



Department for  
Business & Trade

# **ESTIMATING NUMBERS OF UNREGISTERED 'ACTIVE' COMPANIES NOT INCLUDED IN THE BUSINESS POPULATION ESTIMATES**

## **RESEARCH AND ANALYSIS**

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## Introduction

No single database contains details of every ‘active’<sup>1</sup> UK business. Estimates of UK business numbers published in the [Business Population Estimates](#) (BPE) consist of two components: registered (for PAYE and/or VAT) and unregistered businesses.

Data on registered businesses are drawn from the Office for National Statistics (IDBR) owned [Inter-Departmental Business Register](#) (IDBR), whilst unregistered business numbers are estimated using [Labour Force Survey](#) (LFS) derived estimates of self-employed jobs and HM Revenue and Customs (HMRC) self-assessment tax return data.

The 2023 BPE estimated private sector business numbers at 5.6 million, of which 2.9 million were unregistered.

The only non-IDBR businesses included in the BPE are unregistered sole traders and partnerships<sup>2</sup>. The BPE does not capture those corporate bodies registered with [Companies House](#) (CH) (hereafter CH incorporations<sup>3</sup>) that are not also on the IDBR. The BPE methodology assumes all ‘active’ CH incorporations are on the IDBR and, by extension, any that are not are ‘inactive’.

This paper uses a combination of IDBR and publicly [available CH data](#)<sup>4</sup> to identify ‘live’<sup>5</sup> CH incorporations not on the IDBR, describe their characteristics and provide broad estimates of the numbers of such incorporations that likely represent ‘active’ businesses using a novel methodology. This, in turn, provides an indication of numbers of ‘active’ businesses not included in the BPE.

At the start of 2023, their numbers were estimated to range between 220,000 and 1.8 million.

This suggests that the number of ‘active’ businesses in the UK private sector may be between 4 and 32 percent higher than the BPE estimates. Nevertheless, even if large numbers of ‘active’ businesses are excluded from the BPE, their contribution to the UK economy is relatively small as a proportion of total turnover and employment.

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<sup>1</sup> See definitions and terminology section for further information.

<sup>2</sup> In terms of the BPE distinction between registered and unregistered businesses, CH incorporations not on the IDBR can be considered unregistered businesses. For CH incorporations on the IDBR, a single IDBR enterprise may be associated with more than one incorporation. CH incorporations may not be on the IDBR for a range of reasons, notably where they do not have a VAT and/or PAYE registration. Conversely, not all IDBR enterprises are associated with CH incorporations, for instance those that are associated with IDBR ‘Central Government’ or ‘Local Authority’ legal statuses.

<sup>3</sup> See definitions and terminology section for further information.

<sup>4</sup> Specifically, the [company data product](#) which contains basic company data of live companies on the CH register and [accounts data](#). Details of the accounts a company must deliver to CH are outlined in [CH guidance](#).

<sup>5</sup> See definitions and terminology section for further information.

## Method

At the start of 2023, there were around 2.7 million ‘active’ IDBR enterprises<sup>6</sup>. Of these, just over 2 million were companies. At the same time, the [CH register](#) contained 5.2 million ‘live’ incorporations, that is companies. Of these, 1.9 million were marked as ‘active’<sup>7</sup> on the CH register with [non-dormant](#) account status and were not associated with IDBR enterprises. This represents an upper limit to potential numbers of ‘active’ businesses not captured by the BPE.

Many of these 1.9 million incorporations will not, for a variety of reasons, meet even the minimal standard of activity required for inclusion in the BPE<sup>8</sup>, whilst some are also associated with SIC 2007 codes not covered by the BPE, or excluded for other reasons. Others, that appear to meet the criteria for inclusion in the BPE, are not captured by the methodology used in the publication.

A set of conditions, described below, were used to identify CH incorporations of interest, that is those not captured by the IDBR, and then attribute activity using [CH accounts data](#). The conditions are conservative. Consequently, the number of CH incorporations identified as ‘active’ using them represents a lower limit to the potential number of ‘active’ businesses not captured by the BPE.

### Conditions used to identify and attribute activity to non-IDBR CH incorporations

A CH incorporation is defined here as an ‘active’ business not included in the BPE if all the following conditions are met:

- a) *The incorporation is included in the CH database of ‘live’ companies, with company<sup>9</sup> status listed as ‘active’ and accounts status not ‘dormant’.*
- b) *The incorporation’s company reference number (CRN) is not associated with an IDBR enterprise.*
- c) *The incorporation has submitted accounts data to CH covering more than one reporting year at any time in the two calendar years preceding the BPE reference date<sup>10</sup>.*

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<sup>6</sup> See definitions and terminology section for further information.

