



Attention all Company Secretaries!

Common errors being made on the Confirmation Statement

Background

Since 1 July 2016, companies and Limited Liability Partnerships (LLPs) have been required to file a Confirmation Statement in place of the Annual Return at Companies House. The first Confirmation Statement filed also requires additional information to be submitted in relation to the share capital of the company and the initial population of the PSC Register.

Companies House now intends to give more scrutiny to Confirmation Statements as the experience to date is that incorrect information is being provided, leading to them rejecting the submitted documents.

Common errors

So what are the common errors being made on Confirmation Statements in this first year?

1. Standard Industrial Classification (SIC) Code

Ensure the SIC code is correct. If the activity of the company has changed, then the SIC code must be updated. If the company has more than one activity then SIC codes for all activities should be added.

2. Paid Up Share Capital

All companies are required to complete the section on how much of the issued share capital has been paid up. If all the shares in issue are fully paid the response will be '0'. It is necessary to actually complete the section - it cannot simply be left blank.

3. Share Capital and Shareholders

Share capital details must be completed in full. If there have been any share transfers during the year (since the date of the last annual return) then these transfers need to be recorded and the names and shareholdings of all shareholders provided.

4. People with Significant Control Disclosures

Joint shareholders

If the shares are held jointly and satisfy the conditions of being People with Significant Control (PSC) then both named individuals must disclose their details as PSCs in relation to the shareholding and voting rights; the disclosure is for the whole of the joint holding.

For example, Mr X and Mrs Y hold 30 voting ordinary shares in a company jointly. The total number of issued shares in the company are

100 voting ordinary shares. Therefore, Mr X and Mrs Y should both be disclosed as PSCs, with the nature of control being 'more than 25% but not more than 50%.'

Shareholder is a UK Company

A company cannot be a PSC. Despite this, an assessment has to be made as to whether the company meets the same conditions as apply to individuals. If so, and the company is a UK company that keeps its own PSC register, it will need to be entered on the PSC Register and on the additional pages of the first confirmation statement as a Relevant Legal Entity (RLE).

In a group of UK incorporated companies, each subsidiary will record its immediate parent on its PSC and on the additional pages of the confirmation statement.

In the holding company of the group the ultimate shareholders will be disclosed if they meet the conditions of being PSCs.

All conditions met must be disclosed

For example, if a PSC has been identified as holding more than 25% of the shares in the company then the first condition is disclosed; assuming the shares are voting shares with 1 vote per share then the second condition is also met in relation to voting, so this condition must also be disclosed.

Going forward, all Confirmation Statements subsequent to the first year will simply be confirming the information held at Companies House is correct. If any changes have taken place then you must notify Companies House on additional pages.

How can we help?

If you need any help in completing your Confirmation Statement or wish McBrides to undertake this process for you, please contact your usual McBrides contact or email Brian Moleshead brian.moleshead@mcbridesllp.com, or call him on **020 8309 0011**.

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