



Companies House

Companies House

Annual Report and Accounts
2011/12

BIS | Department for Business
Innovation & Skills

A BIS SERVICE

Companies House
Annual Report and Accounts
2011/12

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During the period of this report, Companies House was an Executive Agency of the Department for Business, Innovation and Skills.

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growth

developing our digital services

In 2011/12 we made significant progress on our strategic journey, improving services for customers, contributing to the growth agenda and developing Companies House.

From the Acting Chief Executive and Chair of the Steering Board

'Providing company information that customers value' is our core purpose and drives everything that we do. Improving our service for customers, both those that send us information and those who access it, enables us to fulfil this purpose and our role as one of the building blocks of the economy.

Our data was accessed over 144 million times this year and used on a daily basis by all the main business information and credit reference agencies so that individuals and organisations could make informed decisions on UK companies.

This year we supported the Government's agenda for growth by making it easier to start a company, cheaper to supply information and simpler to access it through activities such as:

- Launching a web incorporation service in April 2011 making the UK one of the easiest places to start a company;
- Achieving efficiencies so that we could reduce the cost for annual filing saving UK businesses over £2 million;
- Launching the free Uniform Resource Identifier (URI) service for basic company data in October and in 6 months we had over 16 million data requests via this service.

Improving our services and achieving high customer satisfaction are our top priorities.

This year we increased customer satisfaction to 84.2% (from 79.9% last year), through a focus on customer insight and continuous improvement to our services, including the improvements to the navigation and usability of our website and the development of the web incorporation and URI services.

As part of our focus on making life easier for customers to transact with Companies House, we introduced PayPal as an alternative payment method for our online customers. Since June 2011 there were over 78,000 transactions using this service.

However, our customer satisfaction performance, although improved, is still short of our target of 86% and this is our single most important goal for 2012/13.

'Digital by Default' is a key part of our strategic journey—over 99% of all searches are digital and 97% of all companies are filing at least one document electronically. Increasing the digital filing of company accounts is one of the most important activities remaining on our digital transformation journey. We made significant progress in 2011/12 as we increased the number of accounts filed electronically by 43% during the year. Continuing to drive this upwards to match the level of other digital transactions is another high priority for 2012/13.

Company accounts are the most searched document on the register. Every company must file accounts annually and making sure up to date accounts are on the register is at the heart of our core purpose. This year we achieved a new record accounts compliance rate of 98.9% with 93.2% of companies filing on time, one of the best compliance rates in the world. This improvement was due to the great work of our staff who improved our compliance processes and communications. In July we also launched a new electronic reminder service to help customers file their annual returns and accounts on time. These activities also meant we have achieved new compliance records for our annual returns of 97.6% with 74.4% filing on time.

Companies House is committed to delivering better services and providing greater value for money. During the year we delivered £4 million from efficiency savings through achievements such as:

- restructuring our customer and operational areas, reducing overall staff numbers by 139 (113.5 full time equivalent), as part of our journey towards being a fully electronic organisation;
- relocating all Cardiff based staff to our main office in Crown Way has saved £491,000 this year, and will save £1.3 million per annum;
- reducing the cost of our Contact Centre by approximately £400,000 annually through a new contract;
- reducing the cost per company by 13.6%.

We want to improve all aspects of our business and through our investment in a biomass boiler and site rationalisation in Cardiff, we achieved an excellent 10.5% reduction in carbon emissions, helping us deliver a more environmentally friendly business.

It is through the continued dedication and hard work of our people that we have achieved so much during the year and we believe that how we do things is as important as what we do—our principles and values underpin everything.

During the year we continued our investment in improving the capabilities of our staff through training and development in technical skills, continuous improvement, customer service skills, leadership and change management. We also worked hard to improve staff engagement by introducing visual information boards and daily team discussions in many areas.

This will be an area of even greater focus in the coming year as we know our people will make the difference in developing and delivering high quality services to our customers.

In addition, we have been heavily involved in the Department for Business, Innovation and Skills (BIS) Commercial Strategy, which aims to share services across its partners, improving procurement, rationalising estates and increasing efficiency.

This year the government announced that Companies House would be one of the four world-class trading funds to be part of the new Public Data Group (PDG). The group will work with the newly formed Data Strategy Board (DSB) to increase the amount of information that can be provided for free and to ensure that we have a sustainable business model to deliver our public task and maximise the use of the register. The move to PDG sees a change in our governance arrangements with Companies House moving to be part of the Shareholder Executive in BIS.

In 2011/12 we made significant progress on our strategic journey, improving services for customers, contributing to the growth agenda and developing Companies House. At the end of the year, we are in a strong position to face the challenges ahead. This has been a real team success with the whole organisation working together—our staff can be very proud of what they have achieved.

In 2012/13 we will build on these successes, and will continue to deliver further improvements for our customers and deliver further efficiencies. These include:

- new WebFiling services, making it easier for customers to access and update their information;
- working in partnership with HMRC, to improve the process for starting a company so that customers can register for corporation tax at the same time;
- a new free bulk data download service, making basic company information more accessible;
- developing new products, making digital accounts data available;
- working with the Government Digital Service on the launch of www.Gov.uk - the new portal for government services;
- working in partnership with the Business Environment team in BIS on the 'Red Tape Challenge' on company law, the proposals for financial reporting for micro-entities and getting ready for the new charges legislation and developing the services to allow electronic charge registration.

Our core purpose is making company information available; our passion is to make life better for customers. We are in a strong position as we enter a new phase in the life of Companies House as part of the PDG and continue on our journey of digital transformation.



Andrew Summers CMG
Chair of Companies House Steering Board



Tim Moss
Acting Chief Executive and Registrar

144
million
search requests

providing company information that customers value



**Company
information**

There were over 144 million searches for information made through our core web services by our customers during 2011/12.

02

Companies House at a Glance

At a Glance

	2011/12
Income 2010/11: £67 million	£66m
Gross Administration Costs 2010/11: £59 million	£58m
Efficiency savings 2010/11: £6 million	£4m
Total Register size 2010/11: 2.7 million	2.9m
Incorporations 2010/11: 450,000	456,000
Removals from the register (Dissolutions) 2010/11: 300,000	290,000
Free searches on our core web based services New calculation	135m
Paid searches on our core web based services New calculation	9m
Web search-product page hits 2010/11: 652 million	785m

About us

The main functions of Companies House are to:

- incorporate and dissolve limited companies;
- examine and store company information delivered under the Companies Act and related legislation and make this information available to the public.

History

The United Kingdom has enjoyed a system of company registration since 1844.

Today, company registration matters are dealt with in law by the Companies Act 2006.

All limited companies in England, Wales, Northern Ireland and Scotland are registered at Companies House, an Executive Agency of the Department for Business, Innovation and Skills (BIS). There are almost 2.9 million limited companies registered in the United Kingdom and 456,000 new companies were incorporated last year.

The number of **search** requests received

9m PAID



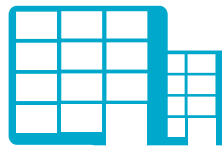
300,000

Companies signed up for eReminders (since July 2011)



785 million

Page hits on our web-search products



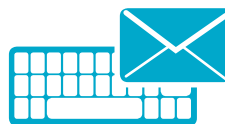
£3 million

Invested to improve our capability and capacity



99%

Company information searched was done electronically



467,000

Emails dealt with by our Contact Centre



1.4 million

Telephone calls dealt with by our Contact Centre

03

Customers

Key Facts

- Over 72,000 companies have been incorporated via our new online web service since its launch in April.
 - Since launching our eReminder service in July, over 300,000 companies have signed up for it.
 - Since October our new Uniform Resource Identifier (URI) service has received over 16 million requests from customers wanting to use it.
-
-

making data
available quickly
getting the economy going





8,000

views on our new
video demonstrations
since December

Service Improvements

Our customers had a busy year:

- our web-based search products received over 785 million page hits during the year;
- customers downloaded 4 million guidance booklets and our contact centre answered 1.4 million telephone calls asking for help or information;
- over 72,000 companies were formed through our new web incorporation service.

Making improvements and delivering new services are high on our agenda for both our registration customers (those submitting company information) and our search customers (those who access company information).

In April 2011, we launched an online web incorporation service, allowing customers to incorporate a company electronically without the need for specialist software. Since its launch, this service has proved to be popular with over 72,000 companies being incorporated using this service.

In July 2011 our Electronic Reminders (eReminders) service was launched, improving services to our customers, increasing the timeliness of data on the Register and delivering efficiency savings. The service allows companies and their presenters to receive an e-mail reminder (up to four different e-mail addresses) instead of a paper reminder letter. By the end of the year, over 300,000 companies had signed up for eReminders, with a sign-up rate continuing at approximately 1,000 a day.

Our new Uniform Resource Identifier (URI) service was launched in October 2011, since then customers have made over 16 million data requests. This provides a more efficient way for customers and the business information industry to link to basic company data. We will be looking to build on this data-linking approach in the coming year. Work also began on providing basic company data as a free downloadable snapshot of the entire live register of companies, with the first snapshot due to be made available in the summer of 2012.

We developed new video demonstrations which provide customers with a step-by-step guide on how easy it is to file their accounts using our WebFiling service. The videos were created in-house and take customers through the process of filing their dormant accounts or abbreviated accounts online. The demonstrations were uploaded to YouTube and were also embedded within our own website. These videos have proved popular, receiving over 8,000 views. We plan to build on their success by developing even more to help customers file online, including WebFiling Registration, Sign In and Company Overview.

In March 2012, we launched a new homepage on our website. There has been a 20% increase in satisfaction levels compared with 2010/11 and 66.3% of customers say that our website is now easier to find information and navigate.

87% of companies on our register have up to five directors and five shareholders. We are designing our services with these customers in mind to provide an easy-to-use and quick service to suit their requirements. Plans are already in place to implement the first phase of improvements to our WebFiling service in April.

We also implemented a number of other improvements to our electronic services by introducing an alternative payment facility, PayPal, streamlining the payment process and improving document download speeds.

Over 44% of active companies on the register have opted into our PROtected Online Filing (PROOF) scheme. Companies House encourages customers to sign up to this free service which adds an extra level of security when filing company information. We feel this protection, which allows Companies House to query unauthorised paper filings, is a significant factor in reducing a company's vulnerability to fraud.

Customer Service

Customer Satisfaction

As a result of the service improvements made, we increased our customer satisfaction rate from 79.9% at the beginning of the year to 84.2% at year end. This improvement has been delivered as a result of the implementation of some new services, enhancements to our current ones and acting on our customers' feedback. However, our public target for customer satisfaction is >86%, so over the next year we will ensure that this remains the top priority for Companies House.

Customer Service Excellence

Following our annual assessment against the Customer Service Excellence (CSE) standard, we were again awarded this important accreditation. Re-accreditation of the standard not only demonstrates our on-going commitment to providing a first-class service for our customers but also maintains our focus on continuous improvement.

Service Availability

The availability of our electronic services for those submitting information to the Register and for those searching company data has exceeded our target of 99.5% during 2011/12 with an overall performance of 99.8%.

Customer Contact Centre

The Companies House Contact Centre provides customer support via telephone and email. The service offers help, support and guidance to customers transacting with Companies House. Over the year, telephone contact has reduced by 12% compared with 2010/2011 (12.4%). This drop in customer contact reflects the improvements that have been made to the online support on our website. E-mail contact has grown slightly over the year, 3% up on the previous year (2.5%). Both these customer contact channels reflect the growing number of customers using e-services to transact with Companies House.

Complaints

Customer complaints received during the year fell considerably from 11,995 in 2010/11 to 5,700 in 2011/12. 98.8% of these complaints were resolved within the 5-day target (2010/11: 98.3%).



Customer Engagement

Customer Insight

We engage with our customers in a number of ways to obtain feedback on their experiences when using our services. This provides valuable information which we act upon to improve our current services and to develop new products and services.

We undertook two major pieces of customer research during the year; one with accountancy firms and the other with Small and Medium sized Enterprises (SMEs). The results showed significant improvements since the previous surveys in 2009, with over 90% of those interviewed saying that we provide an excellent customer experience. 97% of accountants and SMEs agree that we provide an important service with 96% saying that our services are reliable. Both customer segments agree that our systems are secure and 94% believe that our information can be trusted.

We also collaborated with the Institute of Chartered Accountants in England and Wales (ICAEW), providing a series of questions for inclusion in their annual 'IT in Accountancy Practices Survey', which is sent to 700 accountants. The results provided valuable insight which we are using to drive the electronic take-up of our services.

We also invited customers to participate in usability testing for our new Web Incorporation Service and received positive feedback. Customers also tested prototypes of the new WebFiling screens, our new website homepage and our joint HMRC tax incorporation service. The insight gathered was used to ensure that the changes planned met customer expectations. We also set up an online customer user panel and to date have 330 members who have already provided us with key feedback which has been used to drive our future developments.

Engagement

During the reporting year, we worked hard to build on the customer insight/knowledge already collected. Our Customer Care teams continued to gain valuable insight by running biannual regional and specific focus groups. This year 42 focus group meetings were held with customers in major cities across the UK. The Edinburgh and Belfast teams have continued to work closely and over the year 12 focus group meetings were held in Scotland and 2 in Northern Ireland.

The focus groups were well attended and provided excellent feedback on important topics such as 'The Red Tape Challenge' and many group members contributed to the concept testing of our WebFiling improvements and other changes planned for our online services.

Our Customer Care managers continue to meet customers on a one-to-one basis, supporting them and gathering valuable customer insight regarding their requirements, experiences and interactions with Companies House. This information helps us to improve and develop our services.

We attended a variety of business events throughout the year and organised a number of Information Day seminars and First Time Director events which were well attended and positively received by delegates. These events are an ideal platform for raising awareness of directors' responsibilities and provide us with an opportunity to demonstrate our online services and provide information and support to the delegates who attend.

Our free regional Information Days are run monthly at various locations around the UK, where we provide delegates with guidance on every aspect of their dealings with Companies House. Members from Her Majesty's Revenue and Customs (HMRC) and the Intellectual Property Office (IPO) also deliver short presentations at the end of each seminar.

04

Processes



99.8%
Service availability
of electronic services

Key Facts

- Refining our existing business processes in the last year has contributed to an overall £4 million from efficiency measures.
- During the year our compliance rates increased to record levels.
- The volume of documents filed electronically increased to 70%.

We refined our business processes during the year, delivering £4m in efficiency savings. We delivered this saving by driving the growth in electronic services to over 70% and restructuring the operational teams to deliver an efficient electronic operation and reducing our overall head count. This also enabled us to close our office in Nantgarw and relocate staff back to the Cardiff office.

We re-engineered a number of our core operational processes during the last year. We are continuing this work based on 'lean' thinking principles to identify further opportunities to improve the processes which underpin our customer services. The initial step was to restructure the Customer Delivery Teams, to realign the document process and support functions. The focus of the restructure was quality and customer service, this enabled us to integrate quality back into the core business process of Companies House. It also resulted in increased staff engagement through opportunities to multiskill and develop their operational skills.

By investing in this way we maximised the benefits of the proposed processes and new technology to the benefit of both customers and staff: staff in terms of better quality jobs and customers in terms of better customer orientated services.

As part of our 3 year server rationalisation process, we replaced 12 'end of life' servers with 5 new more efficient servers, saving £36,000 in maintenance costs and £23,000 per annum in power and cooling costs. 2012/13 will see us complete the final year of this process, rationalising 31 servers down to 11 and generating even bigger savings. We also replaced our old storage technology, gaining performance improvements and increased storage capacity and flexibility whilst reducing our maintenance and power/cooling costs by £98,000 and £16,000 per annum respectively. Rationalisation across our software licence base has reduced our costs by at least £70,000 per annum. The closure of our office in Nantgarw led to the move of our business continuity infrastructure to form part of a reciprocal hosting agreement with Intellectual Property Office (IPO) and to make annual savings on our network costs of approximately £20,000, whilst gaining the advantage of increased bandwidth to support our online services.