<sup>7</sup> CH marks incorporations as ‘active’ or otherwise in a field indicating company status. However, this use of the term ‘active’ differs from that employed here. CH use the terms to indicate an entity’s incorporation status, whereas the term ‘active’ is used in this paper to indicate that a business is engaged in even a small amount of business activity.

<sup>8</sup> The definition of an ‘active’ (or ‘live’) IDBR enterprise and an ‘active’ CH incorporation differ. Thus, of CH incorporations associated with IDBR enterprises, many incorporations marked as ‘active’ in the CH register will link to inactive IDBR enterprises. In the BPE, any amount of business activity is sufficient for an unregistered businesses to be considered ‘active’.

<sup>9</sup> See definitions and terminology section for further information.

<sup>10</sup> The decision to include accounts submission from either of the last two years, rather than just the most recent year (2022) was taken due to the large number of active companies on the database that had not submitted accounts in the most recent year. Thus, of some 580,000 ‘live’, non-IDBR incorporations that had submitted accounts in the relevant period, less than half had submitted accounts in 2022. The remainder had last submitted accounts in 2021.

*d) The incorporation's current assets<sup>11</sup> field in CH account data shows changes in the value of the field between the two most recent periods covered, provided data were submitted in the two calendar years preceding the BPE reference date.*

A key caveat relating to the latter two conditions is that they will not identify recent incorporations as 'active'. This is because private limited companies, which make up the bulk of CH incorporations, [need not submit accounts for 21 months following their incorporation date](#) and then subsequently on an annual basis. Around 27 percent of live CH incorporations date from 2021 or 2022, increasing to around 55 percent when just non-IDBR incorporations are considered.

A fuller description of the method used can be found in Annex A.

Annex B details characteristics of those incorporations that meet all 4 of the conditions described above.

Annex C provides information on the following terms used in this paper; 'active', business, company, enterprise, incorporation, 'live'.

## Results

### Characteristics of live CH incorporations not on the IDBR

Tables 1 and 2 show percentages of CH 'live' incorporations on the CH database (at the start of 2023) marked as 'active' with accounts status not 'dormant', broken down by company category and account category. The two tables provide the same information for that subset of 'live' incorporations<sup>12</sup> not on the IDBR. In both datasets, Private Limited Companies account for around 90 percent of cases. The majority of accounts in both datasets fall within the following three categories; 'micro-entity', 'total exemption full' or 'no accounts filed', though respective percentages differ in the datasets.

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<sup>11</sup> The current assets field was selected both because changes in the field give a reasonable indication of economic activity and incorporations of interest are likely to be small and therefore submit 'micro-entity' type accounts to CH. Micro-entity accounts include only a small number of financial fields, one of which is current assets. Turnover, for example, is not required in micro-entity account filings.

<sup>12</sup> The term 'live' incorporations used here and later refers to those CH 'live' incorporations both marked as 'active' and with accounts status not 'dormant' in the CH database, unless otherwise stated.

**Table 1: Percentage of companies by company category in CH 'live' company database and in CH 'live' company database not on the IDBR, start 2023**

<b>CH Company Category</b>	<b>All 'live' CH</b>	<b>'Live' CH not on IDBR</b>
Private Limited Company	92.9	88.3
PRI/LTD BY GUAR/NSC	2.1	3.0
Limited Partnership	1.1	3.0
Other	3.9	5.7

**Counts**

All 'live' CH - 5,200,000

'Live' CH not on IDBR - 1,900,000

**Table 2: Percentage of companies in CH 'live' company database and percentages of CH incorporations in 'live' company database not on the IDBR, by accounts category, start 2023**

<b>CH Account Category</b>	<b>All 'live' CH</b>	<b>'Live' CH not on IDBR</b>
Micro-entity	30.2	24.2
No accounts filed	26.4	56.0
Total exemption full	23.6	15.5
Other	19.7	4.3

Table 3 shows the year of incorporations in the same two datasets. In both, numbers of 'live' incorporations are highest for the most recent year (2022) and decrease over time. They differ in that percentages of incorporations in the two most recent years constitute a larger proportion of the dataset including only those 'live' incorporations not on the IDBR.

