

Funding the Future

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I published this glossary entry under the title of the Registrar of Companies yesterday. I am trying to add between ten and fifteen entries a day at present whilst also dealing with a mountain of other work:

The Registrar of Companies is the agency appointed by a state to hold the data that is required to be published on public record with regard to the limited liability companies and other entities such as limited liability partnerships, foundations and trusts whose existence is regulated by the jurisdiction in question as a consequence of their registration or incorporation in that place.

In many countries this responsibility is outsourced to agencies such as Chambers of Commerce and it is often very difficult to locate the precise place where information on any entity may be located as a result. There may also be fees charge to secure that information.

In the UK this service is provided by Companies House, which is an executive agency of the UK government's Department of Business under whatever name variant it is currently operating (as it is subject to frequent name changes at the whim of successive prime ministers).

Companies House is particularly ineffective organisation. It will register companies without requiring proof of the identity of owners or shareholders, contrary to the most recognised money laundering standards.

Companies House will also place accounts on public record without ever undertaking any proper checks to ensure that full disclosure required by law is made, or whether appropriate accounting standards or generally accepted accounting principles are complied with.

In addition, if a company fails to comply with its regulatory obligations to file either accounts or an annual statement with regard to its ownership and management, then the working assumption of Companies House is not that there has been a regulatory

failure but that instead the company in question is no longer in operation, and as a consequence it takes the necessary steps to remove it from the register, meaning that those who have committed a breach in the law with regard to their obligations to file information are removed from almost all risk of penalty for doing so. This action by Companies House also means that very large numbers of companies about whom there might be quite appropriate public concern never file information that is required to hold them to account for their abuse of limited liability. It is almost as if Companies House wishes to facilitate fraud and other abuse undertaken through the operation of UK registered limited liability companies, limited liability partnerships and other entities that they make it as hard as possible to trace, let alone hold to account. This failure undoubtedly contributes to the UK tax gap.

It would seem that the UK ministers are aware of these failings but take no steps as a result to either create a proper enforcement agency for company law in the UK or to increase the fees charged by Companies House so that resources are made available to ensure that proper standards of accounting and disclosure are made by all limited liability companies that are registered in the UK. It does instead appear to be minister's aim to reduce the charges made by Companies House to the lowest possible sum since they believe that to do so reduces the regulatory burdens upon UK business. In the process UK government ministers ignore the enormous cost, they impose upon UK society and its government from fraud and tax loss.