Compliance / Late Filing Penalties

During the year, compliance rates increased to record levels (98.9% average compliance levels for accounts against a target of 98%). We introduced a number of initiatives to help make this happen.

In April 2011, we sharpened the message within our annual return reminder letters to encourage directors to file on time. This included highlighting key messages in red which contributed to a 5% increase in annual returns being filed on time. This improvement was closely followed by the introduction of our eReminder service. We are greatly encouraged by early indications that compliance rates are significantly higher for companies which use eReminders.

Throughout the year we undertook a thorough review of our enforcement strategy. Whilst we recognise that it is a fair and proportionate strategy, in 2012/13 we aim to focus more of our efforts on those companies which have the poorest filing record. We also plan to enhance our eReminder service to further help companies with their filing obligations and further improve compliance rates.



98.9%

Accounts
Compliance

Business Change & Continuous Improvement

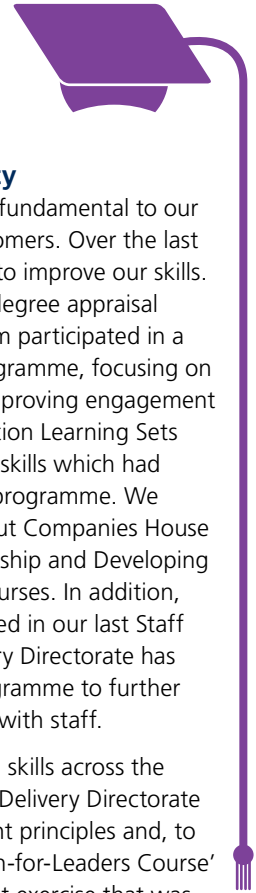
We continued with our programme of Continuous Improvement. We introduced visual information boards in the Customer Delivery areas, which have contributed significantly to staff awareness and engagement and have improved team communications across the area.

We also designed and implemented more efficient processes that provide better value for money. All of this work has been underpinned by our approach to work where we maintain a rolling programme of efficiency initiatives and develop a culture of challenging ourselves and others to keep it simple and always strive for value for money. We also consider, and use best practice processes, from the public and private sectors and continuously explore better, leaner ways of working to deliver benefits to customers and staff.

We established an internal team of Coaching Champions to help line managers improve their coaching skills by sharing advice and best practice. We also started to develop and encourage a strong coaching culture in Companies House.

05

People



Staff Engagement

In 2011, Companies House participated in the Civil Service People Survey along with 96 other Civil Service organisations. The survey focused on the extent to which employees felt engaged within the organisation. 75% of our staff responded and we had an engagement score of 59%. 51% of staff would recommend Companies House as a great place to work (9% higher than the Civil Service as a whole).

In the Autumn Companies House was reassessed against the Investors-in-People Standard. We elected to be assessed against the extended framework and were successful in being awarded Silver status, demonstrating, "... a progressive approach to business improvement through people".

Our staff are key to driving forward our strategy. The survey results and the silver status awarded are positive indicators. However, we are committed to build on this valuable and important staff feedback. We have plans in place across the organisation to improve staff engagement.

Improving our capability

The capability of our staff is fundamental to our performance in serving customers. Over the last year we continued to invest to improve our skills. Following on from the 360 degree appraisal exercise, the Leadership Team participated in a leadership development programme, focusing on change management and improving engagement with staff. Subsequently, Action Learning Sets were created to practise the skills which had been developed during the programme. We developed leaders throughout Companies House through our Essential Leadership and Developing Essential Leadership Skills courses. In addition, picking up on themes revealed in our last Staff Survey, the Customer Delivery Directorate has piloted a coaching skills programme to further support better engagement with staff.

We also invested in technical skills across the organisation. Our Customer Delivery Directorate embraced 'lean' management principles and, to support those we ran a 'Lean-for-Leaders Course' and a Focus-on-Improvement exercise that was rolled out across the directorate. In addition, our support functions continued to enhance their technical skills across finance, procurement, HR, estates and IT.

Pay

We completed the second year of the Government's pay freeze which permitted only limited pay rises of a flat rate of £250 to those members of staff who earned under £21,000. We also made a payment in respect of our Corporate Efficiency Award at a flat rate of £500. This was paid from cost savings made during the year 2010/11. Exemplar awards were made to our top performing staff in recognition of their performance during the year. This year we decided to broaden the number of people who would benefit from receiving this award from 10% to 25% whilst simultaneously reducing the value of the award to ensure we stayed within our agreed budget. The award was paid to 241 people in December's pay and for the first time this year we celebrated our colleagues' success by publishing a list of the successful recipients.

FTE
 902

Key Facts

- As part of our efficiency work and continuous improvement programme we released 139 people from the organisation through a Voluntary Exit Scheme.
- We enhanced the professionalism of our staff by offering NVQs in Customer Service, Information Security, Team Leading and Business Administration.

Companies House Values Awards

We continued to operate our Values Awards during the year to support the importance of how we operate as an organisation. Over 200 Values Awards were issued, celebrating how staff had embraced our values of 'Doing it Right', 'Making a Difference' and 'Working Together'. Staff were nominated by their colleagues in recognition of the specific contributions they made during the year.

Attendance

The 'first day of sick absence' process has been up and running for a year. This process provides qualified medical advice from the Occupational Health Adviser (OHA) to all staff on the first day of their absence. Overall it has been successful in ensuring that staff receive initial medical and follow-up advice and that sick absence is reported promptly and appropriately.

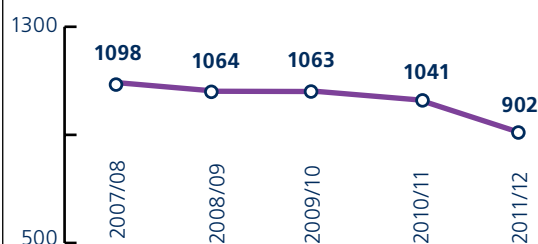
A stress awareness course for managers has been developed to help them identify stress in themselves and their staff, to provide a greater awareness of their management responsibilities and to identify the support that is available to them. Further work is currently being undertaken to develop an awareness course for all staff. This is designed to enable them to identify the signs of stress in themselves, to use coping mechanisms and to highlight the various support that is available to them

Notwithstanding these initiatives, the average number of working days lost (AWDL) was 10.8 (against a public target of less than 10 days per person per annum). This is an area of increasing concern and one where a new series of initiatives is being put in place for 2012/13 to reduce this figure.

Headcount

In 2011 we successfully ran a Voluntary Exit Scheme (VES), with those who were released being able to leave between June and October. With very little natural turnover of staff, the VES assisted with the planned decrease in staffing levels. We were able to release 139 people from the organisation. This was the equivalent of 113.5 full-time equivalent (FTE) staff and by October 2011 the FTE for Companies House was 914 after taking into consideration those who left through: resignation, partial retirement or reduced hours. At the year end, the FTE headcount was 902.

Full Time Equivalent Reduction



Employee Relations

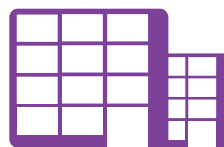
In line with cross-government efficiency directives, we have successfully driven down our costs and improved our efficiency while still maintaining a high quality service for our customers. Despite the uncertainty this has caused our staff, they have risen well to the challenge. There has been a continued, open and honest debate between senior management and Trade Union colleagues, who have worked together within our 'Working-in-Partnership' framework to achieve agreement on a range of pay and conditions' items and other issues to ensure that savings were made as fairly as possible across the business. This approach has contributed to our good working relationship.

06

Finance

£3 million

Invested to improve our capability, capacity and working environment



Key Facts

- We invested £3m to improve IT capability and capacity and on the working environment.
- We achieved a 13.6% reduction in the operating cost per company in the first year of a three year target of 15% by 2013/14.
- We reduced the cost of filing annual returns and incorporations online.

As a trading fund, Companies House is funded by income from its fees. Income from search services in 2011/12 was £13.4m, which was slightly lower than last year (2010/11: £13.8m), but this reflects a reduction in price for the CHD subscription charge, a reduction in fees charged to bulk-buying customers, and also making the Monitor service free of charge to both WebCheck and CHD users. Overall volumes across all channels have remained relatively constant over the past two years.

The reduction in expenditure achieved in the previous financial year enabled us to reduce the fees for annual returns and incorporations filed electronically from 6 April 2011. Despite these reductions, total income from incorporations rose by over £1.0m compared to 2010/11 with 456,000 new companies being formed in the year, of which 96% did so electronically. Income from annual returns was £33.7m with a record 2.3m annual returns being filed of which 96.6% were received electronically.

Thus the effect of differential pricing between the paper and electronic channels for our two main products has now been reduced to an insignificant level.

Gross administration costs fell during the year to £58.4m, a reduction of £0.4m compared to last year. However, this included the impact of a restructuring scheme which cost £3.3m. The closure of the Nantgarw office and the reduction in headcount were the main reasons, but there are numerous other cost reduction and efficiency initiatives which have contributed. This continuing focus on value for money means that we reduced our underlying operating costs compared to last year by a net £3.7m, which is a significant achievement.

The operating surplus before interest for the year ending 31 March 2012 was £7.7m (2010/11: £7.8m). After finance costs and declaring a dividend on public dividend capital of £2.3m, a net surplus of £5.4m arose and was transferred to reserves. The annual review of future costs and activity was carried out in February, and in light of the surplus generated we will be reducing certain fees in the forthcoming year.

Investment

We invested £2.1m in improving our IT capability and capacity during the year by committing in-house development teams to further enhance the main Companies House operational software (Companies House Information Processing System) and also by investing in necessary hardware. We also spent £0.9m on improving the infrastructure and working environment of our buildings. The annual valuation of the Crown Way site has revised the value (on an existing use basis) downwards by £0.9m to £18.2m.

We have a public target to achieve a return, averaged over the period as a whole, of at least 3.5% in the form of a surplus on ordinary activities before interest and dividends payable, expressed as a percentage of average capital employed, for the five year period from 1 April 2009 to 31 March 2014. This was the third year of that target period and we have now achieved a cumulative return of 12.2%. This indicates that a rate of return in excess of the 3.5% cumulative target rate is likely to be achieved by 2014.

Efficiency

2011/12 is the first year of our three year efficiency target which was to achieve by 31 March 2014, a reduction in real terms of 15% in the operational monetary cost per company on the register, compared with the 2010/11 baseline. This year we achieved 13.6% after adjusting for inflation and factoring in the increase in the number of companies on the register.

Late Filing Penalties

We also prepared a separate Trust Statement for the Late Filing Penalties scheme. The cost of operating the scheme in 2011/12 was £5.3m and £66.7m was remitted to the Consolidated Fund in respect of penalties collected.

07

Collaborative Business

Key Facts

- Companies House became part of a Public Data Group (PDG) of trading funds.
 - We worked closely with Government Digital Service (GDS) on our continued improvements to our website and WebFiling service.
 - We launched an online incorporation service allowing customers to incorporate electronically without the need for specialist software.
-
-

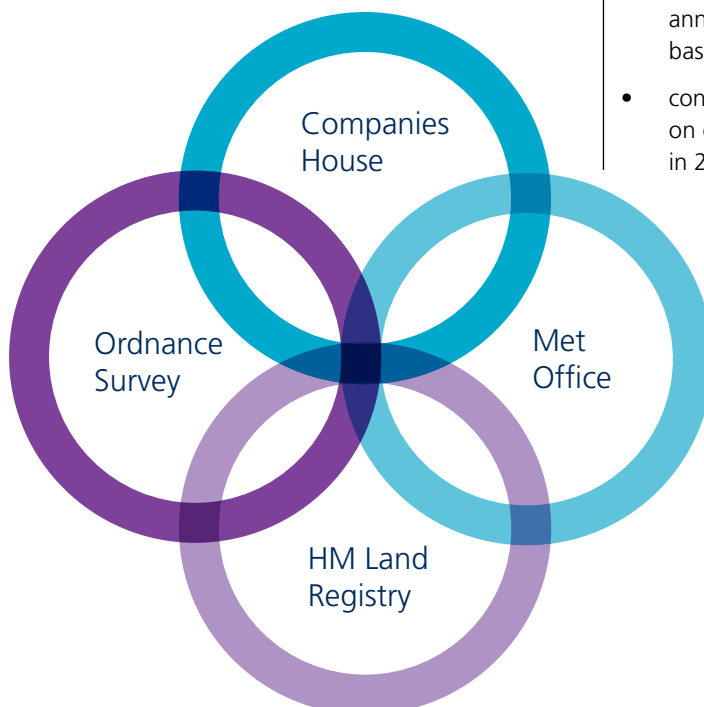
Public Data Group and Data Strategy Board

On 29 November the Government announced the establishment of the Public Data Group (PDG) and Data Strategy Board (DSB). Companies House is a member of the PDG, along with the Ordnance Survey, Met Office and HM Land Registry. The PDG is charged with providing a more consistent approach towards access to and accessibility of public sector information, and delivering more data free for reuse. PDG members will create centres of excellence driving further efficiencies in the public sector with the pursuit of cross-asset and wider efficiencies. The DSB will prioritise the delivery of open data from the PDG, pursuing both an increase in free data and easier access.

Companies House customers will benefit from the greater focus on the provision of free data and from the results of collaborations leading to the sharing of both data and best practice. In this context, Companies House has made a commitment to:

- develop a free downloadable bulk data file to be launched in June 2012 containing core company data (company number, address, status, incorporation date, account and annual return filing dates, SIC code, URI and basic information about mortgage charges);
- consider with the DSB, releasing free data on directors' and office-holders' details later in 2012.

Public Data Group





Department for Business, Innovation and Skills Commercial Strategy

As a BIS partner organisation, we actively participate in initiatives to deliver more cost effective services. We are working with colleagues across the department to rationalise suppliers and harmonise prices to achieve savings on our procurement costs. The use of shared services is a key part of our future process and systems strategy. Work is underway to create more cost effective solutions for the purchase of commodity services in respect of HR, payroll and finance transactions; overall this will reduce the cost of such services for BIS as a whole.

BIS | Department for Business
Innovation & Skills



Other partners in government

Companies House has been pleased to continue to work with partners more widely across government to progress initiatives aimed at improving services to our customers:

- Working in partnership with businesslink.gov.uk - on 6 April we launched an online incorporation service allowing customers to incorporate electronically without specialist software at a cost of only £18 via www.businesslink.gov.uk
- Our work with HMRC continues as we aim to further improve and simplify the company start-up process for customers. Building on the initial online incorporation service, in April 2012 we will launch an enhanced service giving customers the option to register for corporation tax with HMRC at the same time as incorporating a company with Companies House. This represents a further step towards a simpler, joined-up, start-up service.
- The Government Digital Service (GDS) launched in August will be the centre for digital government in the UK, replacing the current Direct.gov and Businesslink.gov. We worked closely with GDS to benefit from their experience of best practice in the provision of web services, participating at all levels of the GDS agenda to redesign our customer interface and to ensure that our content and services will be consistent with theirs. These improvements contribute to us providing a modern, efficient and easy-to-use portal for updating and retrieving company data.

Civil Service (Next Generation) HR

Over the last year, Civil Service HR has continued to roll out its three expert services (Policy, Learning and Resources) which offer up-to-date HR policies and new and exciting prospects for staff, such as access to many learning opportunities and support material. We also continued to engage with Civil Service resourcing on the introduction of their e-recruitment system.

Scottish Charitable Incorporated Organisation

In April 2011, a new limited liability incorporated body, the Scottish Charitable Incorporated Organisation (SCIO) was introduced. Companies House worked closely with the Office of the Scottish Charity Regulator (OSCR) on their regulations to achieve the objective of saving these organisations from double reporting to both Companies House and OSCR.