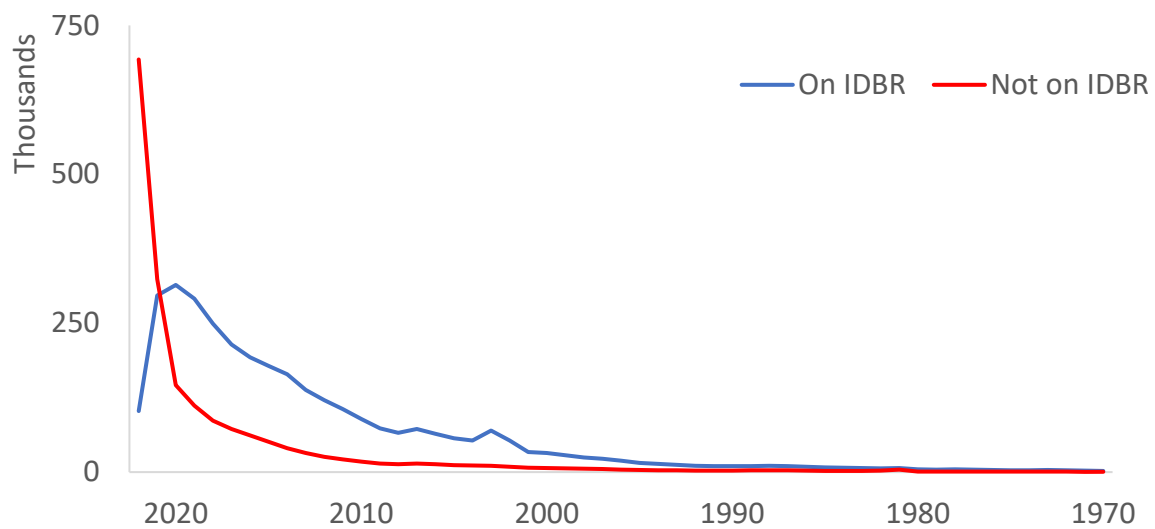
Figures 1 and 2, shows similar data. Figure 1 shows numbers of 'live' CH incorporations on and not on the IDBR, by year of incorporation. Figure 2 gives percentages of 'live' incorporations on the IDBR, also by year of incorporation. Figure 1 again illustrates numbers of 'live' non-IDBR CH incorporations decrease monotonically over time, as with the percentage values in Table 3. Numbers of 'live' CH incorporations on the IDBR are relatively low for the most recent year, increase in 2021 and again in 2020 and then decrease monotonically. Figure 2 shows something similar: just 13 percent of incorporations in 2022 are on the IDBR. This increases to 48 percent in 2021, 68 percent in 2020 and continues to increase gradually before stabilizing around 2010, by which point around 80 percent of CH incorporations (those still live at the start of 2023) are on the IDBR.<sup>13</sup>

<sup>13</sup> ONS published an article providing further information on [IDBR registration lags](#).

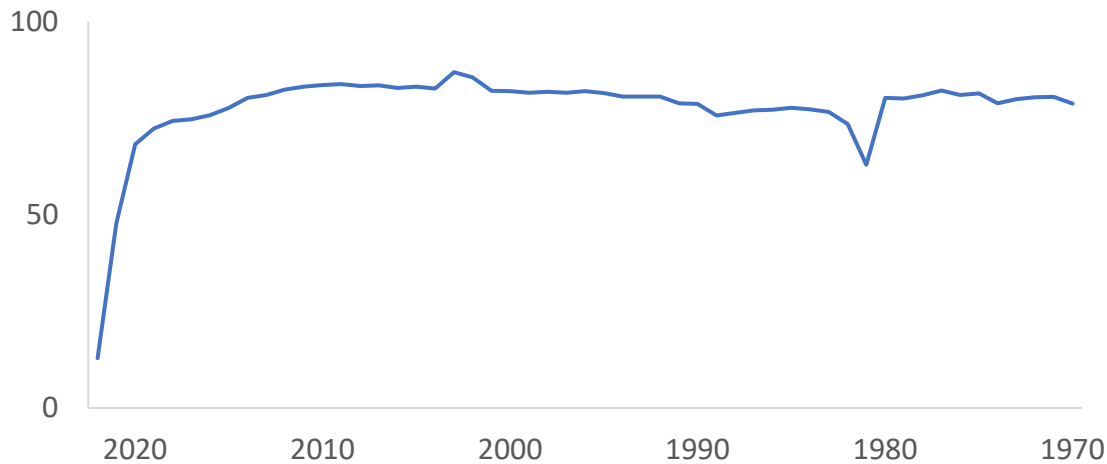
**Table 3: Percentage of companies in CH 'live' company database and percentages of CH incorporations in 'live' company database not on the IDBR, by year of incorporation, start 2023**

Incorporation Year	All 'live' CH	'Live' CH not on IDBR
2022	15.2	36.9
2021	11.9	17.3
2020	8.8	7.8
2019	7.7	5.9
2018	6.4	4.6
2017	5.5	3.9
2016	4.9	3.3
2015	4.4	2.7
2014	3.9	2.1
2013 or earlier	31.5	15.5

**Figure 1: Numbers of 'live' CH incorporations on and not on the IDBR, by year of incorporation (1970 to 2022), start 2023**



**Figure 2: Percentage ‘live’ CH incorporations on the IDBR, by year of incorporation (1970 to 2022), start 2023**



To summarize, large numbers of ‘live’ CH incorporations are recent, but these are less likely to be on the IDBR than earlier incorporations, numbers of which, year-by-year, are outnumbered by the recent incorporations. Hence, around half the 5.2 million ‘live’ incorporations (as of the start of 2023) date from 2018 or later, but they represent less than 40 percent those ‘live’ incorporations also on the IDBR.

