

Corporate Focus



News, views, insights & advice from the UK's market leader

Issue No: 12 July 2010

Welcome Issue 12 July 2010

Welcome to this e-edition of Corporate Focus which arrives at a time of continuing challenge for all of us in the legal and financial community. In this issue, we are particularly pleased to publish an article from the Registrar of Companies.

As you would expect, current developments at Companies House have a strong bearing on what we deliver to you in terms of added value services. The first of these on the horizon will be the electronic incorporation of LLPs and this service will be available via our free of charge company formation software, Incorporator. If you are not already using this, I would urge you to do so as a very cost and time efficient way to incorporate companies.



Returning to my earlier theme of challenging times, Jordans is doing everything it can to maximise value for money for all clients. We are now including our 'Monitoring' service for all our company secretarial clients; this means you need never worry about your company being 'hijacked' by unauthorised filings. Read more on this and other developments in this issue.

Paul Townsend
Divisional Director

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Alternative Business Structures

The position on Alternative Business Structure (ABS) for solicitors remains unclear. The proposals, often referred to as "Tesco law", to allow 100 % investment in a solicitors' firm were due to be implemented on 6 October 2011.

The intention is to bring greater complexity and flexibility into the legal services market. It is anticipated that those wishing to take advantage of the proposals would use either:

- limited liability partnerships;
- companies – incorporated by shares which may be private but could re-register as public.

Under the previous government, there was much debate in the legal press about whether solicitors were sufficiently aware of the inevitable rise of Tesco law. Firms were being advised to consider their business strategy and what they needed to do in order to adjust to the new environment.

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It is understood that key issues in relation to conflicts of interest and their resolution are still being considered by the Solicitors Regulation Authority and the Law Society. A new Code of Conduct will be published next year to include guidance on those issues.

“Since the election, the proposals have fallen under the remit of Vince Cable’s Reducing Regulation Committee” commented Kathleen O’Reilly, Jordans Head of Internal Legal Services “and at the moment it is not clear if ABS could be delayed as a result of the review”.

Jordans will be monitoring and reviewing the findings of the Committee with interest.

If you are a legal firm considering incorporation please contact Helen Goose
T: 0117 918 1322
E: helen_goose@jordans.co.uk.



Jordans help combat corporate ID fraud

With new forms of fraud continuing to emerge, in both the online and offline domains, companies should be taking all possible precautions to protect their businesses.

Companies House reports that between 50 and 100 instances of corporate identity fraud occur every month in the UK.

Typically these involve fraudulent filings - the appointment of a new, false director, say - enabling the fraudsters to then “act” on behalf of the company.

Corporate identity fraud is now “a very real threat for companies”, commented Angela Cotton, corporate administration manager at Jordans.

She added: “We want to ensure we help our client companies as much as we can to combat this.”

Jordans’ corporate compliance client companies are now automatically registered with Jordans monitoring service. This tracks all transactions on the public file, regardless of the presenter, enabling early detection of any inappropriate filings.

“This means that clients can act quickly to minimise the risk” added Angela.

In future, Jordans will also be registering client companies with the Companies House protected online filing (PROOF) service as a matter of course. This further protects businesses against fraudulent filings.

Want to discuss how Jordans can help you keep you company compliant and combat corporate identity theft? Call Angela Cotton:
T: 0117 918 1335
E: angela_cotton@jordans.co.uk.



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Registrars Powers FAQs

There have been many questions about the registrar's new powers to amend the register. Our thanks to Companies House for this guidance.

Q. I have made an error on the Annual Return (AR01 only) I have registered. What can I do to correct it?

Generally, you are unable to file an amending AR01. However, you can complete another AR01 made up to a later date which shows the correct details. You will be required to pay a second filing fee. The 'second' AR01 can be filed either online or on paper.

If the error is that the Statement of Capital does not 'add up', you may be able to submit a replacement AR01 made up to the same date as the original. The replacement AR01 must contain exactly the same information as the original with the exception of the corrected Statement of Capital. You will need to file the replacement AR01 along with form RP01 and both forms can only be filed on paper. There will not be a second filing fee payable.

Whether any of the options are suitable for your company's circumstances is a matter for you to determine. You may wish to seek independent professional advice on your situation.

Q. My date of birth is incorrect on the appointment form (IN01 or AP forms) registered with you. What can I do to correct it?

You can apply for the information to be rectified (form RP02A) and if your application is successful this will only result in the information being removed from the records. There is no mechanism in the law to 'replace' the incorrect date of birth with the correct one.