Since 1 January 2012, companies limited by guarantee have been able to apply to migrate from our register to the SCIO register. A similar option is envisaged for English/Welsh companies limited by guarantee in the near future. At this stage there are no such plans for Northern Ireland.

Intellectual Property Office

Companies House has worked closely with the Intellectual Property Office (IPO) this year, sharing costs to deliver joint events, almost doubling the number of events that we have hosted/attended, as well as making efficiency savings. Looking forward, we will introduce a new joint Companies House/IPO event 'Get it Right First Time'. The event targets new directors to ensure that they are aware of their responsibilities under the Companies Act and understand the benefits of their intellectual property.

Fraud

Last year we reported that we referred on average 62 cases of fraud per month to law enforcement. This year, this number has reduced to 44 cases suggesting that our work within Companies House and with colleagues across law enforcement is having a positive effect.

We continue to be a data provider for the law enforcement community and to work with colleagues across government on fraud related issues. The identification of potential for more joined-up work on fraud is one of the early benefits of our collaborations with colleagues in the Public Data Group.

International

This year, Companies House was part of the UK's team negotiating the European Union's Directive on the interconnection of business registers.

The Directive will increase the confidence of decision making for business in Europe, and its aim in amending existing European law is two-fold:

- to formalise the exchange of data between business registers so that they can achieve a high level of uniformity in their approach to being up to date;
- to give customers across Europe access to transparent information on companies.

Work will continue during 2012/13 to agree the implementing acts, which will form the basis for the technical application of the Directive.

We are actively involved in the European Commerce Register's Forum (ECRF). The ECRF exists to help simplify the regulatory environment and to help create an open and transparent environment for European businesses. We are members of two working groups; one which informs the European Commission's thoughts on the development of structures for the interconnection of business registers; and the other which produces the ECRF's Benchmarking Survey of registers across Europe comparing the performance of business registers and showcasing improvements.

Further afield, Companies House is also an active member of the international Corporate Registers Forum (CRF). The CRF exists to share global registry experiences as well as to gain new ideas and knowledge. The CRF also contributes to the Benchmarking survey and to the World Bank's report 'Doing Business in a More Transparent World'.

Visitors from Overseas

Over the last year we hosted a number of visits by colleagues from overseas government bodies as we are seen as an organisation which is widely respected for its approach to company registration. These visits were appreciated for the value and insight they provided to the visiting organisations. Amongst those bodies were representatives from the Malaysian Companies Commission, the Government of Bangladesh, the Norwegian Tax Administration - Trondheim and the Mongolian General Authority for State Registration.



08

Responsible Business



SMART office lighting roll out

Companies House and the Environment

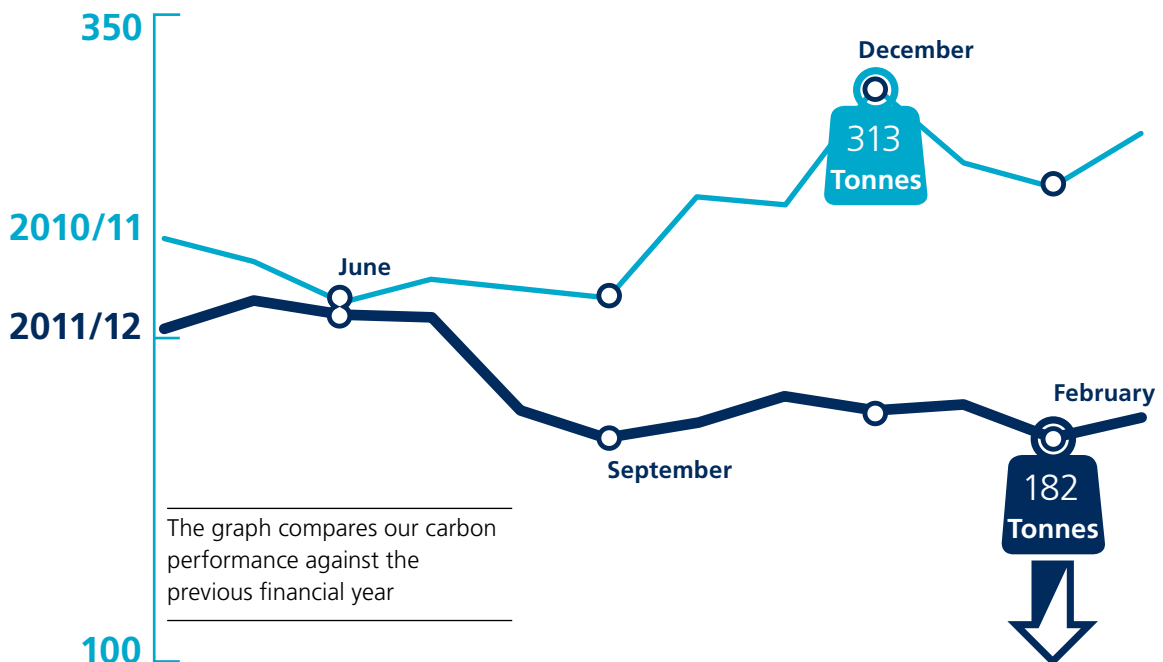
Companies House is committed to sustainable development and to continually reduce the effects of its activities on the global and local environment.

Whilst having a relatively low environmental impact, Companies House acknowledges that through our Environmental Management System we can make continuous environmental progress. We believe that the improvements we make contribute to and help address the difficult global environmental challenges we face.

Environmental Management System

Since 2002, Companies House has been certified to the International Environmental Management System ISO 14001. The system has proved to be a robust management tool which is integral to our current and future environmental performance. During the last financial year we were successfully assessed against the standard and our accreditation has continued.

Carbon emission reduction



Carbon Management

During the year we made significant progress in reducing the carbon that we produce. Carbon saving projects have been completed, which are now yielding substantial savings.

These are:

- biomass heating boiler installation;
- continuation of SMART office lighting roll out;
- IT server energy efficiency upgrade;
- estate consolidation.

The graph opposite compares our carbon performance against the previous financial year:

Over the last financial year Companies House has produced 2,425 tonnes of carbon dioxide from our utilities at Cardiff and Nantgarw offices. This is a reduction of 23%.

From the relatively short time that the biomass boiler has been installed, we saved 227 tonnes of carbon from this project alone.

The installation of the biomass boiler means that our heating supply is provided by a sustainable heating source, (wood pellets) which has helped to reduce our reliance on fossil fuels for heating. The project was supported by the Carbon Trust and the site has been used as a best practice installation for potential organisations which are interested in investing in this sustainable heating technology.

Display Energy Certificate

This year's carbon savings helped us to achieve a C Display Energy Certificate (DEC) rating at our Crown Way building. Display Energy Certificates provide an indication of how efficiently a building manages its utilities. Our current DEC operational rating is now 25% better than typical usage. This is a fantastic achievement considering that our headquarters is nearly 40 years old and not built during a time when environmental performance was so important.

Waste

During the year we achieved a further 1% reduction in the amount of waste we sent to landfill. This was delivered through improved employee awareness and segregation of waste through our successful bin-less office project.

Health and Safety

In January 2012 we successfully achieved the Occupational Health and Safety Assessment Series 18001 (OHSAS) standard, which demonstrates our continued compliance with the standard.



Corporate Social Responsibility

Our commitment to corporate social responsibility continues with an active programme of involvement with local schools. There were 18 students who had work experience placements with us and staff volunteers attended school careers, industry and enterprise days.

Sports & Social

Companies House has an active and enthusiastic Sports & Social Club which is self funded and run voluntarily by the staff, for the staff. The Club organises sporting events, social functions and parties for staff and their children as well as fundraising for charities. During the financial year, the Committee has organised events such as: football tournaments; theatre trips; a trip to EuroDisney; quiz nights; tombolas; book sales; raffles; and prize draws. £3,150 was raised, split between: Children in Need £2,377; Comic Relief £450; and £323 towards the Sports & Social fund which pays for the Children's Christmas Party.

Helping Local Charities - Guide Dogs Cymru

As part of the BIS initiative to encourage staff to help local charities, Companies House has nominated a local Welsh charity, Guide Dogs Cymru (part of Guide Dogs for the Blind Association). Our aim is to raise £5,000 to sponsor and name a guide dog puppy. The Sports & Social Committee has co-ordinated fundraising efforts and so far, £2,509 has been raised. We are confident that the target amount will be reached before the end of 2012.

Ty Hafan

Between September 2011 and March 2012, several teams within our core Operations Directorate raised an impressive £4,000 for this local charity which provides palliative care for children with life-limiting conditions. Over this time, many fun activities were carried out by individuals/teams and their boundless energy and commitment is inspirational to all. Looking forward, lots of exciting events have already been arranged for the forthcoming year so that we can raise even more funds for the charity.

Volunteering

In November, Companies House fully backed the idea of creating a 'volunteer bank' made up of staff from across the organisation, who wished to offer their time and services to volunteer with a local charity. As this was a new venture for Companies House, to kick-off the initiative a Cardiff based charity, Vision 21, was selected as the charity that Companies House would support. Vision 21 works with young adults with learning disabilities providing them with life skills and qualifications to establish a level of independence.

At the end of the year we ran a successful pilot exercise and 9 members of staff volunteered their time to provide valuable assistance to the charity. Looking forward, we will continue to build on this success and will actively promote the initiative to encourage more staff members to get involved.

In these tough economic times, we congratulate staff for continuing to show their heartfelt commitment by volunteering their time and donating money so generously to these charities.

Race Online

During the year, Companies House also supported Race Online, a government led initiative which aimed to reach the 8.7 million adults in the UK who had never used the internet and to inspire them to get online.

Diversity

A part of our learning and development strategy we delivered diversity training across the organisation through the development of diversity hotshot sessions. These sessions covered all aspects of diversity which helped us achieve greater awareness in an efficient way.

We also turned our attention to the wider diversity agenda and the public sector duty placed on us under the Equality Act 2010. Equality Impact Assessments were conducted on our policies and procedures providing Companies House with a sound platform for business processes in the future.

We continued our commitment in the Job Centre Plus 2 Ticks Scheme and displayed a positive attitude to job applications received from disabled people. Our guaranteed interview scheme ensures that all disabled people who meet the minimum requirements for a job vacancy are interviewed and considered on their abilities.

The Companies House Diversity Forum meets to discuss issues which affect staff from across the protected characteristics. It also publicises national and local diversity related days and events, often working with the Companies House Health Promotion Group on topics of common interest.

External Recruitment

Levels of external recruitment have been low with only 4 vacancies advertised attracting a total of 24 applicants.

The monitoring of candidates in terms of their ethnic background proves largely inconclusive because 17 of the 21 candidates chose not to state their ethnic origin.

All 4 successful candidates came from the group who chose not to provide details about their ethnic background. The 4 successful candidates were appointed into specialist roles.

External Recruitment 2011/12	Applied	Invited to Interview	Appointed
Female	18	11	3
Male	6	3	1
Total	24	14	4
Ethnic Origin declared	4	-	-
White	3	-	-
Not Stated	17	14	4



Welding
Accounts





Certified to the
Information Security
Standards ISO 27001

Risks and Uncertainties

During 2011/12, Companies House's Risk Strategy and Risk Policy were reviewed and updated to reflect the annual re-assessment of the corporate risk appetite. In addition this year we revamped the risk appetite categories and reporting to better reflect the Steering Wheel concept used in management information throughout the business.

The policy sets out clear guidelines and routes of escalation based on set risk appetite levels using a common language. As a result, we consider risk management to be well embedded at a senior and middle management level. This year has seen the extensive roll out of risk refresher courses to junior management and risk awareness sessions for other staff to further embed risk awareness throughout the organisation. This has also been facilitated by the rollout of a new risk management system, developed in-house, that enables risk owners and managers to maintain their own risk logs and track their progress first hand.

A continuous programme of risk reviews was carried out through the year, this was done quarterly at operational level and monthly at corporate level. The Companies House Audit Committee had sight of corporate level risks on a quarterly basis including information on risk movement throughout that quarter.

Probably the most significant risk successfully managed and removed from the corporate risk register using this process was that of continuing customer dissatisfaction measured through our satisfaction surveys. This was achieved through identifying the key causes of customer dissatisfaction and commissioning a series of projects to address the issues through reviewing our policies, revising our guidance, and making significant improvements to our products and how they are delivered. Further improvements are planned for the coming year.

Information Security

Information Assurance (IA) remains high on the Government's agenda. Companies House is assessed both internally and externally to ensure we have adequate protection in place for collecting, processing and storing information.

We follow mandatory controls set out in the Security Policy Framework. This framework also offers guidance on risk management and defines new compliance and IA arrangements.

Information is a key asset within government and we ensure that the Accounting Officer, through the Senior Information Risk Owner and Information Asset Owners, are accountable for the adequate protection of information that is collected, processed and stored within Companies House. To do this we have put in place effective Information Risk Management processes and procedures as well as being certified to the Information Security Standards ISO 27001.

Again this year, we will measure the effectiveness of our IA controls and risk management against the mandatory requirements of the Security Policy Framework and our ISO 27001 certification.

Security Awareness training, as a mandatory requirement has been given to all staff.

Security Incidents

Category	Nature of incident	Total
I	Loss of inadequately protected electronic information, devices or paper documentation from government secured premises	0
II	Loss of inadequately protected electronic information, devices or paper documentation from outside government secured premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	5
V	Other	6

09

Targets

Performance against our targets

One of the many ways we ensure we are delivering a robust operational service to our customers is through the setting of public targets and then monitoring our performance against them. These are targets recommended by the Executive Board for 2011/12 and approved by ministers as the formal public targets for the year.