SIC<sup>14</sup> section level breakdowns are given in Table 4. For all ‘live’ incorporations in CH data, incorporations are most numerous in sectors F (Construction), G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles) and M (Professional, Scientific and Technical Activities), together constituting around 36 percent of ‘live’ incorporations. These sectors are also the most common sectors for IDBR businesses included in the 2023 BPE, accounting for around 45 percent of such businesses.

<sup>14</sup> In using SIC data, only the primary SIC code supplied in the CH datasets were used. Although, up to four SIC codes can be provided to CH around 85 percent of ‘live’ incorporations only supply a single SIC code. Likewise, IDBR based publications produced by ONS only take account of first SIC code on the IDBR.



**Table 4: SIC Section percentages<sup>15</sup> for CH 'live' incorporation and 'live' incorporations not on the IDBR, start 2023**

<b>SIC Section</b>	<b>All 'live' CH</b>	<b>'Live' CH not on IDBR</b>
A: Agriculture, Forestry and Fishing	0.8	0.6
B: Mining and Quarrying	0.2	0.1
C: Manufacturing	4.4	3.0
D: Electricity, Gas, Steam and Air Conditioning Supply	0.3	0.3
E: Water Supply; sewerage, Waste Management and Remediation Activities	0.3	0.2
F: Construction	10.3	7.5
G: Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	12.7	13.4
H: Transportation and Storage	3.2	2.3
I: Accommodation and Food Service Activities	4.9	4.2
J: Information and Communication	8.2	6.3
K: Financial and Insurance Activities	3.5	5.1
L: Real Estate Activities	8.7	14.2
M: Professional, Scientific and Technical Activities	12.8	9.6
N: Administrative and Support Service Activities	8.1	6.6
O: Public Administration and Defence; Compulsory Social Security	0.2	0.3
P: Education	1.8	2.1
Q: Human Health and Social Work Activities	3.9	5.1
R: Arts, Entertainment and Recreation	2.3	2.4
S: Other Service Activities	4.6	4.6
T: Activities of Households as Employers; Undifferentiated Goods and Services, Producing Activities of Households for Own Use	2.2	3.7
U: Activities of Extraterritorial Organisations and Bodies	2.7	1.8

In the dataset that excludes IDBR captured incorporations, the three most numerous sectors, G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles, 13.4 percent), L (Real Estate Activities, 14.2 percent) and M (9.6 percent) account for around 37 percent of the dataset. By contrast, the most numerous sectors for unregistered (that is non-IDBR) sole traders and partnerships in the 2023 BPE were F (Construction, 17.3 percent), M (Professional, Scientific and Technical Activities, 12.2 percent) and N (Administrative and Support Service Activities, 9.4 percent), accounting for around 39 percent of such businesses.

Table 5 shows 'live' incorporations not on the IDBR as a percentage of all 'live' CH incorporations. Around 61 percent of live incorporations in section T (Activities of households as employers; undifferentiated goods and services producing activities of households for own use) are not captured by the IDBR, whilst in section E (Water

<sup>15</sup> Percentages do not sum to 100 because some CH incorporations have no or invalid SICs

supply, sewerage, waste management and remediation activities) the figure decreases to 24 percent.

**Table 5: Percentage 'live' CH incorporations not on the IDBR as a percentage of all 'live' CH incorporations, by SIC section, start 2023**

<b>SIC Section</b>	<b>Percentage</b>
A: Agriculture, Forestry and Fishing	25.2
B: Mining and Quarrying	27.2
C: Manufacturing	24.3
D: Electricity, Gas, Steam and Air Conditioning Supply	29.7
E: Water Supply; sewerage, Waste Management and Remediation Activities	24.1
F: Construction	26.1
G: Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	37.6
H: Transportation and Storage	25.4
I: Accommodation and Food Service Activities	30.6
J: Information and Communication	27.7
K: Financial and Insurance Activities	51.7
L: Real Estate Activities	58.4
M: Professional, Scientific and Technical Activities	26.9
N: Administrative and Support Service Activities	29.2
O: Public Administration and Defence; Compulsory Social Security	52.0
P: Education	42.6
Q: Human Health and Social Work Activities	46.6
R: Arts, Entertainment and Recreation	37.8
S: Other Service Activities	35.9
T: Activities of Households as Employers: Undifferentiated Goods and Services, Producing Activities of Households for Own Use	60.5
U: Activities of Extraterritorial Organisations and Bodies	24.8

The English region/UK country of registered incorporations are shown in Table 6. Over a third of all 'live' incorporations are based in London, whilst the figure drops to 28 percent of those not on the IDBR. The figure is considerably higher than the equivalent figure in [ONS' UK business; activity, size and location](#) publication which shows around 20% of businesses based in London.<sup>16</sup>

<sup>16</sup> This difference may reflect several factors besides differences in the location of IDBR enterprises and CH incorporations. Addresses associated with IDBR enterprises are primarily from HMRC sources and these may differ from the submissions provided to CH. For example, many CH incorporations use agents to set up the incorporation who then provide service addresses which are disproportionately based in London.

