose not to keep certain private registers is to avoid duplication of information and reduce the administrative tasks required of the company. Third parties will be able to obtain information by searching the public register relating to a company, rather than having to contact companies directly. The aim of changes to a company's statement of capital is to simplify the financial information that must be set out in the statement of capital and to make all the requirements consistent.
- 7.5 This instrument applies these changes to other entities which are required to register on the UK public register and makes consequential amendments to other instruments in light of these changes.
- 7.6 In particular, this instrument prescribes which classification scheme and system companies are to use when providing information about their company type and principal business activities respectively. The classification scheme and system were prescribed in the Companies Act 2006 (Annual Return and Service Addresses) Regulations 2008 (S.I. 2008/3000) in respect of the annual return. This instrument follows the approach of S.I. 2008/3000 and prescribes the same classification scheme for company type and the same classification system for a company's principal business activities in the context of the confirmation statement and registration documents required by the 2006 Act.

### ***Consolidation***

- 7.7 The Regulations consolidate the provisions in regulation 6 of, and Schedules 1 and 2 to, S.I.2008/3000 and the amendments to those provisions in regulation 6 of the Companies Act 2006 (Annual Returns) Regulations 2011 (S.I. 2011/1487).
- 7.8 At present BIS does not intend to further consolidate the legislation amended by this instrument.

## **8. Consultation outcome**

- 8.1 No formal consultation has taken place on the amendments included in this instrument.
- 8.2 The amendments are consequential to changes made to the 2006 Act by the 2015 Act. The Government consulted in 2013 on these changes as part of a package of deregulatory proposals relating to company filing requirements. Responses to this

consultation indicated that there was support for the reforms. In April 2014 the Government published its response to this consultation, the majority of which were enacted in the 2015 Act.

## **9. Guidance**

- 9.1 Companies House guidance will be updated to reflect the changes made by this instrument.

## **10. Impact**

- 10.1 The main impact of the changes to the filing regime relates to savings for entities arising from the replacement of the annual return with a new confirmation statement. The savings to business is estimated to be £0.5 million a year.
- 10.2 The provisions prescribing the classification scheme and system do not impact on business, charities or voluntary bodies as they merely enable businesses to comply with requirements elsewhere to provide information to the registrar of companies.
- 10.3 The impact on the public sector is negligible. The changes to the registrar of companies' processes and IT have been made as a result of the application of the filing reforms to companies. Adding other entities to these new systems and processes is expected to be straightforward.
- 10.4 An Impact Assessment is submitted with this memorandum and is published alongside the Explanatory Memorandum on the [legislation.gov.uk](http://legislation.gov.uk) website.

## **11. Regulating small business**

- 11.1 The regulations apply to activities that are undertaken by small businesses.
- 11.2 The regulations will allow small businesses to take advantage of the deregulatory changes that are being applied to companies by the 2015 Act.

## **12. Monitoring & review**

- 12.1 A review provision is included in these Regulations.
- 12.2 The Secretary of State must publish a report setting out the conclusions of the first review of these Regulations within five years of Regulations coming into force.

## **13. Contact**

- 13.1 Rob Cottam at the Department for Business, Innovation and Skills Tel: 0207 215 0169 or email: [rob.cottam@bis.gsi.gov.uk](mailto:rob.cottam@bis.gsi.gov.uk) can answer any queries regarding the instrument.