Customer	Processes	People	Finance	
Target				Out-turn against Target
98%	To achieve an average compliance level for accounts of 98%			98.9% 2010/11: 98.5% ↑ +0.9
99.5%	WebFiling services are available 99.5% of the time			99.8% New target ↑ +0.3
99.5%	Service availability of WebCheck and Companies House Direct are available 99.5% of the time			99.8% New target ↑ +0.3

Customer

Processes

People

Finance

Target	Out-turn	Out-turn against Target
86% Achieve a score of more than 86% in our Customer Satisfaction Survey	84.2% 2010/11: 79.9%	 -1.8
92% To increase the proportion of transactions which can be filed electronically	92.3% 2010/11: 90.7%	 +0.3
98% Document images ordered by search customers are available in the Companies House download area within 60 seconds	99.4% 2010/11: 98.8%	 +1.4
100% The Chief Executive to respond to all letters from Members of Parliament delegated to him to reply within 10 days working days of receipt	100% 2010/11: 100%	
98% Resolve complaints within 5 days	98.8% 2010/11: 98.3%	 +0.8

Customer

Processes

People

Finance

Target

Out-turn

Out-turn
against Target

98%

Achieve a **98%** target for electronic transactions being available to view on the public record (image format) within 72 hours

99.9%



+1.9

2010/11: 98%

99.5%

Ensure that **99.5%** of images placed on Companies House image system are legible and complete

99.7%



+0.2

2010/11: 99.6%

50%

Achieve a **50%** electronic filing target for accounts by the year end

47.1%



-2.9

2010/11: 35.5%

78%

Achieve a **78%** electronic filing target for all other transactions apart from accounts by the year end

82.6%



+4.6

2010/11: 78.7%

10%

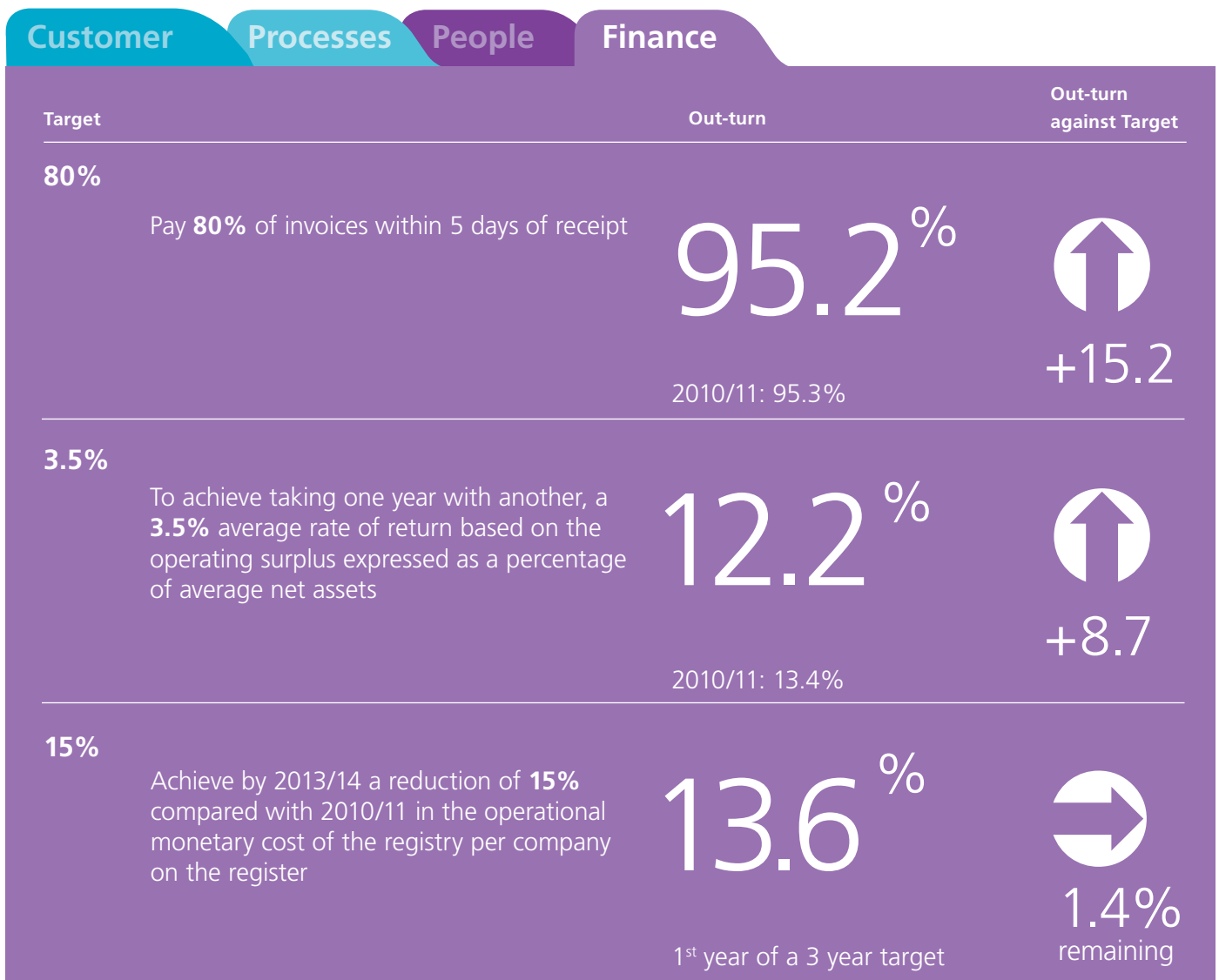
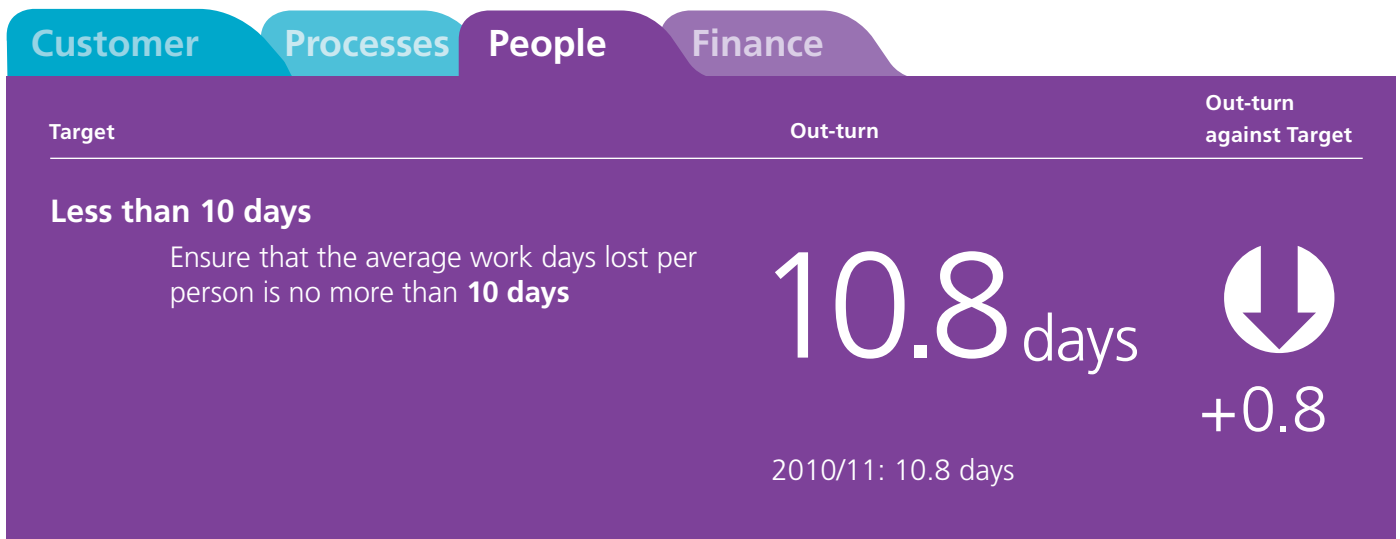
Reduce carbon emission rating for Companies House headquarters building by **10%** by end of March 2012

10.5%



+0.5

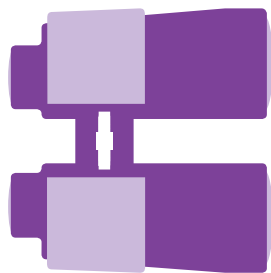
New target



10

Looking Forward

Our plans for 2012/13 build on the successes of last year and we will deliver some exciting changes for our customers and continue our drive to be more efficient. We are determined to ensure that our customers remain at the heart of everything we do and we will continue to offer value for money for our products and services and contribute positively towards the government's growth agenda.



As we outline our plans for 2012/13, the strategic landscape we operate in is changing and this presents opportunities and challenges for Companies House including:

- the changing business information market and the provision of free company and director information;
- increased accessibility to information and technology changes enabling new services to be developed, easier linking and mashing of data. This presents strategic questions around what the role of the register should be and the services it should provide;
- our move to the Public Data Group (PDG) of trading funds and the creation of the Data Strategy Board (DSB);
- the launch of the government's single domain for web service, being developed by the Government Digital Service (GDS);
- European Union agreement to exempt the smallest companies (micro-entities) from some accounting requirements;
- reducing the regulatory burden on companies through the 'Red Tape Challenge'.

The key stages of our journey are outlined in our strategic plan, and our business plan provides the detail on the activities we will carry out during 2012/13. As we work toward delivering this ambitious agenda, we will constantly challenge ourselves to ensure that everything we do is underpinned by the organisation's three principles:

- Is it better/simpler for customers?
- Is it better/simpler for staff?
- Is it value for money?

How we operate is underpinned by our three values:

- Doing it Right
- Making a Difference
- Working Together

Within this changing landscape we have set ourselves the following priorities for our business plan:

1

Improving services for customers through:

- continuing to work in partnership with HMRC to offer a joint incorporation service so that customers can incorporate a company and register for tax at the same time;
- redesigning e-services, making it easier to transact with Companies House;
- developing new services for filing and search and reducing our fees;
- improving and acting on customer insight so that we make changes which have the greatest benefit for customers;
- simplifying our website even further so that it is easier and quicker for customers to access our information;
- launching a new service allowing customers to download basic company information in bulk for free;
- developing our skills and culture so that we provide excellent support for our customers;
- improving quality (of both information and services) so that customers get what they need easily and quickly;
- widening communication channels through social media, adding Facebook and LinkedIn to our Twitter and YouTube services;
- reducing burdens for customers by implementing outcomes of the 'Red Tape Challenge'.

2

Delivering our business more efficiently through:

- process improvements which reduce our costs and improve service;
- driving e take-up (the volume of transactions submitted electronically);
- better buying and use of resources.

3

Working with the DSB and PDG to enable more information to be provided for free, to drive efficiencies and exploit best practice through closer working across the trading funds.

4

Working with the GDS on implementing the government's digital strategy including the development of the single domain, gov.uk, business identity and authentication solutions.

12

Steering Board Members



1.
Ann Lewis



2.
Tim Knighton



3.
Andrew Summers



4.
Nicky Alberry



5.
Richard Carter



6.
Sheila Doyle

The Steering Board

The role of the Steering Board is to advise the Secretary of State through the Director of Market Frameworks on the governance of the Agency, in particular on its corporate plan, targets and performance.

It comprises Executive, Non-Executive and Government Members.



7.
Tim Moss



8.
Bernadette Kelly



9.
Peter Wyman



10.
Gwyneth Edwards



11.
Mike Nash

1

Ann Lewis

Director of Customer Delivery

Ann joined Companies House in July 2009 and is responsible for the Central Operations for Customer Service and for Enforcement.

Prior to joining Companies House, Ann was a Deputy Director within the Office for National Statistics (ONS) based in Newport. Ann has spent over 30 years at the ONS covering a variety of roles with a great deal of experience of introducing and managing major business-change strategies. Ann has managed various large teams delivering complex portfolios, specialising in operational management and driving forward business change and efficiencies

2

Tim Knighton

Director of Business Solutions Delivery

Tim is responsible for: IT, Change Management Services, Human Resources and Estates. This includes the development and implementation of new systems, the support of existing systems, ensuring the technical infrastructure for Companies House systems is robust and the management of large change projects and programmes.

Before joining Companies House in 2007 as Director of Finance, Tim spent 10 years with Tesco PLC in a variety of finance roles, latterly being responsible for their UK shared-services operation. Prior to this, he was an Executive Director with Goldman Sachs in their Capital Market Division.

3

Andrew Summers CMG

Non-executive Board Member and Chairman of the Companies House Steering Board

Andrew works in a variety of non-executive roles which include Chairman of Cala Social Capital, Chairman of Design Partners, the industry/government body which supports design companies internationally, and Director of Ramboll, a leading engineering consultancy.

He is also Chairman of Westminster Business School and a council member of King's College London. He has been independent Chairman of the Companies House Steering Board since 2007.

He was Chief Executive of the Design Council until 2003 and previously held many high-profile positions for various companies including as Managing Director of Sharwoods and of RHM Foods and as the first Chief Executive of the Management Charter Initiative. His government roles have included board membership of the Small-Business Service and of British Trade International and chairman of the European Trade Committee. He was awarded the CMG in 2001 for services to international business and design.

4

Nicky Alberry

Non-executive Board Member

Nicky was appointed to the Steering Board in January 2009.

She started her career with HSBC where she held a number of managerial appointments but has worked extensively in the world of business support and economic development for the last 20 years.

She is Chairman of Business West, a South-West-based leadership and economic development organisation. Nicky is also Chairman of Influence, Swindon's Economic Partnership and is a Board Member of the newly established Local Enterprise Partnership for Swindon and Wiltshire. She is a Deputy Lieutenant for Wiltshire and involved with a number of community and voluntary organisations in the county.

5

Richard Carter

Director of Business Environment, BIS

Richard Carter is currently BIS' Director of Business Environment where among other matters he has responsibility for company law, accounting and audit regulation and standards, and Better Regulation.

A career civil servant, he has held a variety of civil service posts, including two previous periods working on company law issues. Prior to his current post, he was Director of BIS' New Industries New Jobs Directorate.

6

Sheila Doyle

Non-executive Board Member

Sheila was appointed to the Steering Board in January 2010.

She has extensive experience in business, in particular specialising in IT management, strategic alignment and complex program delivery. She has held senior positions, operating at board level with blue-chip companies including BP, IBM, and Deutsche Bank. She consulted to financial and manufacturing firms in Asia Pacific having spent a number of years in Hong Kong, Singapore and Australia. More recently, Sheila has focused on delivering customer-facing solutions and leveraging technology in the digital age.

Sheila completed her PhD in Australia before returning to London with her family.

7

Tim Moss

Acting Chief Executive and Registrar

Tim joined Companies House in 2002 and spent the first couple of years running the operations and compliance departments before moving into the role of Director of Corporate Strategy. In that role he had a wide portfolio of work including business strategy, corporate policy, marketing, internal audit, corporate communications as well as leading the work on moving to a fully electronic register and service transformation. Tim took over as acting Registrar and Chief Executive on 3 March 2012. Before joining Companies House he spent 12 years in senior operational roles in manufacturing industry. He has a Natural Sciences degree from Cambridge University, an MBA from Swansea University and lives on a farm in South Wales.

8

Bernadette Kelly CB

Director General of Market Frameworks, BIS

Bernadette Kelly was appointed a Director General in BIS in March 2010. Her responsibilities include competition and consumer policy, employment relations, trade policy and company law and governance.

Bernadette joined BIS from the Department of Communities and Local Government, where she was Executive Director first in Planning and then in Housing.

Bernadette began her career in the Department of Trade and Industry in 1986 where she worked in a number of roles mainly on regulatory policy and strategy and finance. In 1997 she moved to the Treasury where she led work on public-sector pay and efficiency. From 1999 to 2001 she was Principal Private Secretary to the Secretary of State for Trade and Industry. Following a secondment to ICI she became Director of Corporate Law and Governance at DTI. From 2005 she was a Senior Policy Adviser to the Prime Minister, advising on transport, planning, housing and better regulation. Bernadette moved to DCLG in 2007 having led work on planning reform from the Cabinet Office.

9

Peter Wyman CBE

Non-executive Board Member

Peter Wyman has a portfolio of appointments in the private, public and third sectors including being Chairman of Yeovil District Hospital NHS Foundation Trust, Chairman of Sir Richard Sutton's Settled Estates, Chairman of the Advisory Board of Pasco Risk Management, a Senior Advisor to Albright Stonebridge Group LLC, Chairman of Somerset Community Foundation and Treasurer of the University of Bath.

Previously Peter was a partner in PricewaterhouseCoopers LLP from 1978 until 2010, his most recent role in the firm being Global Leader for Public Policy and Regulatory Affairs. In 2002/03 Peter was President of the Institute of Chartered Accountants in England and Wales and was Chairman of the Consultative Committee of Accountancy Bodies. He was awarded a CBE in the Queen's Birthday honours in 2006 for services to the accountancy profession.

10

Gwyneth Edwards

Head of Legal Services

Gwyneth joined Companies House in November 1999. She heads up the Legal Team and advises Companies House on the interpretation and practical application of the Companies Act, along with other statutory provisions. In addition, she advises on the performance of the Registrar's statutory duties and any legal issues which affect the organisation's work.

11

Mike Nash

Director of Finance and Procurement

Mike joined Companies House as Chief Accountant in April 2000 and has been Finance Director since July 2008.