**Table 6: Percentage of registered address in English regions/country for CH 'live' incorporation and 'live' incorporations not on the IDBR, start 2023<sup>17</sup>.**

English Region/Country	All 'live' CH	'Live' CH not on IDBR
East Midlands	4.6	5.5
East of England	8.0	9.1
London	33.1	28.0
North East	2.1	2.2
North West	9.1	9.8
South East	11.7	13.5
South West	5.7	6.6
West Midlands	7.3	7.7
Yorkshire and the Humber	5.6	6.1
Northern Ireland	1.3	1.5
Scotland	5.9	5.4
Wales	2.6	2.9

### Analysis of Accounts Data

As noted earlier, satisfying the first two conditions set out earlier does not indicate that an incorporation is 'active', at least in the BPE sense.

The third and fourth conditions are intended to address this issue. Several limitations to these conditions are worth stating. First, the conditions do not definitively identify activity. Rather, they make use of available data to provide further evidence that an incorporation is likely to have been 'active' in the recent past. Relatedly, there is no standard definition of an 'active' business. Different definitions are used to identify 'active' IDBR enterprises, 'active' CH incorporations and by HMRC for tax purposes<sup>18</sup>. Finally, as also noted earlier, the latter two conditions can only be used where incorporations have submitted two recent sets of accounts data.

Of the 1.9 million non-IDBR 'live' CH incorporations (of which some 1.8 million are associated with SIC codes included in the BPE) around 580,000 had submitted accounts data covering two separate reporting years in either 2021 or 2022. Of these, the value of the current assets field in the accounts data differed for some 370,000.

Table 7a gives summary statistics for two current assets values compared for each incorporation for which a change in the value of the field were identified. Data was highly positively skewed and leptokurtic. Median and quartile values indicate, as expected given most large businesses will be captured by the IDBR, that the majority of incorporations were small.

The median of the set of minimum values for the two current assets fields compared was £8,358, whilst the median difference value was £4,585. The figure of 370,000

<sup>17</sup> Percentages in Table 6 do not sum to 100, as some incorporations do not have region information.

<sup>18</sup> See definitions and terminology section for further information

can be reduced by excluding outliers<sup>19</sup> and also those ‘live’ incorporations that either have no associated SIC code, or an SIC code not included in the BPE<sup>20</sup>. This reduced the figure to around 220,000, representing a lower bound to the potential number of ‘active’ non-IDBR incorporations identified using the methodology outlined.

Table 7b shows the same information as Table 7a for the dataset with outliers removed. Neither the value of 370,000 nor that of 220,000 takes account of the large majority of recent ‘live’ incorporations (see Table 3) for which two sets of accounts data are not available. Of around 1 million non-IDBR incorporations registered in either 2022 or 2021, only around 6,000 had submitted two sets of accounts at the start of 2023. Around 60,000 of these recent incorporations had submitted a single set of accounts. The remainder had not submitted any accounts.

**Tables 7a and 7b: Summary statistics for two current assets values compared (a) for each incorporation for which a change in the value of current assets were identified and (b) following removal and of outliers and those incorporations with SIC codes not included in the BPE**

**Table 7a**

	<b>Difference</b>	<b>Minimum value</b>	<b>Proportional change</b>
Maximum	538,900,036	73,392,691,129	79,254,008
Minimum	0.2	0.01	0.0
Mean	81,314	410,013	1,960
Median	4,585	8,358	0.5
Standard Deviation	1,674,302	120,342,532	170,871
Skew	182	607	314
Kurtosis	47,902	369,982	130,353
Quartile 1	1,041	1,685	0.1
Quartile 2	4,585	8,358	0.5
Quartile 3	19,716	37,795	2.0
Inter Quartile Range	18,675	36,110	1.9

<sup>19</sup> Handling of outliers is explained in annex A

<sup>20</sup>For incorporations also on the IDBR, SIC codes can differ from those in the CH database.

