

# UK financial statements - filing information for directors

## Is a UK company required to file financial statements?

Under UK law a company needs to prepare and file financial statements each year with Companies House (the UK registrar of companies).

An audit of the UK company's financial statements is also required if the group as a whole (i.e. on a consolidated basis) exceeds two or more of the following thresholds:

- Revenues of £10.2m per annum
- Gross assets of £5.1m
- 50 employees

The financial statements that are filed with Companies House are available for public inspection. The financial statements are a separate document from the company's Corporation tax return which is filed with HM Revenue & Customs, the UK tax authority. The UK Corporation Tax return is not publicly available.

## When do the financial statements need to be filed?

A private company's first financial statements filing deadline will be either 21 months from the date of its incorporation, or nine months from the company's financial year end date - whichever is earlier. Financial statements filing deadlines for subsequent accounting periods are nine months after the relevant financial year end.

In many cases we recommend that the UK company year end is aligned to the parent company (e.g. 31 December for many US-parented groups). Typically therefore, for US-parented groups, financial statements of the UK subsidiary are required to be filed by 30 September following the year end.



## Companies House have become increasingly aggressive in pursuing strike off proceedings against companies with overdue filings

### What happens if the financial statements are not filed on time?

If the financial statements filing deadline is not met, late filing penalties will immediately be levied. For a private company these are typically £150 if the financial statements are no more than one month late, £375 if they are one to three months late, £750 if they are three to six months late, and £1,500 if they are more than six months late. Double penalties are levied if the company is late filing in two or more consecutive periods.

If the financial statements are filed within 30 days of the deadline, other than the penalty there is typically no further action taken.

However, if the financial statements are not filed and remain outstanding then Companies House have the power to take additional action. For example, Companies House could write to the company and explain that action to strike the company off the register will be taken if the financial statements are not filed. In the worst case, if strike off were to happen then the company would be dissolved and all assets of the company, including its bank account and property, generally become the property of the Crown.

Companies House have become increasingly aggressive both in pursuing strike off proceedings against companies that are late in filing financial statements, and in following up with the directors of those companies personally.



Groups should also be aware that late filing of financial statements can have broader negative commercial implications e.g., on a future due diligence, late filings will often be highlighted or bank funding can have covenants that financial statements must be filed on time. Public perception can also be impacted as any late filing of financial statements will be visible publicly on the Companies House website – this can lead to journalists and other bodies publishing articles about the financial health of a company.

In summary, we strongly recommend any late filing is avoided.

### Are there any implications for directors if the financial statements are not filed on time?

As failure to deliver company documents to Companies House is a criminal offence Companies House can commence prosecution proceedings against directors personally. As part of this Companies House may write to directors at their residential addresses and ask them to attend a court hearing. If the prosecution is successful a criminal record may be imposed upon directors, together with a potentially unlimited fine, which is separate from the civil penalty imposed on the company for late filing of financial statements.

### What can you do to ensure that the financial statements are filed on time?

We recommend that complete, up to date management financials are maintained for UK companies and that arrangements are made for year end financial statements (and audits where applicable) to be prepared and filed on a timely basis following companies' financial year ends.

For further information on how Blick Rothenberg can assist with these services please contact your engagement partner.



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