

Your Legal Questions

Stephen Soper
Partner & Solicitor



Q. I help to run a management company that looks after the block of flats where I live. Once a year I have to submit returns to Companies House, but I haven't this year - need I bother?

A. Where there are a number of flats the building itself is usually looked after by a management company. The management company often owns the building and will be each flat owner's landlord. Each of the individual flat owners will then hold a share in the management company.

The management company will be responsible for the day to day maintenance of the building and will charge each flat owner a proportion of the cost of carrying out the various services known as the service charge.

The flat owners may choose to run the company themselves, whereas some management companies employ outside help to deal with the administrative functions such as invoicing the service charge and submitting returns to Companies House.

A management company is governed by the same rules as any company. Annual returns need to be made to Companies House and failure to submit returns could lead to the company being fined or in extreme cases struck off the register of companies. This may not sound drastic but the upshot of being struck off is that any assets of the company pass to the Crown i.e. the company ceases to own them. If the company previously owned the building and was subsequently struck off the building would pass to the Crown.

There are ways of restoring the ownership of the building to the management company but they are complicated and could prove to be expensive. Whilst filing returns can be a chore failure to do so could prove costly in the long run.

Stephen Soper is a Partner and Solicitor in the Commercial and Property Department of Powells Solicitors.

Direct dial 01934 637915
soper@powellslaw.com