**Table 7b**

	<b>Difference</b>	<b>Minimum value</b>	<b>Proportional change</b>
Maximum	47,728	91,949	4.8
Minimum	0.2	0.81	0.0
Mean	6,507	15,737	0.8
Median	2,694	7,672	0.4
Standard Deviation	9,090	19,365	1.0
Skew	2.2	1.7	1.9
Kurtosis	4.6	2.6	3.2
Quartile 1	686	2,291	0.1
Quartile 2	2,694	7,672	0.4
Quartile 3	8,291	21,474	1.1
Inter Quartile Range	7,605	19,183	0.9

**Counts:**

'Live' CH not on IDBR with change in current assets – 370,000

'Live' CH not on IDBR with change in current assets excluding outliers and those incorporations with SIC codes not included in the BPE – 220,000

Annex C provides tables showing, and discussion of, characteristics of those 'live' non-IDBR incorporations for which changes in the value of current assets were found, whilst Table 8 summarises key counts from the analysis of current assets field in CH accounts data.

That only 580,000 of the near 1.9 million non-IDBR live incorporations had submitted two sets of accounts is largely explained by the around 1.2 million live incorporations that date from the period between 2020 and 2022, most of which will not have submitted two sets of accounts data.

It is also worth noting that repeating the analysis of accounts data using different fields does not substantially affect the results, provided the field is one that is included in micro-entity type accounts<sup>21</sup>.

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<sup>21</sup> Analysis of fields such as turnover, which are not required in micro-entity accounts, substantially reduces the number of incorporations for which changes in the value of the field are found.

**Table 8: Summary of key counts from analysis of current assets field in CH accounts data**

	All SIC	SIC in BPE	SIC in BPE (excl. outliers)
Non-IDBR 'live' incorporations	1,880,000	1,770,000	
<i>...with</i>			
2 sets of accounts data (submitted 2021 or 2022)	580,000		
<i>...and</i>			
change in value of current assets	370,000	340,000	220,000

Based on this analysis and the considerable ambiguities associated with it, the number of 'active' businesses not included in the BPE likely ranges between 220,000 and 1.8 million. The latter value is based on the assumption that all 'live' non-IDBR CH incorporations represent 'active' businesses. The former is based on more conservative criteria, which assume that only those incorporations with accounts submissions covering two reporting periods, submitted in either 2021 or 2022, and with differing values for the current assets field are 'active'. The actual number of 'active' non-IDBR incorporations likely lies somewhere between the values.

To put these figures into context, the 2023 BPE estimates the population of 'active' private sector businesses at around 5.6 million, of which some 2.9 million are unregistered sole proprietorships and ordinary partnerships. The analysis reported here implies that by excluding unregistered incorporations, the BPE may underestimate the total number of active private sector businesses by between 4 and 32 percent. In terms of unregistered businesses only, the equivalent figure is between 8 and 62 percent.

Although the numbers of 'active' businesses not included in the BPE may be large, their overall contribution to the economy likely to be relatively small. The 2.9 million unregistered sole traders and ordinary partnerships in the 2023 BPE were estimated to contribute just 3 percent of total private sector business turnover and 12 percent of employment. There is no reason to suppose the economic contribution of individual non-IDBR CH incorporations is larger than that of individual unregistered sole traders and partnerships included in the BPE.

## Summary

The methodology used by the BPE excludes 'live' CH incorporations that are not on the IDBR from the estimates of UK private sector business numbers it provides. However, many of these incorporations are likely to exceed the minimal standard of activity that is used as a threshold for inclusion in the BPE. In consequence, the BPE likely underestimates the number of 'active' UK businesses.

The extent of the BPE underestimation, based on the methods used here, is in the region of 220,000 to 1.8 million businesses. Given data sources available, it would not be straightforward to provide a more accurate estimate. However, even the lower bound is a meaningful increase on the BPE 2023 estimate of 5.6 million businesses, as the 95 percent confidence interval around the estimates of business numbers produced by BPE is 134,000.

ONS are currently developing a new Statistical Business Register (SBR) that will replace the IDBR. This will make use of additional data sources, including HMRC self-assessment data, potentially allowing the SBR to capture the entire business population (that is unregistered sole traders, partnerships and companies in addition to registered businesses) and so provide a comprehensive register of all businesses. This, in turn would enable more robust assessments of the entire business population than has been possible using the BPE methodology.

This paper should therefore be superseded by more reliable and precise assessments of the total size of UK private sector business population, as and when they become available.

## Annex A: Technical Information

This annex describes the methods used to define and identify ‘live’ CH incorporations not on the IDBR, attribute activity to such incorporations using CH accounts data and the process used to identify outliers.

### Identification of ‘live’ non-IDBR CH incorporations

The CH [Company data product](#) contains basic, regularly updated, data for all ‘live’ incorporations on the CH register. Using data from the start of 2023, CRNs were used to match incorporations to IDBR enterprises<sup>22</sup>, with any CRN not matched to an enterprise considered to be a non-IDBR incorporation. Most IDBR enterprises are associated with a single CRN, though some enterprises are associated with multiple CRNs.