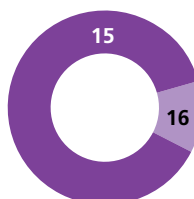
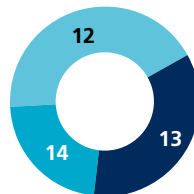
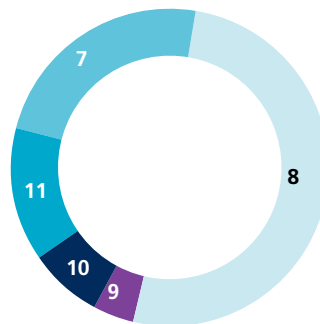
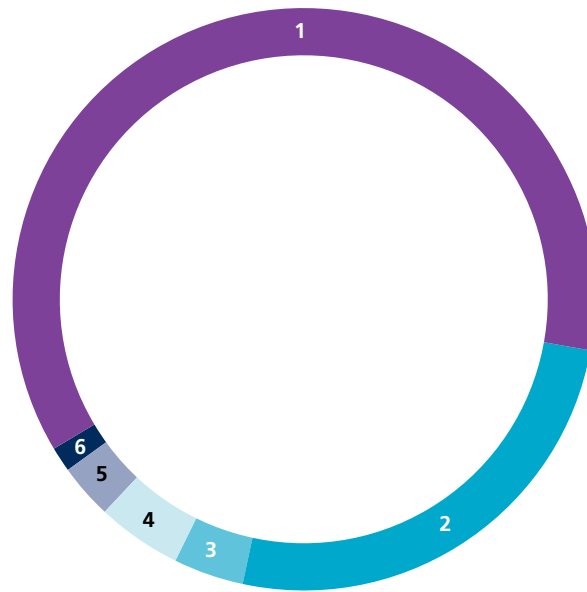
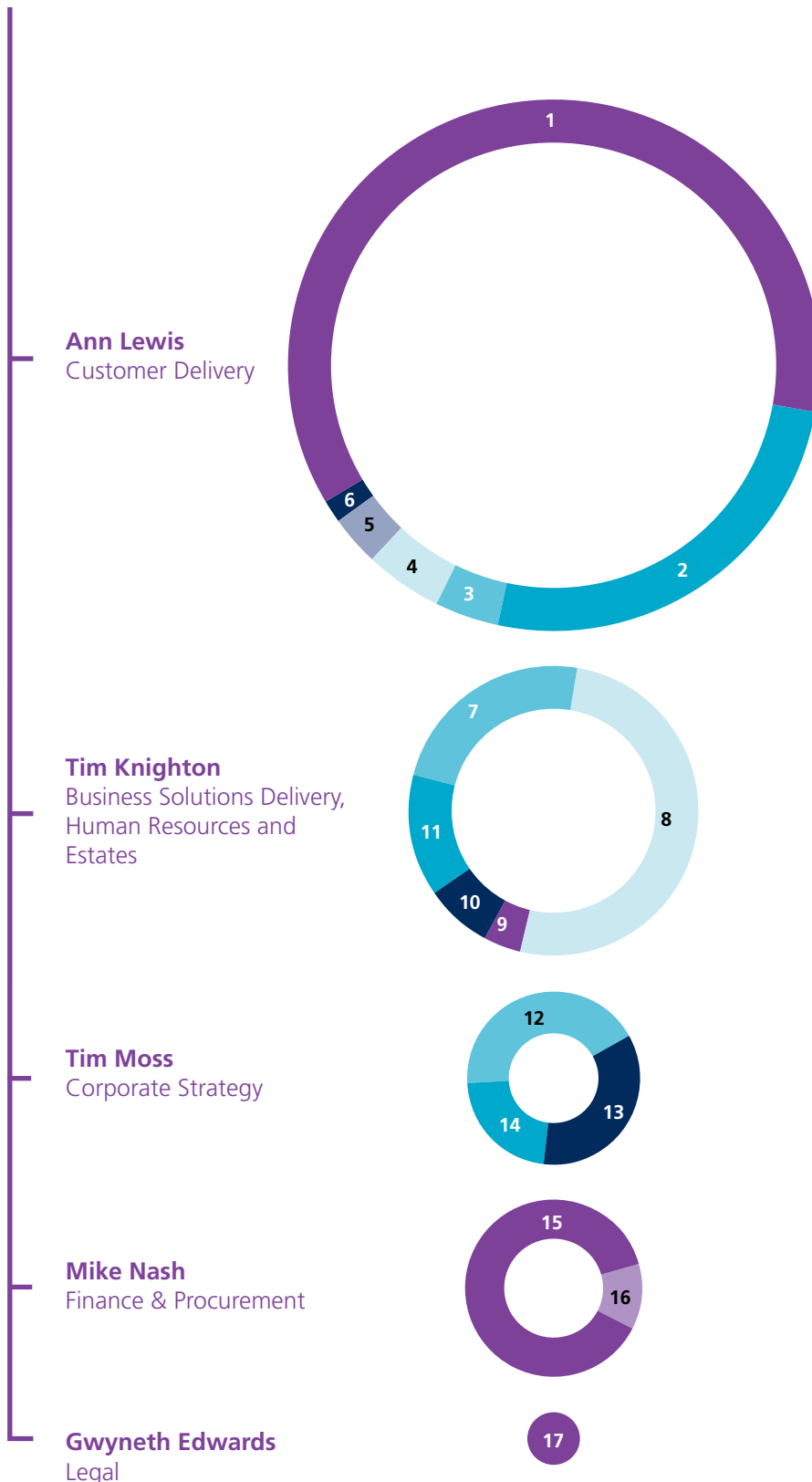
He has responsibility for providing the lead on financial performance and planning and for financial risk management.

Before that, he worked in the pharmaceuticals industry as Financial Controller of the Parke-Davies operation in Pontypool. Mike is a Fellow of the Association of Chartered Certified Accountants, and has a degree in Accountancy from University College Cardiff.

13

Directorates within Companies House

Tim Moss
Acting Chief Executive and Registrar



The diagram reflects the directorates and their proportional size in Companies House

Customer Delivery

1. Service Delivery & Compliance
2. Customer Services
3. Business Change & Development
4. Scottish Registry
5. Northern Ireland Registry
6. London Office

Business Solutions Delivery, Human Resources & Estates

7. Business Solutions
8. Service Delivery
9. Project Centre
10. Estates
11. Human Resources

Corporate Strategy

12. Corporate Communications & Customer Insight
13. Strategy & Policy
14. Assurance Risk & Consultancy

Finance & Procurement

15. Finance
16. Procurement

Legal

17. Legal



The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body of Senior Salaries.

In reaching its recommendations, the Review Body has regard to the following considerations:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services;
- The funds available to departments as set out in the Government's departmental expenditure limits;
- The Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com

Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at: www.civilservicecommissioners.gov.uk

Salary

'Salary' includes gross salary, overtime, reserved rights to London weighting on London allowances recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by Companies House and thus recorded in these accounts.

Benefits in kind

No senior manager received a benefit in kind in 2011/12 (2010/11: Nil).

Performance pay

All staff are eligible to participate in the corporate efficiency award scheme. The scheme is available to all staff not subject to formal disciplinary letters within the period. Senior civil servants' performance pay is determined by the senior pay committee of the Department for Business, Innovation and Skills.

Civil Service Pensions

Civil service pensions have been under review and the Hutton Report has indicated the need for change in order to be able to afford future liability. Previously, changes were implemented to the Civil Service Compensation Scheme (CSCS) launched December 2010, following agreement by a number of national trade union bodies now set out in the Superannuation Bill.

Civil servants may be in 1 of 4 defined pension benefit schemes: either a 'final salary' scheme (Classic, Premium or Classic Plus) or a 'whole career' scheme (Nuvos).

Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium, Classic Plus and Nuvos. Benefits in Classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per Classic and benefits for service from October 2002 calculated as in Premium. In Nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 3 providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of Classic, Premium and Classic Plus and 65 for members of Nuvos. Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

Companies House ran an exit scheme during 2011/2012. This was a voluntary exit scheme as a direct result of current and future efficiencies and future work forecasts.

The following tables have been audited

The salary and pension entitlements of the senior managers of Companies House in the year to 31 March 2012.

Senior managers have been defined using the definition of "Key management" contained within the IAS24 Related Party Disclosures. Those personnel are those persons having authority and responsibility for planning, directing, and controlling the major activities of the reporting entity.

Remuneration Table

		Gareth Jones²	Tim Knighton	Tim Moss	Ann Lewis	Mike Nash	Gwyneth Edwards	Phil Bushby²
2011/12								
Salary	£'000	90-95	85-90	75-80	60-65	60-65	60-65	45-50
Performance Payments	£'000	nil	5-10	5-10	nil	0-5	0-5	0-5
2010/11								
Salary	£'000	100-105	75-80	75-80	60-65	60-65	60-65	60-65
Performance Payments	£'000	5-10	5-10	0-5	0-5	0-5	0-5	0-5
Real increase in pension and lump sum at age 60	£'000	nil	0-5	0-5	nil	0-5	0-5	0-5
	£'000	nil	nil	0-5	nil	0-5	0-5	nil
Total accrued pension at age 60 at 31/03/12 and related lump sum	£'000	40-45	5-10	5-10	25-30	5-10	10-15	5-10
	£'000	125-130	nil	25-30	80-85	25-30	30-35	nil
CETV at 31/03/12 ¹	£'000	810	168	137	504	183	160	67
CETV at 31/03/11 ¹	£'000	765	126	119	476	162	141	53
Real increase in CETV funded by employer	£'000	nil	18	8	nil	7	5	9

¹ CETV: The opening may be different from the closing figure in last years accounts. This is due to the CETV factors being updated to comply with the occupation Pension Scheme (Transfer Values) Amendment Regulation 2008.

² Phil Bushby resigned on the 6 January 2012 and Gareth Jones resigned on the 2 March 2012.

Non-Executive salary

	2011/12	2010/11
	£'000	£'000
Andrew Summers	5-10	5-10
Nicky Alberry	5-10	5-10
Peter Wyman	5-10	nil
Sheila Doyle	5-10	5-10
Alex Jablonowski	nil	5-10
Rodger Hughes	nil	5-10

Executive Disclosure

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

	2011/12	2010/11	% Change
	£'000	£'000	
Lead executive total earnings	100-105	105-110	-4.65
Median total earnings	20	21	-4.76
Ratio	5.13	5.12	0.19

The banded remuneration of the highest paid director in Companies House in the financial year 2011/12 was £102,000 (2010/11: £107,000). This was calculated on an annualised basis as the Chief Executive left the Company on the 2 March 2012.

Total remuneration includes salary, non-consolidated performance related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Companies House Steering Board

There were 4 independent members in 2011/12 (2010/11: 5 reduced to 4 in January 2011).



Tim Moss

Acting Chief Executive and Registrar
2 July 2012

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Key Statistics

Registration Activity	2008/09 '000	2009/10 '000	2010/11 '000	2011/12 '000
Total Register (Year end)	2,772	2,630	2,686	2,857
Incorporations	330	362	401	456
Removals from the Register (Dissolutions)	303	509	349	290
Statutory Documents	7,708	8,701	8,879	7,815

Company Image Searches	2008/09 '000	2009/10 '000	2010/11 '000	2011/12 '000
Individual Images	6,286	6,465	6,471	5,979

Manpower	2008/09	2009/10	2010/11	2011/12
Actual year-end full-time equivalents	1,064	1,063	1,041	902

Actual Workload Volumes 2011/12	Total Filed	Paper Filed	Online Filed	% Paper Filed	% Online Filed
Incorporations	455,649	18,208	437,441	4.0%	96.0%
Change of Name	51,939	24,769	27,170	47.7%	52.3%
Annual Returns	2,262,898	77,984	2,184,914	3.4%	96.6%
Annual Accounts	2,060,509	1,208,478	852,031	58.6%	41.4%
Mortgage	180,510	180,510	n/a	100%	n/a
Liquidations	159,234	159,234	n/a	100%	n/a
Other Documents	2,636,622	670,078	1,966,544	25.4%	74.6%
Total Documents	7,807,361	2,339,261	5,468,100	30.0%	70.0%

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Government Agency Performance

Key Ministerial Targets for 2011/12

	2008/09		2009/10		2010/11		2011/12	
	Target	Out-turn	Target	Out-turn	Target	Out-turn	Target	Out-turn
Customer Targets								
Reply to CEO cases within 10 days	100%	100%	100%	100%	100%	100%	100%	100%
Accounts Compliance rate	95.3%	94.9%	95.3%	97.9%	96%	98.5%	98%	98.9%
Resolve complaints within 5 days	97%	98.5%	97%	98.1%	97%	98.3%	98%	98.8%
Search customers can access requested documents in 60 seconds	95%	94%	95%	98.4%	97.5%	98.8%	98%	99.4%
Service availability of WebCheck and CHD	-	-	99%	99.1%	99%	99.9%	99.5%	99.8%
Service availability of WebFiling	-	-	99%	98.4%	99%	99.9%	99.5%	99.8%
To increase the proportion of transactions that can be filed electronically (by March 2012)	-	-	-	-	90%	90.7%	92%	92.3%
Customer satisfaction	86%	85.4%	86%	80.7%	86%	79.9%	86%	84.2%
People Targets								
Average work days lost per person	-	-	<10	11.2	<10	10.8	<10	10.8
Process Targets								
Electronic transactions received are available to view on public record within 72 hours	95%	98.6%	95%	98.4%	96.0%	98%	98%	99.9%
Images placed on CH image system are legible and complete	99.5%	99.2%	99.5%	99.2%	99.5%	99.6%	99.5%	99.7%
To achieve an electronic filing target for accounts by year end	-	-	20%	20.4%	30%	35.5%	50%	47.1%
To achieve an electronic filing target for all transactions apart from accounts by year end	-	-	67%	73.2%	73%	78.7%	78%	82.6%
Finance Targets								
To achieve an average rate of return based on the operating surplus expressed as a % of average net assets	3.5%	5.6%	3.5%	3.1%	3.5%	13.4%	3.5%	12.2%
Achieve by 2013/14 a reduction of 15% compared to 2010/11 in the operational monetary cost of the registry per company on the register	5%	8.4%	10%	10.3%	15%	22%	15%	13.6%
Payment of invoices within 5 days—government target from Dec'10	-	-	-	-	80%	95.3%	80%	95.2%



Companies House
Accounts 2011/12

Foreword to the Accounts

The attached accounts have been prepared in accordance with a direction by the Treasury in pursuance of section 4(6) of the Government Trading Funds Act 1973.

History

Companies House became an Executive Agency on 3 October 1988 as part of the Government's Next Steps initiative. The Agency subsequently took on a range of delegated powers from the then Department of Trade and Industry (now Department for Business, Innovation & Skills (BIS)) relating to Finance, Personnel and Support Services. It commenced operating as a Trading Fund on 1 October 1991.

This has provided a financial framework outside Vote finance, covering all operating costs and receipts, capital expenditure, borrowing and the Trading Fund's net cash flow. It provides greater flexibility and greater delegated responsibility.

Statutory Background

Major UK legislation under which the Agency operates includes the accounting requirements of the Companies Act.

Principal Activities

Companies House has two main areas of activity:

- Information registration, including the incorporation and striking off of companies and maintaining a register of the documents delivered under companies, insolvency and related legislation;
- Information provision to the public on companies, for which purpose compliance is enforced with the statutory requirements on registered companies. This is available to customers in a variety of formats. Companies House continues to develop its business along quasi-commercial lines within the framework agreed by Ministers and Treasury Guidelines.

Financial Background

Companies House was established through the introduction of "public dividend capital" and three 15 year loans from the Department of Trade and Industry which were fully repaid in 2007. A further loan of £4.5m was obtained from the Department in March 2009 to enable further investment to take place in capital programmes in 2009/10 and 2010/11. This loan was fully repaid in February 2011.

The largest source of finance during the year continues to be the surpluses accumulated since commencing trading fund status in October 1991. Land and buildings were revalued to £18.2m. The main database supporting the registration activity of Companies House (Companies House Information Processing System (CHIPS)) was capitalised on 1 March 2008 and was further enhanced during the year. This is subject to an annual impairment review under IAS 36.

Results and appropriations

The operating surplus before interest was £7.7m (2010/11: £7.8m). After charging interest payable of £69,000 (2010/11: £30,000) and declaring dividends payable of £2.3m (2010/11: £2.1m), a net surplus for the year of £5.4m (2010/11: £5.7m surplus) remained and was added to the General Fund which at 31 March 2012 was £43.7m.