As an alternative, some people are choosing to terminate the original appointment (TM form) and file a new appointment form (AP form) detailing the correct information. Companies House would accept these forms in good faith but acceptance would not necessarily make the events effective in law.

Whether any of the options are suitable for your company's circumstances is a matter for you to determine. You may wish to seek independent professional advice on your situation.

Q. My details (not Date of Birth - see above) are incorrect on the appointment form (IN01 or AP forms) registered with you. What can I do to correct it/them?

File a change of officer details form (CH form) with the correct information. This can be filed either online or on paper.

If you want the 'wrong' information removed from the records you may be able to apply for the information to be rectified (form RP02A). If the application is successful this will only result in the information being removed from the records. There is no mechanism in the law to 'replace' the incorrect information with the correct one.

The rectification forms referred to in this article are all available to download free of charge from Formsontheweb.co.uk

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Companies Act 2006 – how is it for Companies House?

We are grateful to Gareth Jones, Chief Executive and Registrar at Companies House, for this article.

As you will know, the final provisions of the Companies Act 2006 came into force in October last year. If I was to tell you that it had all gone without a hitch, you would immediately know that I was not being completely honest with you. Of course there have been teething troubles. With a new piece of legislation of this size and scale it was inevitable that there would be some problem areas, given the scope of the new requirements and processes that it calls for.



Curious though it may seem, these teething troubles have had a positive side to them. Our working relationship with customers has become closer, more positive and more constructive as we work together with them to find practical solutions to the difficulties they are experiencing. Our customer services team has noticed that the level of calls is starting to drop as people start to get to grips with the new requirements. We expect this reduction in queries to continue, especially after we pass the first anniversary of the new Act when people will have had the chance to familiarise themselves with the new requirements.

Continuing on the positive side, our e-incorporations are running at over 90% and over 70% of new companies benefit from the fact that they do not have to have a secretary. In this way the Act has made life easier both for you, the customer, by relieving you of the requirement, and correspondingly for us as we do not receive the notifications of appointments to process. I know that the new rules on “same as” names are complex, but they are designed to avoid companies being incorporated with names that are too close to existing ones. Our same as names checking facility has reduced the number of calls that we take about names, and again made life easier for both customers and Companies House.

I also want to say a few words about the future. We have a number of strategic goals in our sights, which are designed to improve the quality of the services we provide. In August we plan to introduce electronic filing services to enable Limited Liability Partnerships to file routine documents either via our website or through software service providers. At the same time software service providers will be able to file electronic changes of name.

I suppose the message I am trying to put across is that, yes, there have been problems. However, we are working through them effectively with our customers and this has led to a strengthening of our working relationship. At the same time, we have seen operational benefits both for you, the customer, and us as the body responsible for providing the high quality services which our customers value. The future holds promise of more electronic filing services being available which has clear benefits for both of us. I look forward to working with you all as we enter that new era.

Gareth Jones

Room for improvement? A plea on behalf of our clients

Generally speaking, we think that the corporate community has coped well with the introduction of the changes brought in under the Companies Act 2006. Apart from a few notable exceptions - statements of capital spring to mind - most changes have been greeted favourably or at worst with a certain amount of resignation.

The situation on allotments and the completion of the SH01 has been an altogether different matter.

The previous form 88(2) required the allottee's name and address to be given. Under the new regime no such details are given. There is no requirement to give an address. We acknowledge this is in line with the position in relation to the annual returns now filed and the subscribers on incorporation. However, the names are not given either. This has caused problems for us and our clients in at least two respects:

- If a company has undertaken numerous allotments in a year it is no longer possible to track the allotments from the lodgements at Companies House. It has been suggested that the new position is not dissimilar to that with transfers of shares. However, the annual return does set out the date of registration of transfer for the new holder of shares and so the transfers can be tracked more easily. It is not possible to track the

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allotments satisfactorily if this information has not been retained by the client/company. This could prove particularly problematic where the company's administration is transferred from one service provider to another or where there have been numerous allotments;

- Certificates of good standing. These are often required by our international clients in order to satisfy certain requirements in their native jurisdiction. Certificates of good standing, as advertised on the Registrar's website, provide information as to the shareholdings including addresses. We do not argue that addresses should be included. We do argue that the name of allottees is vital so that these certificates can provide up to date information. This information used to be readily available for these certificates.

We are looking into ways to address these two problems in order to assist our clients. However, we are also lobbying BIS (the Department for Business, Innovation and Skills) to see if there is any possibility of change.

We would be interested to hear your views.

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