‘Live’ CH incorporations may not be on the IDBR for a variety of reasons. The main reason is that an incorporation is unregistered, that is does not have a PAYE and/or VAT registration. Recent PAYE and/or VAT registrations may additionally not be on the IDBR due to lags between their registration with HMRC and their appearance on the IDBR. [Analysis of these lags](#) by ONS shows that, for enterprises where the lag can be measured, the median and mean registration lags was 49 and 106 days respectively.

Those incorporations used to create ‘dummy’<sup>23</sup> IDBR enterprises were also counted as non-IDBR incorporations, as such enterprises are not included in either the BPE or current regular ONS business publications and are not associated with PAYE and/or VAT registrations.

This list of non-IDBR incorporations was stripped of any incorporation where, in the CH dataset, company status was not listed as ‘active’, or country of origin was other than ‘United Kingdom’ or the Account Category was ‘dormant.’ The purpose was to exclude incorporations that would not be included in the BPE due to their extra-territorial origin and those that are less likely to be ‘active’ in the sense of the term implied by the BPE.

### Attributing activity to non-IDBR CH incorporations using CH accounts data

Non-IDBR incorporations were linked to CH accounts data, from the start of 2023, again via CRNs. For each incorporation, the two most recent accounts data records were retained, on the condition they had been submitted no earlier than the start of 2021. Where this was not the case, the incorporation was discarded from further analysis.

Around 580,000 incorporations were retained following this process.

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<sup>22</sup> The ONS have published information about the [sources used and structure of the IDBR](#) that includes information about enterprises.

<sup>23</sup> Marked with inqstop8 on the IDBR



A further stage of filtering removed any incorporations for which, in either set of accounts data retained, the current assets field was null.

Next, the difference between the two value of current assets values was calculated, subtracting the earlier from the more recent value. The sign was stripped where values were negative. Where this value was 0, the incorporation was discarded from further analysis. An additional field derived from the current assets values was the proportional difference between the two values<sup>24</sup>.

### Outliers

Cases were classed as outliers if any of three conditions below were met:

- a) The difference between the two values of current assets exceeded the largest difference value in the third quartile of the dataset of values, plus 1.5 times the inter-quartile range (IQR)
- b) The value closest to zero (the minimum value) of the two current assets exceeded the largest minimum value in the third quartile of minimum values in the dataset plus 1.5 times the minimum value IQR.
- c) The absolute value for the proportional change difference between the two values for the financial field considered exceeded the largest absolute proportional change value in the third quartile (of proportional change values) plus 1.5 times the proportional change value IQR.

## Annex B: Features of 'live' non-IDBR incorporations with change in the value of current assets

Tables 9a - f summarize characteristics of those 'live' non-IDBR incorporations for which changes in the value of current assets were found.

Over 90 percent were private limited companies (Table 9c), as in the full CH dataset of all 'live' incorporations. Over 60 percent had submitted micro-entity accounts (Table 9d), around twice the equivalent value in the main CH dataset (30 percent). This is unsurprising. Most non-IDBR incorporations will be small businesses and thus qualify to submit less onerous [micro-entity accounts](#). Further, in the CH dataset containing 'live' non-IDBR incorporations, over 50 percent of incorporations had accounts status 'no accounts filed' and thus had no accounts data to include in the analysis.

At the SIC sector level (Table 9e), around 25 percent of incorporations for which a change in the current assets field was found were in Sector L (Real estate activities). This figure is considerably higher than the equivalent figures for the full CH dataset, where 9 percent of all live incorporations are in that sector, whilst 14 percent of non-IDBR live incorporations are in the sector. It also differs from data on unregistered sole traders and partnerships included in the 2023 BPE, where F (Construction, 17.3

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<sup>24</sup> The proportional difference was calculated by dividing the difference value by the minimum value.

percent) is the most represented sector, and only around 1 percent of businesses are in Sector L.

The geographical distribution of incorporations for which a change in the current assets field was found is similar to that of all 'live' non-IDBR incorporations (see Table 6). London is the best represented English region/country (Table 9f), accounting for almost 30 percent of incorporations for which a change in the current assets field was noted. This is higher than in the BPE, where London is also the English region/country with the largest percentage of businesses, but these account for only 19 percent of businesses.

