

Company Software

At the simplest level, companies must file annual accounts and an annual return. Fundamentally this is a simple process with one company but vastly different with, say, five hundred or more companies. In this article, Roger Woolley considers basic software and choices that are available to enhance the effectiveness of administering large numbers of companies.

Information as a resource

The power of information gathering, collation and distribution is recognised as a competitive advantage in many spheres. So what are the advantages for the company secretary in his sphere of operation?

1. The compliance with various jurisdictions of filing and disclosure rules. The more companies, the greater the chance of a mishap, due to oversight or ignorance.

2. The links to other sections of the business, including:

- ❖ banking (charges, cross guarantees, counter-indemnities etc.);
- ❖ intellectual property (patents, trade marks and copyrights); and
- ❖ other registered property rights (real property and domain names);

in a systematic and accessible way.

3. The collection and collation of data for operating and financial reviews and the aggregation of reporting information.

4. To reflect the ease of re-organisation, restructuring (acquisitions and disposals).

Filing and compliance

In the past forms were filed in hard copy, then routine forms were allowed with 'electronic' signatures. This is to be extended to accounts that do not require auditing.

Companies and limited liability partnerships have annual obligations with the ultimate sanction for non-compliance of striking off, and dissolution with the assets vesting in the Crown.

Late filing of accounts attracts penalties from £100–£1,000 for private companies and £500–£5,000 for public companies.

Less often companies are fined for late filing of annual returns.

Over the years the content of the annual return has changed from 20 questions for capital to 3. Increasingly, 'shuttle' documents are pre-completed and, if no changes have taken place, are signed and returned with the fee. Even if changes have taken place rectification is relatively straight forward.

Electronic filing

The latest developments in software allow filing to be carried out electronically at Companies House, costing £15. Filing hard copy on the other hand costs £30. There are two types of electronic filing: using the Companies House WebFiling service (which is free), and using software providers (where the cost of the module can be up to £1,000).

The difference is that the software providers populate the forms with the information from the software database. The WebFiling option requires the company to insert the corporate information into a pro forma Companies House document.

There is the additional time issue, plus the risk of transcription errors. Some organisations are restricted to using the Companies House WebFiling software option because of their organisation's internal security controls.

Companies House started electronic filing with annual returns. Other key forms which can currently be electronically filed include:

- ◆ director/officer changes;
- ◆ change of address;

- ◆ share capital changes; and
- ◆ accounting reference date.

Filing accounts

Some companies have tried to file accounts in pdf format with Companies House, but these have been rejected because the form and manner of filing does not comply with section 707B of the *Companies Act 1985*.

Companies House is working towards electronic filing of accounts with potential applicability for around 75% of companies which do not require auditing.

Companies are working on a template (Electronic Filing Technical Interface Specification in Adobe 7.00), which will be completed and sent to Companies House electronically and processed in XBRL (eXtensible Business Reporting Language), which is a computer language developed in conjunction with the international accounting community for expressing and transferring financial information electronically.

Links to other aspects of the company

In the past, the company secretarial software was merely a system to assist compliance with statutory obligations.

However, the management of corporate data from which information can be derived has increased significantly over the years. The company secretarial software can be of importance, therefore, to other aspects of the company, such as the following.

- ◆ Financial aspects, such as borrowings secured against assets and across holding and subsidiary companies arrangements.
- ◆ The documentation and control of registered property and inclusion of information in the accounts, which is another area of considerable importance to large groups.
- ◆ Links related to intellectual property and external consultants to ensure that the rights are managed effectively.
- ◆ Management of information from a group perspective (i.e. identifying select pieces of information on all companies in order to report on specific issues)
- ◆ Monitoring of entity governance reporting and control processes.

Corporate reporting

The corporate databases can be expanded, particularly in large, globally diverse groups, and at least one large group has its own

internal committee to focus on report writing programmes which create reports forming the basis of regulatory reports, operating and financial reviews, and the corporate social responsibility reports as an integral part of best practice for corporate governance.

One of the common aspects that crops up in both professional practices and larger corporate groups is acquisitions and disposals. In the case of companies divesting themselves of a division of a group, it would be helpful to flag up the major changes: directors, shareholders, charges, due diligence in the past annual returns and accounts, and copies of all documents submitted to Companies House.

That is also true where a client for professional practice changes adviser.

The platforms

The number, range and variations of platforms with attendant controls has spiralled in the last eleven years.

The main options are PC-based with small networks with multi-user facilities. This has expanded to intranet-based solutions for larger organisations – global professional firms and international trading companies.

There is now the opportunity to have internet-based solutions where the software is hosted on a server provided from the software company, with controlled access and almost a 'pay as you use' pricing system. This allows the routine maintenance of the database to be carried out remotely by those with the appropriate skills and particularly helps local jurisdictional compliance.

Summary

As with other investments in technology, company secretarial software needs to be selected carefully and supported, and have effective available helpdesks and developments to remain relevant. For those involved in company secretarial work working smart, not just hard, is the key focus.

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Due to space constraints information about specific software suppliers has been omitted. A table of information is available from the author (email: info@rogerwoolley.co.uk).