

Accounts enablement phase 2

Companies House

RPC rating: **validated**

Description of proposal

The amendment allows parent companies to submit their consolidated accounts to Companies House via an electronic submission platform; currently, this must be done in hard copy. It also enables small companies to file a copy of their balance sheet and notes as a substitute for filing an auditor's report. In respect of both these amendments, the pre-existing submission mechanisms will remain; therefore, only businesses that choose to change will be affected.

Impacts of proposal

Currently around 29,000 parent companies and an estimated 39,000 small companies are required to provide consolidated accounts. 40% of all accounts filed with Companies House use electronic submission. The regulator assumes that 40% of the businesses that are in scope of the amendment will take up the new option.

These businesses are expected to benefit from reduced printing costs and postal charges. The savings have been estimated at around £55,000 a year. The effect of discounting and converting to 2014 prices causes this to round to zero when calculating the estimated equivalent annual net direct cost to business (EANDCB) to one decimal place.

The assessment anticipates an indirect effect on software providers and accountants who choose to provide services that facilitate electronic submission of these documents. They are expected to face some one-off costs in order to increase their competitiveness. This impact has not been monetised.

The RPC verifies the EANDCB of zero million. This will be a qualifying regulatory provision that will score under the business impact target.

Quality of submission

The BIT assessment thoroughly explains the impacts expected to result from the amendments. Whilst it is not strictly a requirement for regulators to describe indirect impacts, Companies House has exhibited best practice by doing so.

The BIT assessment states that the measure's business net present value (NPV) is zero. Based on the estimated benefits included in the assessment, the RPC expects that whilst the EANDCB rounds to zero, the business NPV will not.

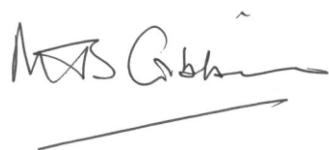
The BIT assessment states that "40% of all types of accounts filed with Companies House are via software" and then, on this basis, assumes that there will be a 40% uptake of the new electronic submission facility. It is not clear whether the total number of submissions used to derive the 40% figure (i.e the denominator) includes accounts that cannot currently be submitted electronically. If so, this is an underestimate of the number of businesses that may choose to submit their documents electronically. However, due to the small size of the proposal, the RPC finds that this is unlikely to have a material effect on the EANDCB.

Departmental assessment

Classification	Qualifying regulatory provision (OUT)
Equivalent annual net cost to business (EANCB)	zero
Business net present value	zero

RPC assessment

Classification	Qualifying regulatory provision (OUT)
EANCB – RPC validated ¹	zero
Business Impact Target (BIT) Score ¹	zero
Small and micro business assessment	Not required (fast track low-cost regulation)



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.