**Tables 9a to 9f: Characteristics of 'live' non-IDBR incorporations with change in the value of current assets<sup>25</sup>, values as percentages.**

**Table 9a**

<b>Most recent year in which accounts submitted to CH</b>	<b>All</b>	<b>...excluding outliers and SICs not in BPE</b>
2021	60.3	58.8
2022	39.7	41.2

**Table 9b**

<b>IDBR inqstop8<sup>26</sup> enterprise</b>	<b>All</b>	<b>...excluding outliers and SICs not in BPE</b>
Yes	13.2	7.9
No	86.8	92.1

**Table 9c**

<b>Company Category</b>	<b>All</b>	<b>...excluding outliers and SICs not in BPE</b>
Private Limited Company	92.1	92.6
PRI/LTD BY GUAR/NSC	5.0	4.0
PRI/LBG/NSC	1.6	2.0
Other	1.3	1.4

<sup>25</sup> Percentages in tables 8e and 8f do not sum to 100, as some incorporations do not have SIC and region information.

<sup>26</sup> IDBR inqstop8 enterprises are 'dummy' enterprises added to the IDBR to complete enterprises group structures. Such enterprises are not included in the BPE (or currently ONS business publications that draw on the IDBR). Consequently, in the analysis reported here, 'live' CH incorporations associated with such enterprises have been counted as non-IDBR incorporations.

**Table 9d**

<b>Accounts Category</b>	<b>'Live' non- IDBR incorporations</b>	<b>...excluding outliers and SICs not in BPE</b>
MICRO ENTITY	62.9	67.5
TOTAL EXEMPTION		
FULL	31.8	28.4
UNAUDITED		
ABRIDGED	4.1	3.8
OTHER	1.2	0.3

**Table 9e**

<b>SIC Sector</b>	<b>'Live' non-IDBR incorporations</b>	<b>...excluding outliers and SICs not in BPE</b>
A: Agriculture, Forestry and Fishing	0.6	0.6
B: Mining and Quarrying	0.1	0.1
C: Manufacturing	2.1	2.6
D: Electricity, Gas, Steam and Air Conditioning Supply	0.2	0.1
E: Water Supply; sewerage, Waste Management and Remediation Activities	0.2	0.2
F: Construction	6.4	5.8
G: Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	6.7	8.1
H: Transportation and Storage	1.3	1.6
I: Accommodation and Food Service Activities	2.7	3.1
J: Information and Communication	5.6	6.7
K: Financial and Insurance Activities	4.9	3.1
L: Real Estate Activities	24.5	25.2
M: Professional, Scientific and Technical Activities	10.6	12.2
N: Administrative and Support Service Activities	7.2	8.1
O: Public Administration and Defence; Compulsory Social Security	0.2	0.0
P: Education	2.3	2.9
Q: Human Health and Social Work Activities	7.2	8.2
R: Arts, Entertainment and Recreation	3.3	4.3
S: Other Service Activities	5.0	6.2
T: Activities of Households as Employers: Undifferentiated Goods and Services, Producing Activities of Households for Own Use	7.5	0.0
U: Activities of Extraterritorial Organisations and Bodies	0.6	0.0

**Table 9f**

<b>English Region/Country</b>	<b>'Live' non-IDBR incorporations</b>	<b>...excluding outliers and SICs not in BPE</b>
East Midlands	5.2	5.5
East of England	9.5	9.6
London	29.1	28.1
North East	2.1	2.3
North West	9.4	9.5
South East	15.1	14.8
South West	7.6	7.2
West Midlands	7.4	7.7
Yorkshire and the Humber	5.7	6.0
Northern Ireland	1.6	1.4
Scotland	4.3	4.7
Wales	2.7	2.9

## Annex C: Definitions and Terminology

'Active'	<p>The term has different definitions in the contexts of CH, the IDBR and HMRC.</p> <p>For CH, <a href="#">active incorporations</a> are those that are not dissolved, in administration or in insolvency proceedings.</p> <p>HMRC considers a business to be active, for corporation tax purposes, if it is <a href="#">engaged in some type of business activity or receiving income</a>.</p> <p>Active IDBR enterprises are those that have not ceased to trade. Cessation of trading is identified through deregistration of administrative units, that is VAT and PAYE.</p>
Business	<p>Businesses included in the BPE comprise 'active' IDBR enterprises and estimated numbers 'active' of non-IDBR sole traders and partnerships. 'Live' CH incorporations not on the IDBR are also businesses, though not all will be 'active'</p>
Company	<p>A company is a business that has a separate legal identity from those who own or run it. This is not the case for other kinds of business, such as sole traders and partnerships</p>
Enterprise	<p>The IDBR organizes businesses into enterprises defined as the smallest combination of legal units (generally based on VAT and/or PAYE records) that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carried out one or more activities and one or more locations. An enterprise may be a sole legal unit.</p>
Incorporation	<p>An incorporated business is one that has registered with CH. This provides the business with a separate legal identity from those who own or run it. Incorporations can take a range of forms, the most common being Private Limited Companies.</p>
'Live'	<p>Live is a term used by CH to cover all non-dissolved incorporation on their register.</p> <p>For IDBR enterprises, the terms live and active are synonymous.</p>



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