Business Review

The number of companies on the total Register rose during the year to 2.9m companies. Dissolutions continue at normal levels of around 290,000 from the high point in 2009/10 when over 509,000 companies were dissolved. The number of companies being formed during 2011/12, however, rose by 55,000 to 456,000 (2010/11: 401,000). Mortgage registrations rose by 4.6% compared with 2010/11.

Income from registration activities (excluding late filing penalty (LFP) fees) was £45.9m (2010/11: £45.2). Income from incorporations rose by 15% to £7.8m as 456,000 companies were added to the Register, of which 96% were received electronically. Increased take-up for electronic annual returns continued, with 96.6% of all returns filed during the year received via this channel (2010/11: 93.5%).

Gross administration cost was £58.5m, a reduction of £0.4m compared to 2010/11. Overall efficiency measures delivered £4m which contributed towards the funding of the voluntary exit scheme. The closure of the Nantgarw site, the payment of obligation of staff pay, and also improvements to the working environment in Crown Way. The cost of running the LFP scheme, including the issuing, collection and enforcement of the penalties, was £5.3m (2010/11: £5.2m) all of which was invoiced to BIS on a cost-recovery basis.

The number of total documents filed was 7.8m, compared with 2010/11 when 8.9m documents were filed at Companies House. However, improvements to operational processes, as well as enhancements to operational software and further growth in transactions processed electronically, have meant that overall productivity has increased during the year, allowing us to reduce the number of staff by 139.

Consequently, the average number of employees for the year was 1,054 compared with 1,165 in 2010/11. The associated full-time equivalent posts were 957, recognising the need to ensure that an appropriate level of staff with the necessary skills was employed to fulfil the obligations of the Trading Fund.

Companies House investment in capital expenditure during 2011/12 was £3m (2010/11: £3.2m). Of this, £2.1m was spent on improving IT capability and capacity, such as replacing the main CHIPS servers and by further enhancing the main operational software. £0.9m was spent on improvements to the infrastructure and working environment.

Cash Balances

Net cash inflow for the year was £8.5m taking the cash balances at this year end to £24m. We ensured that sufficient funds have been available during the year not only to carry out core activities but also to finance other developments.

Cash balances are managed, in accordance with Treasury guidelines, via deposit arrangements made with the National Loans Fund, which provides higher rates of interest than those which are available on current commercial bank accounts.

Days lost due to absence

The total number of average working days lost (AWDL) was 10.8, which was above the public target by 0.8.

Value of Land & Buildings

The independent valuation of the freehold land and buildings at Crown Way, Cardiff as at the end of this financial year, valued the asset at £18.2m (2010/11: £19.1m). More information on this is provided in note 5.

Impairment

Following the impairment review under IAS 36, no impairment was required for this year (2010/11: Nil).

Audit Service

The statutory external audit was performed by the National Audit Office and reported on by the Comptroller and Auditor General at a cost of £36,000 (2010/11: £36,000). An external audit was also carried out for the Trust Statements at a cost of £12,000 (2010/11: £12,000).

As far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any information relevant to the audit and established that the entity's auditors are aware of that information.

Payment Policy

Companies House payment policy is to reduce invoice payment times to 5 working days and all valid goods and services invoices received are paid as soon as they have been authorised by the Companies House officials responsible for the contract. We are applying this policy to all suppliers of goods and services but will not be changing our existing contractual terms and conditions.

Political & Charitable Gifts

Following the withdrawal of the Cardiff City Council park and ride scheme at weekends on the 31 July 2010, there were no gifts of a political or charitable nature made during the year (2010/11: £5,364).

Executive Board

The Executive Directors of the Agency were:

Gareth Jones

Chief Executive
(Resigned 2 March 2012)

Tim Moss

Director of Corporate Strategy
(Acting Chief Executive and Accounting Officer
from 3 March 2012)

Mike Nash

Director of Finance and Procurement

Tim Knighton

Director of Business Solutions Delivery
(Responsible for Human Resources and Estates
from 7 January 2012)

Phil Bushby

Director of Human Resources and Estates
(Resigned 6 January 2012)

Gwyneth Edwards

Head of Legal Service

Ann Lewis

Director of Customer Delivery

Steering Board

In addition to the Chief Executive and Executive Directors, the Steering Board members were:

Andrew Summers

Non-executive Board Member and Chairman of the Companies House Steering Board

Bernadette Kelly

Director General of Market Frameworks, BIS

Richard Carter

Director of Business Environment, BIS

Nicky Alberry

Non-executive Board Member

Sheila Doyle

Non-executive Board Member

Peter Wyman

Non-executive Board Member



Tim Moss

Acting Chief Executive and Registrar

2 July 2012

Statement of Companies House's and the Accounting Officer's responsibilities

Under section 4(6) of the Government Trading Funds Act 1973, the Treasury has directed Companies House to prepare a statement of accounts for each financial year in the form, and on the basis, set out in the accounts' direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's financial position at the year end showing an Income Statement for the year as well as a Statement of its Financial Position, and a Statement of Changes in Capital and Reserves and a Statement of Cash Flows.

In preparing the accounts, the Accounting Officer is required to comply with the various requirements of the Government's Financial Reporting Manual (FReM) and in particular to:

- Observe the accounts direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether any applicable accounting standards, as set out in the FReM, have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Agency will continue in operation.

The Treasury has appointed the Chief Executive of Companies House as the Accounting Officer for the Agency. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, and for safeguarding the Agency's assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in Managing Public Money.

Governance Statement

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of governance and internal control that supports the achievement of Companies House's policies, aims and objectives. I must also ensure that the organisation's business is conducted (in accordance with Managing Public Money) so that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

The Purpose of the Governance Statement

The Governance Statement, for which the Accounting Officer takes personal responsibility, gives a clear understanding of the dynamics of the business and its control structure. Essentially, it records the stewardship of the organisation to supplement the accounts, providing a sense of how the organisation performs and of how successfully it has coped with the challenges it faces. It provides an adequate insight into the business of the organisation and its use of resources to allow the Accounting Officer to make informed decisions about progress against business plans and if necessary steer performance back on track.

This statement explains how Companies House has complied with the principles of good governance and reviews the effectiveness of these arrangements.

Companies House Governance Structure

The Accounting Officer was supported and advised by 4 strategic boards: the Companies House Steering Board; the Companies House Audit Committee; the Executive Board; and Agency Business Boards. In addition, further assurance was achieved through the effectiveness of the Companies House Risk Management process and the work carried out by both internal and external audit.

The Companies House Steering Board and Audit Committee

Membership of the Steering Board included an independent chairman, Andrew Summers, 3 independent Non-executive Board Members (NEBMs), senior officials from BIS, and all Companies House Executive Directors. The Steering Board met quarterly to advise on strategic direction and to provide strategic challenge on the business and corporate plans.

The Audit Committee is a sub committee of the Steering Board. Its role is to assist the Accounting Officer by providing a forum for discussion on matters of audit, corporate governance, risk management and internal control issues. Membership of the Audit Committee consisted of a Non-executive chair, Peter Wyman and 2 independent NEBMs. Meetings were also attended by the Accounting Officer, the Finance Director, Companies House Head of Assurance Risk and Consultancy and a member of BIS Internal Audit. The National Audit Office (NAO) act as Companies House external auditors and a designated representative attends all Audit Committee meetings and has access to all financial and other information. Steering Board members receive the minutes of each Audit Committee meeting and the Audit Committee chair presents a report on activities and findings at to the Steering Board meeting. Other Companies House directors and senior managers attend on an ad-hoc basis.

During the year, individual members of the Steering Board and Audit Committee also assisted directorates within the organisation outside of the formal board attendance where their specific expertise helped inform efficiencies and effectiveness.

During the year, the Audit Committee activity included:

- Providing an independent guidance and challenge on financial and other internal controls;
- Providing an objective assessment to year-end financial statements and related reports;
- Providing independent guidance and challenge to the Accounting Officer on the organisation's capacity and effectiveness in managing risk and approving the Companies House Risk Management Policy and Strategy;
- Receiving quarterly reports of the management and progress against the organisation's corporate risks;
- Approving the year end external audit approach and timetable;
- Approving the Internal Audit plan and reviewing progress reports against the plan on a quarterly basis;
- Receiving reports from Internal Audit and advising on the implications for the overall control framework as well as management responses;
- Receiving progress reports against implementation of audit recommendations;
- Providing advice on the changes to governance and the move to PDG.

In December, the Chief Executive and NEBMs carried out a performance review of the Audit Committee based on the NAO Audit Committee Self-Assessment Checklist which uses the 5 good practice principles set out by H.M. Treasury. A few small areas were identified for improvement, for example, training and information sharing but generally it was agreed that the Committee's performance was efficient and effective.

The Executive Directors of Companies House

The Chief Executive and Directors met monthly as an Executive Board to set the direction for Companies House, take strategic and other major decisions, maintain overall stewardship and governance, and ensure Companies House's organisational capacity to deliver. The NEBMs of the Steering Board attended a different Executive Board meeting as Observers; these attendances were voluntary and outside of their NEBM responsibilities and enabled them to gain an insight into the governance of the organisation as well as to offer use of their experience and expertise. An open invitation to attend as observers was extended to all Companies House staff. A rota system, allowing 2 people to attend each month was in place so that all members of staff wishing to attend as observers were given the opportunity. The Board carried out a self assessment of its performance, effectiveness and behaviour against the Companies House values at the close of each monthly meeting; Board observers are also asked to comment on its performance.

During Quarter 4 the Director of Human Resources and Estates left Companies House to take up a new post at DVLA; a new Head of HR was appointed during March and will take up post during the first quarter of 2012/13. At the beginning of March, Gareth Jones who was on secondment, returned to the Welsh Government; the Director of Corporate Strategy, Tim Moss was appointed as Acting Chief Executive & Registrar of Companies and Accounting Officer.

All boards and committees were well attended during the year with the occasional unavoidable absence of 1 or 2 members who sent in comments on the agenda items prior to the meeting. All discussions and decisions made at these meetings were recorded through minutes and no conflicts of interest were recorded during the year. The terms of reference of each board were revised and updated on a regular basis and were published on the Companies House website during the year as well as information about the individual members.

Table of attendance

Board Members	Steering Board (4 Meetings)	Audit Committee (4 Meetings)	Executive Board (12 Meetings)
Andrew Summers (NEBM—Chair)	4	N/A	N/A
Peter Wyman (NEBM)	4	4	N/A
Sheila Doyle (NEBM)	3	3	N/A
Nicky Alberry (NEBM)	4	4	N/A
Bernadette Kelly (BIS)	2	N/A	N/A
Richard Carter (BIS)	4	N/A	N/A
Gareth Jones (CEO/AO)	4	N/A	11
Tim Moss (Executive Board Member)	4	N/A	11
Tim Knighton (Executive Board Member)	4	N/A	11
Ann Lewis (Executive Board Member)	4	N/A	11
Gwyneth Edwards (Executive Board Member)	4	N/A	12
Mike Nash (Executive Board Member)	4	N/A	9
Phil Bushby (Executive Board Member)	3	N/A	8

The following Executive Board members left Companies House during the year:

Executive Director	Month of Leaving
Phil Bushby (HR Director)	6 January 2012
Gareth Jones (CEO)	2 March 2012

The Agency Business Board included members of the Executive Board, Companies House Senior Leadership Team, associate members and volunteer observers. During the year the Board:

- Reviewed progress against Companies House business plan;
- Monitored and measured performance and effectiveness against targets within the CH Steering Wheel (a balanced scorecard approach to our main business activities);
- Managed risks which affected Companies House processes;
- Owned the results of the annual Civil Service wide staff engagement survey and commissioned actions for improvement from the Senior Leadership Team;
- Managed the organisational delivery against government environmental targets;
- Was responsible for the management of sick absence.

The Risk and Internal Control Framework

The culture of risk identification and management has been embedded during the year. This framework of formal risk management operates at the corporate level, led by the Executive Board.

The Companies House Risk Management Policy and Strategy encourages the taking of controlled risks designed to maximise new opportunities and to promote the use of innovative approaches to achieve corporate objectives and further the interests of Companies House, provided the resultant exposures are within our documented risk appetite range. During the year the Companies House Risk Management Policy and Strategy and the organisations risk appetite were reviewed. New definitions for risk impact, linked to the Companies House Steering Wheel, were agreed during the review.

Additionally, a framework of formal risk management operates:

- In all projects and programmes, with responsibility delegated to relevant project and programme boards;
- In all operational and support departments. Management in each department has responsibility for ensuring risks are being managed effectively in accordance with Companies House policy;
- In the Information Security Forum, chaired by the Senior Information Risk Owner, which provides a framework for information risk assessment and control and provides a link between the corporate process and the technical risk management carried out as part of ISO 27001.

Both the Executive Board and the Agency Business Board had responsibility for actively managing key risks within their scope. These may be identified from within the business and escalated to the relevant Board via the Assurance, Risk and Consultancy (ARC) Team and the relevant Director, or may be originated by the Board itself if identified at that level. In addition, the Audit Committee reviewed the movement and effective management of all Executive and Agency Business Board risks on a quarterly basis; occasionally risk owners were required to meet with the Audit Committee to discuss evidence of the effectiveness of the controls.

The continued use of the risk management system by risk owners and managers improved accountability and embedment throughout the organisation. During the formal operational risk register reviews, carried out by the ARC team on a 6 monthly basis, risk owners were encouraged to ensure their risks linked closely with the Companies House Business Plan and concentrated on exceptional, rather than business-as-usual risks. Further, a programme of risk refresher training for all management grades commenced during February and risk awareness training for all other staff will be carried out during the first quarter of 2012/13.

Examples of risks identified and effectively taken off the corporate register include:

- Customer Dissatisfaction—the customer satisfaction project to improve the customer experience is now underway and has already delivered a number of improvements based upon customer feedback. The risk is now managed at operational level by the Customer Delivery Directorate;
- Cross Government Initiatives have on Companies House Target Operational Model—actions to manage the risk have now become business as usual, therefore the risk was closed;
- Operational Capacity at Senior Management Level—risk closed;
- Authentication Code process—reworked as 2 risks to reflect the customer satisfaction and data security aspects of the process and reduced to operational level.

During the year some subjects were identified as potential risks but once assessed were considered suitably managed. Some were escalated to the corporate register but due to the proximity of the risks potentially occurring were reduced and will be monitored closely at operational level to return to the corporate register at an appropriate time. Others e.g. “Industrial Action”; “Staff Morale”; “Pay & Reward” and “Staff Absence” have moved around the register during the course of the year, at times reducing and then increasing which resulted in their reduction to operational level and then re-escalation when required. Staff Morale, Pay and Reward and Staff Absence are all closely linked and currently remain on the corporate register.

Internal Audit

Companies House works in partnership with BIS Internal Audit Unit, operating to Government Internal Audit Standards. The work of the unit is informed by an assessment of risk to which Companies House is exposed and annual audit plans are based on this analysis.

The analysis of risk and the internal audit plans are endorsed by the Audit Committee and approved by the Accounting Officer. At each financial year-end the Head of Internal Audit provides a report on the internal audit activity at Companies House. The report contains an opinion on the adequacy and effectiveness of internal controls and the management processes in place to control risk. External audits are also carried out which test controls and governance; any deficiencies identified as part of that work are reported in management letters.

The assurance work delivered during the year was based on:

- An assessment of risk from the risk management framework;
- Review of the Business Plan and Strategic Direction;
- Consideration of previous coverage in each area of the organisation;
- Additional risk management and assurance activity by management and third parties in accordance with the 3 lines of defence concept;
- Identification of stakeholder expectations, including external certification requirements.

The work covered some of the key customer experiences such as telephone and email contact management and complaints systems, the quality control process within the Register Maintenance function and the handling of people's personal data. The work was designed to address specific risks on the register: validating management assessment of the adequacy of existing controls and plans for their improvement; and agreeing with management new controls to more effectively reduce the risks.

Assurance was also provided over the delivery of significant corporate support activities such as procurement, payroll and financial systems and the IT infrastructure. This work was designed to ensure that we complied with external risk management frameworks such as the ISO 27001 (information management), ISO 14001 (environmental management) and the Payment Card Industry (PCI) Standard. The team also validated compliance with the controls and guidance contained within H.M. Treasury's 'Managing Risk of Financial Loss' toolkit.

The Head of Internal Audit expressed a 'Satisfactory' opinion in his annual assessment, i.e. the systems of internal control, governance and risk management which have operated within the organisation are judged to have been substantively effective. Any issues identified with existing controls have been isolated and are not considered to have arisen from major systemic weakness. Management's actions have therefore focused on those areas of relative weakness identified through a process of continuous improvement.

A fuller version of the end-year internal audit report is published every year on the Companies House website.

Review of effectiveness

The Accounting Officer has responsibility for reviewing the effectiveness of the system of the organisation's governance, risk management and internal control. This review is informed by the work of the internal auditors and the Executive Directors within Companies House who have responsibility for the development and maintenance of the governance structures, internal control framework and comments made by the external auditors in their management letter and other reports. The Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control.

As we move into 2012/13, Companies House has started to change its governance structure as part of the move to the Public Data Group. The management boards are committed to driving forward the business, leading Companies House towards attaining our corporate goal, which is to excel as both a registration authority and a source of public information as well as acting as a role model for public service delivery.

As a senior Board member of Companies House since 2002, I have relied on my experience of the structure and processes within the organisation to assist me in the assessment of assurance of the Companies House control structure. I have considered the evidence provided with regards to the production of the Annual Governance Statement as well as the reports provided by Internal and External Audit. In conclusion, I am confident that the organisation operated in accordance with the Corporate Governance Code of good practice 2011.



Tim Moss

Acting Chief Executive and Registrar

2 July 2012

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of Companies House for the year ended 31 March 2012 under the Government Trading Funds Act 1973. The financial statements comprise: the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of Companies House Accounting Officer and auditor

As explained more fully in the Statement of Companies House's and Accounting Officer's responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Companies House's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Companies House; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of Companies House's affairs as at 31 March 2012 and of its surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- the information given in the sections entitled 'Finance', 'Responsible Business' and 'Foreword to the Accounts' for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157 – 197 Buckingham Palace Road
Victoria
London
SW1W 9SP

3 July 2012

Companies House

Statement of Comprehensive Income for the year ended 31 March 2012

	Note	2011/12 £'000	2010/11 £'000
Operating income	2	66,116	66,562
Administration costs:			
Staff costs	3	(32,308)	(31,882)
Non-staff administration costs	7	(26,148)	(26,939)
Gross administration costs		(58,456)	(58,821)
Operating surplus before interest		7,660	7,741
Interest Receivable	8	76	57
Interest Payable & Finance Costs	8	(69)	(30)
Net operating surplus before dividend		7,667	7,768
Dividend	9	(2,269)	(2,069)
Net operating surplus		5,398	5,699
Other Comprehensive Income			
Net Gain/(Loss) on Revaluation of Land and Buildings		(597)	304
Comprehensive income for the Year Ended 31 March 2012		4,801	6,003

There were no acquisitions or disposals during the period and all operations are continuing.

Companies House

Statement of Financial Position as at 31 March 2012

	Note	31 March 2012 £'000	31 March 2011 £'000
Non-current assets			
Property, plant and equipment	5	21,023	21,433
Intangible assets	6	23,859	26,203
Total non-current assets		44,882	47,636
Current assets			
Trade and other receivables	11	5,709	6,053
Cash and cash equivalents	12	24,046	15,513
Total current assets		29,755	21,566
Total assets		74,637	69,202
Current liabilities			
Trade and other payables	13	(8,124)	(7,357)
Total current liabilities		(8,124)	(7,357)
Non-current assets plus net assets		66,513	61,845
Non-current liabilities			
Provisions	15	(617)	(750)
Total non-current liabilities		(617)	(750)
Assets less liabilities		65,896	61,095
Taxpayers' equity			
Public dividend capital		15,889	15,889
General Fund		43,708	38,310
Revaluation reserve	10	6,299	6,896
Total		65,896	61,095



Tim Moss

Acting Chief Executive and Registrar

2 July 2012

The notes on Pages 67 – 84 form part of these accounts

Companies House

Statement of Cash Flows for the year ended 31 March 2012

	Note	2011/12 £'000	2010/11 £'000
Cash flows from operating activities			
Net operating surplus		7,667	7,768
Adjustment for non-cash transactions	7	5,152	5,034
Decrease in trade and other receivables	11	344	1,353
(Decrease)/Increase in trade payables	13	316	(2,306)
Increase/(Decrease) in provisions	15	(133)	126
Net cash inflow from operating activities		13,346	11,975
Cash flows from investing activities			
Dividend Paid	9	(2,069)	(1,976)
Purchase of property, plant and equipment	5	(1,276)	(1,553)
Purchase of intangible assets	6	(1,468)	(1,326)
Net cash outflow from investing activities		(4,813)	(4,855)
Cash flows from financing activities			
Repayment of Loan		-	(2,500)
Net financing		-	(2,500)
Net increase in cash and cash equivalents in the period			
		8,533	4,620
Cash and cash equivalents at the start of the period	12	15,513	10,893
Cash and cash equivalents at the end of the period	12	24,046	15,513

The presentation of our cashflow has been restated to show net operating surplus before dividend, compared to net operating surplus after dividend as previously reported.

Companies House

Statement of changes in taxpayers' equity for the year ended 31 March 2012

	Public Dividend £'000	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2010	15,889	32,611	6,592	55,092
Recognised in Statement of Comprehensive Income	-	5,699	304	6,003
Balance as at 31 March 2011	15,889	38,310	6,896	61,095
Balance at 1 April 2011	15,889	38,310	6,896	61,095
Recognised in Statement of Comprehensive Income	-	5,398	(597)	4,801
Balance as at 31 March 2012	15,889	43,708	6,299	65,896

The General Fund serves as the chief operating fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

The Revaluation Reserve records the unrealised gain or loss on revaluation of assets.

The notes on Pages 67 – 84 form part of these accounts

1. Principal Accounting Policies

(a) Statement of accounting policies

The accounts have been prepared in accordance with the historical cost convention modified to include the revaluation of property, plant and equipment (where material) in a form determined by HM Treasury in accordance with section 4(6) of the Government Trading Funds Act 1973. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted and interpreted by the 2010/11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounts conform to, insofar as is practicable and appropriate, United Kingdom Accounting Standards, the Companies Act 2006 and specific Treasury guidance.

(b) Property, plant and equipment

The minimum value for capitalisation of expenditure is £2,000 for an individual asset. Where appropriate, assets falling below the individual asset threshold are capitalised as groups.

All research expenditure is written off as incurred.

Companies House has adopted depreciated historical cost as a proxy for fair value. The difference between these is not considered material to the accounts.

Any revaluation gains or losses are treated in accordance with IAS 16 (International Accounting Standards).

Land and buildings are externally valued on the basis of existing use in accordance with RICS (Royal Institution of Chartered Surveyors) Valuation standards.

(c) Intangible assets

In accordance with IAS 38, the policy on expenditure incurred on the replacement of the core information processing system (CHIPS) is to capitalise only costs directly attributable to stabilising the platform.

Intangible assets acquired separately are measured on initial recognition at cost. For purchased application software, cost includes contractors' charges, materials, directly attributable labour and directly attributable overheads. Capitalisation ceases when substantially all the activities that are necessary to prepare the asset for use are complete. Amortisation commences at the point of commercial deployment over the asset's estimated useful economic life.

CHIPS	10 years
IT Projects	4 to 10 years

Further additions to the CHIPS Intangible assets will be amortised over the remaining useful life of the parent asset.

(d) Depreciation & amortisation

Depreciation is provided on property, plant and equipment, except freehold land, at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life as follows:

Freehold buildings	50 years
Leasehold improvements	3 years
IT equipment	2 to 5 years
Plant & machinery	4 to 10 years
CHIPS hardware	4 years

(e) Software development

Software development expenditure (covering the costs of third party work and the direct costs of in-house staff effort) is capitalised when it is both material (greater than £250,000) and incurred on projects which will deliver economic benefits over a number of years.

(f) Review of capitalised costs

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are charged to income statement on recognition.

(g) Leases

Operating lease rentals are charged to the income statement on a straight-line basis over the term of the lease. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

(h) Financial instruments

There are no derivative financial instruments, financial instruments held for trading or financial instruments classified as held for sale.

(i) Income

Income, which excludes VAT, represents fees and charges in respect of services provided. Included in income is an amount recovered from BIS for running costs incurred by Companies House in respect of the charging, administration and collection of penalties raised on companies as a result of the late filing of accounts. Any miscellaneous income, for example rent receivable, is classed as other operating income.

(j) Taxation

As a Trading Fund, Companies House is not liable for Corporation Tax.

Companies House is not registered separately for VAT but falls within BIS' registration. Irrecoverable VAT on expenditure is charged to the income statement and is capitalised in relation to the purchase of fixed assets.

(k) Pension costs

Employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is a defined benefit and is unfunded. Companies House recognises the expected cost of providing pensions on a systematic basis over the period in which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. Further information is given in the Remuneration Report.

(l) Provisions

Companies House makes provision for liabilities and charges where a legal or constructive liability exists (i.e. a present obligation from past events exists), where the transfer of economic benefits is probable and a reasonable estimate can be made.

Where the time value of money is material, Companies House discounts the provision to its present value using a discount rate of 2.8% per cent, the Government standard rate, (2010/11: 2.9%). Each year the financing charges in the income statement include the adjustment to amortise 1 year's discount and restate liabilities to current price levels.

(m) Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Any outstanding monetary assets and liabilities at the year end are translated into sterling at the rates ruling at 31 March. Translation differences are dealt with in the income statement.

(n) Staff costs

Under IAS 19 Employee Benefits legislation, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined using data from leave records.

(o) Impending application of newly issued accounting statements not yet effective

Companies House provides disclosure where it has not yet applied a new accounting standard, and known or reasonably estimable information relevant to assessing the possible impact that the initial application of a new standard would have on the financial statements. There were no new standards issued for 2011/12 and not applied, which would materially affect Companies House Financial Statements. In addition we have not adopted any standards early.

2. Income

2(a) Fees & charges

The following information on the main activities of Companies House is produced for fees and charges purposes and does not constitute segmental reporting under IFRS 8.

The assets and liabilities of Companies House are reviewed by senior management on a total basis and not on a segmental reporting basis.

	Income		Cost of services ⁴		Surplus/ (Deficit)	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
	£m	£m	£m	£m	£m	£m
Registration activities ¹	51.2	50.4	49.5	46.6	1.7	3.8
Dissemination activities ²	13.2	14.3	9.7	12.7	3.5	1.6
Other Services ³	1.7	1.9	1.5	1.6	0.2	0.3
Total as per operating account	66.1	66.6	60.7	60.9	5.4	5.7

1. Registration activities—includes incorporation, annual registration, change of name, mortgage registration, dissolution, liquidation and recharges of costs incurred in the administration of late filing penalties.

2. Dissemination activities—includes searches delivered on paper, electronically, magnetic tape and to bulk users.

3. Other services—includes income from rentals and surplus office space.

4. Cost of services includes interest payable, interest receivable and dividends payable in accordance with the cost recovery principles of the Treasury's "Managing Public Money".

Support costs are apportioned based on the usage made by the main service providers; otherwise by floor areas.

During the year we refined the allocation of costs to better reflect the current processes, services and headcount levels. We have not restated previous years allocations.

2(b) Segmental reporting

All significant activities of Companies House are derived from a single legislative requirement, the Companies Act, and consequently are considered for segmental purposes to be one single class of business. For reporting purposes, therefore, management considers that there is only one operating segment.

2(c) Late filing penalties

Late filing penalties received are surrendered directly to HM Treasury and do not form part of the Trading Fund income. The amount paid to the consolidated fund by Companies House in 2011/12 was £66.7m (2010/11: £99.4m).

Included in Companies House income is £5.3m recovered from BIS for the running costs incurred in the charging administration and collection of late filing penalties raised (2010/11: £5.2m).

Further information is available in the Trust Statement for Late Filing Penalties from page 87.

3. Staff costs

The average number of employees during the period was as follows:

	2011/12 Total Employees	Full Time Equivalent Posts	2010/11 Total Employees	Full Time Equivalent Posts
3(a) Staff numbers by location				
Cardiff	1,003	908	1,107	1,005
Belfast	16	16	18	18
Edinburgh	27	26	32	31
London	8	7	8	8
	1,054	957	1,165	1,062

3(b) Staff numbers by activity

Central Operations, Customer Support & Late Filing Penalties	689	617	762	682
IT Services	153	144	170	163
Finance, HR, Legal, Policy & Marketing	199	183	223	207
Senior Managers and Support	13	13	10	10
	1,054	957	1,165	1,062
Staff on Capital projects (included above)	75	75	68	68

In addition, there were a total number of contract staff of 2 (2010/11: 4) of which nil (2010/11: 2) were included on projects.

3(c) Staff costs (for the above persons)

	2011/12 £'000	2010/11 £'000
Salaries	24,693	25,672
National Insurance	1,714	1,935
Voluntary Early Retirement (VER) costs	3,330	749
Pension costs	4,058	4,552
Income Seconded Staff	(170)	(110)
Contract staff	151	410
Capitalised staff costs (included above)	(1,468)	(1,280)
Capitalised contract staff project costs (included above)	-	(46)
Staff costs per operating account	32,308	31,882

3(d) Reporting of Civil Service and other compensation schemes—exit package

Exit package cost band	Voluntary Exit Scheme 2011/12	Voluntary Exit Scheme 2010/11
£1,000 – £10,000	16	-
£10,000 – £25,000	64	2
£25,000 – £50,000	52	2
£50,000 – £100,000	6	2
£100,000 – £200,000	1	2
£200,000 – £250,000	-	1
Total number of exit packages	139	9
	£'000	£'000
Total resource cost	3,330	749

Companies House ran a limited voluntary exit release scheme, which had phased exits between June to October 2011.

Departure costs were paid in accordance with the provisions of the Civil Service Compensation Scheme which was applicable at that time.

4. Pensions

For 2011/12 the banded charges averaged 17.6% of pensionable pay for permanent staff (2010/11: 18.3%). This equates to a charge for the year of £4.1m (2010/11: £4.5m), at 1 of the 4 rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands. Employer contributions are to be reviewed every 4 years following a full scheme valuation by the Government Actuary. The date of the last actuarial valuation was 31 March 2010 (prior date was 31 March 2007); this was brought forward by a year to bring us more into line with other public sector schemes. The rates from 2009 will remain the same until March 2012, subject to the annual revaluation of the salary bands. Companies House has provided for certain redundancy and early retirement costs, which are disclosed more fully in note 15. All other liabilities incurred in the year were satisfied by the year-end. This is an unfunded multi-employer Defined Benefits Scheme but Companies House is unable to identify its share of the underlying assets and liabilities.

5. Property, plant and equipment

5(a) Property, plant and equipment (2011/12)

	Land & Buildings £'000	Leasehold Improvement £'000	Plant and Machinery £'000	Computer Equipment £'000	Finance Leases £'000	Total £'000
Cost or Revaluation						
At 1 April 2011	19,100	1,183	3,201	8,472	449	32,405
Additions	-	-	893	633	-	1,526
Revaluation (Note 10)	(900)	-	-	-	-	(900)
Disposal/Assets written off	-	-	(413)	(733)	-	(1,146)
At 31 March 2012	18,200	1,183	3,681	8,372	449	31,885
Depreciation						
At 1 April 2011	-	983	2,359	7,191	439	10,972
Provided during year	304	153	377	496	10	1,340
Revaluation (Note 10)	(304)	-	-	-	-	(304)
Disposal/Assets written off	-	-	(413)	(733)	-	(1,146)
At 31 March 2012	-	1,136	2,323	6,954	449	10,862
Net book value at 31 March 2012	18,200	47	1,358	1,418	-	21,023
Net book value at 31 March 2011	19,100	200	842	1,281	10	21,433

5(b) Property, plant and equipment (2010/11)

	Land & Buildings £'000	Leasehold Improvement £'000	Plant and Machinery £'000	Computer Equipment £'000	Finance Leases £'000	Total £'000
Cost or Revaluation						
At 1 April 2010	19,100	1,074	3,799	10,011	449	34,433
Additions	-	109	358	1,394	-	1,861
Revaluation (Note 10)	-	-	-	-	-	-
Disposal/Assets written off	-	-	(956)	(2,933)	-	(3,889)
At 31 March 2011	19,100	1,183	3,201	8,472	449	32,405
Depreciation						
At 1 April 2010	-	830	2,988	9,514	384	13,716
Provided during year	304	153	327	610	55	1,449
Revaluation (Note 10)	(304)	-	-	-	-	(304)
Disposal/Assets written off	-	-	(956)	(2,933)	-	(3,889)
At 31 March 2011	-	983	2,359	7,191	439	10,972
Net book value at 31 March 2011	19,100	200	842	1,281	10	21,433
Net book value at 31 March 2010	19,100	244	811	497	65	20,717

The land and buildings were valued as at 31 March 2012 by Messrs DTZ Debenham Thorpe on the basis of existing use as set out in the RICS Appraisal and Valuation Manual. This basis is appropriate for use when valuing, for financial statements, property that is occupied for the purpose of the business operating within it.

Contained within Land and Buildings, £3.9m relates to land which has not been depreciated.

6,602m² of the 29,862m² net internal space of the Crown Way building was rented to other government departments.

6. Intangible assets

6(a) Intangible assets (2011/12)

Intangible assets are software and the associated implementation costs

	Software £'000	Assets in the course of construction £'000	Total £'000
Cost			
At 1 April 2011	51,956	703	52,659
Additions	-	1,468	1,468
Disposals	-	-	-
Asset Transfer	1,203	(1,203)	-
As at 31 March 2012	53,159	968	54,127

Amortisation

At 1 April 2011	26,456	-	26,456
Additions	3,812	-	3,812
Disposals	-	-	-
As at 31 March 2012	30,268	-	30,268

Net book value

At 31 March 2012	22,891	968	23,859
At 31 March 2011	25,500	703	26,203

6(b) Intangible assets (2010/11)

Intangible assets are software and the associated implementation costs

	Software £'000	Assets in the course of construction £'000	Total £'000
Cost			
At 1 April 2010	50,003	1,334	51,337
Additions	-	1,326	1,326
Disposals	(4)	-	(4)
Asset Transfer	1,957	(1,957)	-
As at 31 March 2011	51,956	703	52,659

Amortisation

At 1 April 2010	22,875	-	22,875
Additions	3,585	-	3,585
Disposals	(4)	-	(4)
As at 31 March 2011	26,456	-	26,456

Net book value

At 31 March 2011	25,500	703	26,203
At 31 March 2010	27,128	1,334	28,462

As at 1 October 2009, the Companies Act Programme (CAP) has been capitalised and has been fully transferred and depreciated from this date from 'assets in the course of construction' to 'software'.

£22.9m of the closing Net Book Value relates to CHIPS and CAP projects (2010/11: £25.5m).

An impairment review has been carried out each year to ensure that the carrying value of the assets held by Companies House is in line with the provisions included in the relevant accounting standards.

7. Operating surplus

	2011/12	2010/11
	£'000	£'000
Audit Remuneration (This is stated after charging the following)		
Audit Services	48	48
Other Services	-	-
Professional Services (including Contact Centre and Debt Recovery)	4,997	5,170
Non-staff administration costs		
Chief Executive and Senior Managers' Travel & Subsistence	35	19
Other Employees Travel & Subsistence	235	207
Staff Related Costs	446	525
Recruitment & Training	223	181
Printing & Stationery	4,118	4,363
Communications & Awareness	551	537
Maintenance Contracts/Leases	3,183	3,470
Repair & Maintenance—Buildings	1,213	1,127
Accommodation Cost	2,608	2,841
Property Rental	1,304	1,194
Office Equipment	648	596
Software	397	587
Other Administration Costs	990	1,040
	20,996	21,905
Non Cash Items		
Depreciation and amortisation	5,152	5,034
Total non-staff administration costs	26,148	26,939

Included in Audit Services is £12k for work carried out on LFP Trust Statements (2010/11: 12k).

There were no programme costs to report in the year (2010/11: Nil).

8. Interest & finance costs

	2011/12	2010/11
	£'000	£'000
Short-term daily interest receivable from the GBS and National Loans Fund	76	57
Interest payable on unsecured loans from BIS repayable wholly or partly by installments	-	(20)
Unwinding of discount of early retirement scheme	(69)	(10)
	(69)	(30)

9. Dividend

A dividend of £2.3m (2010/11: £2.1m) was payable to BIS. The dividend is calculated as 3.5% of average capital employed and reflects the average annual return required by the Treasury Minute dated 21 July 2009.

10. Revaluation reserve

	Land & Buildings	Plant and Machinery	Total
	£'000	£'000	£'000
Balance brought forward 1 April 2010	6,582	10	6,592
Revaluation of property, plant & equipment at 31 March 2011	304	-	304
Balance brought forward 1 April 2011	6,886	10	6,896
Revaluation of property, plant & equipment at 31 March 2012	(597)	-	(597)
Balance carried forward 31 March 2012	6,289	10	6,299

11. Trade receivables and other current assets

	31 March 2012 £'000	31 March 2011 £'000
Trade receivables	3,237	3,705
Other receivables	1,167	914
Prepaid expenditure	915	838
Amounts due from BIS	390	596
Total	5,709	6,053

No amounts fall due after more than one year (2010/11: Nil).

12. Cash and Cash Equivalent

	31 March 2012 £'000	31 March 2011 £'000
Balance at 1 April 2011	15,513	10,893
Net change in cash and cash equivalent balances	8,533	4,620
Balance at 31 March 2012	24,046	15,513

	£'000	£'000
The following balances at 31 March 2012 were held at:		
Commercial banks and cash in hand	24,046	15,513
Balance at 31 March 2012	24,046	15,513

Surplus balances held in commercial banks are deposited with the National Loan Fund.

13. Trade payables and other current liabilities

	31 March 2012 £'000	31 March 2011 £'000
Amounts falling due within one year		
Trade payables	288	237
Accruals and customer prepayments	5,561	5,037
Other payables	6	14
Dividend payable	2,269	2,069
	8,124	7,357

All amounts due under Trade Payables are current (2010/11: current).
No amounts fall due after more than 1 year (2010/11: Nil).

14. Finance leases

There are no finance leases obligations to report in the period 2011/12 (2010/11: Nil).

15. Provisions for liabilities and charges

	2011/12			2010/11		
	Current Liabilities	Non-current Liabilities	Total	Current Liabilities	Non-current Liabilities	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	421	750	1,171	219	624	843
provided in the year	-	-	-	236	309	545
Provisions utilised in the year	(265)	-	(265)	(227)	-	(227)
Provisions not required in the year	(153)	-	(153)	-	-	-
Transfer to current liabilities	202	(202)	-	193	(193)	-
Unwinding of discount	-	69	69	-	10	10
Balance at 31 March	205	617	822	421	750	1,171

Analysis of expected timings of provisions

Amounts due within 1 year	205	-	205	421	-	421
Amounts due within 2 – 5 years	-	550	550	-	624	624
Amounts due after 5 years	-	67	67	-	126	126
Total	205	617	822	421	750	1,171

Treasury guidance requires that the full cost of early retirement and severance schemes should be recognised in the accounts when early-departure decisions are made. The operating account has accordingly been charged with the full liability of new decisions taken and a balance sheet provision has been made which will be offset against the amount paid to retirees in respect of pension and related payments as they fall due between 2012 and 2020. In accordance with IAS 37, the provisions are net of the effect of discounting at a real rate of 2.8% (2010/11: 2.9%).

Amounts due within 1 year of £205,000 (2010/11: £421,000) are included within accruals and customer payments.

16. Operating lease commitments

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	31 March 2012 £'000	31 March 2011 £'000
Operating leases which expire		
Within one year	95	239
In the second to fifth years inclusive	21	60
Over five years	7,225	8,100
	7,341	8,399

Our London office was located in Bloomsbury Street, within the office that were shared with the Insolvency Service and Intellectual Property Office (IPO). Companies House were sub-tenants to the Insolvency Service. In May 2012 the office relocated to premises in Abbey Orchard Street, London, SW1 which is adjacent the BIS office in 1 Victoria Street. We will now be a tenant of BIS.

17. Payment policy

In May 2010, all government departments were set new guidelines of paying 80% of supplier invoices within 5 days. In 2011/12 95.2% of invoices have been paid within this 5 day target (2010/11: 95.3%).

18. Disclosure of intra-government balances

	31 March 2012		31 March 2011	
	Payables £'000	Receivables £'000	Payables £'000	Receivables £'000
Balances with other central government bodies	2,355	1,144	2,086	1,405
Balances with local authorities	-	-	-	-
Balances with NHS trusts	-	-	-	-
Balances with public corporations and other Trading Funds	-	-	-	-

This is a disclosure required by Treasury to disclose the value of any material receivables or payables balances with other bodies within the Whole of Government Accounts (WGA) boundary. This requirement has been introduced to aid preparation of information for WGA and to help understand the nature of balances between the reporting entity and the rest of the public sector.

19. Financial instruments

IAS 39 requires Companies House to disclose information on the significance of financial instruments to its financial position and performance.

Companies House is exposed to credit risk resulting from the non-payment of debts relating to private sector customers. We review our debtors on a frequent basis to ensure that we minimise this risk and provide for debts we believe not to be fully recoverable.

As a Trading Fund, we have cash balances held with The Government Banking Service and also with a commercial bank. Our only borrowings are with our sponsoring department, BIS', the interest risk exposure on this loan is offset by the interest income we earn from our cash at bank position.

The provision for voluntary early redundancy has a 8 year maturity profile and has been discounted accordingly. All material financial liabilities are carried at fair value.

We do not believe we are exposed to market or liquidity risk. All material assets and liabilities are denominated in sterling so we do not believe we are exposed to any currency risk.

Trade Receivables	2011/12	2010/11
	£'000	£'000
Total Debt Outstanding	3,237	3,705
Overdue but not provided for yet in following periods:		
Not yet due	2,916	3,229
1 – 30 days	217	319
31 – 60 days	99	153
61 – 90 days	4	3
> 91 days	1	1

No amounts fall due after more than one year (2010/11: Nil).

20. Subsequent events

There have been no significant events between the Statement of Financial Position and the date of authorising these financial statements.

The accounts were authorised for issue on 2 July 2012.

21. Performance indicators

(a) Average rate of return

As defined in the Treasury Minute of 21 July 2009, Companies House has a target to achieve a return for the 5 year period from 1 April 2009 to 31 March 2014, averaged over the period as a whole, of at least 3.5% in the form of a surplus on ordinary activities before interest payable and dividends payable expressed as a percentage of average capital employed.

The return achieved for the year ended 31 March 2012 was 12.2% and the average return achieved since 1 April 2004 was 9.6%.

(b) Efficiency target

A new efficiency target was introduced in 2011. This was to achieve by 2013/14 a reduction, in real terms, of 15% compared with 2010/11 in the operational monetary cost of the registry per company on the Register.

The operational monetary cost of each company on the Register was:

2010/11 (base year)	£17.65
2011/12 (Year 1)	£15.25

This is a reduction of 13.6% over the base year cost per company.

The previous 3 year efficiency reduction achieved was 22%.

22. Related party transactions

Companies House is an Executive Agency of BIS with Trading Fund status. BIS is regarded as a related party and during the year Companies House has had various material transactions with the divisions of the Department. In addition, Companies House had a number of material transactions with other Central Government bodies, most of which have been with the Treasury Solicitor and HMRC. None of the Steering Board members or senior managers has undertaken any material transactions with Companies House during the year.

23. Special payments and losses

There is a statutory requirement to disclose special payments and losses above £250,000 during the year. There were no special payments or losses made by Companies House for the year ended 31 March 2012 (2010/11: Nil).

Dated 21 July 2009

1. Section 4(1) of the Government Trading Funds Act 1973 ("the 1973 Act") provides that a trading fund established under the Act shall be under the control and management of the responsible Minister and, in discharge of his function in relation to the fund it shall be his duty:
 - (a) to manage the funded operations so that the revenue of the fund:
 - (i) consists principally of receipts in respect of goods or services provided in the course of the funded operations, and
 - (ii) is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and
 - (b) to achieve such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
2. The trading fund for the Companies House Executive Agency was established on 1 October 1991 under the Companies House Trading Fund Order 1991 (SI 1991 No.1795).
3. The Secretary of State for Business, Innovation and Skills, being the responsible Minister for the purposes of section 4(1)(a) of the 1973 Act, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by the Companies House Trading Fund for the 5 year period from 1 April 2009 to 31 March 2014 shall be to achieve a return, averaged over the period as a whole, of at least 3.5 per cent in the form of a surplus on ordinary activities before interest payable and dividends payable, expressed as a percentage of average capital employed. Capital employed shall consist of the capital (PDC and long-term element of loans) and reserves.
4. This Minute supersedes that dated 12 October 2004.
5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4(1) of the Government Trading Funds Act 1973.



Trust Statement

Late Filing Penalties 2011/12

Trust Statement

Accounting Officer's foreword to the trust statement

Scope

This Trust Statement reports on the revenue, expenditure, assets and liabilities required for, or generated by the operation of, the late filing penalty scheme during the financial year. The penalties collected are paid into HM Treasury's Consolidated Fund.

The Department for Business, Innovation and Skills (BIS) funds the costs of issuing, collecting and enforcing late filing penalties. Companies House invoices the department (BIS) for the cost of administering the scheme.

Statutory Background

The purpose of the late filing penalty scheme is to promote the timely delivery of accounts to Companies House. Penalties were first introduced in 1992 in response to increasing public concern about the number of companies that failed to file their accounts on time or at all. It was thought that the prospect of incurring a penalty would be an incentive for companies to file on time.

A company that delivers its accounts late is liable to a late filing penalty ("LFP"). This is a civil penalty that arises automatically by operation of law (s453(1) of the Companies Act 2006 (the "Act")). The amount of penalty due is calculated by reference to the date upon which the accounts are finally delivered: the longer the period of default, the greater the penalty. A public company is liable to pay a greater penalty than a private company for the same period of default. A company which is late in filing its accounts in 2 consecutive years incurs in the second year twice the penalty to which it would otherwise be liable. The Companies (Late Filing Penalties) and Limited Liability Partnerships (Filing Periods and Late Filing Penalties) Regulations 2008 (SI 2008/497) prescribes the penalties payable.

LFPs are collected by the Registrar under (s453(3)). As Registrar of Companies for England and Wales, I collect the penalties incurred by companies registered in England and Wales. The Registrar of Companies for Scotland and the Registrar of Companies for Northern Ireland collect the penalties in Scotland and Northern Ireland respectively. The 3 Registrars pay the penalties recovered into the Consolidated Fund (s453(3)).

Neither I nor my fellow Registrars have the power to waive a penalty once it has accrued. We have a limited discretion not to collect an LFP (s453(3) says that a penalty may be recovered by the Registrar). This discretion is exercised only in exceptional circumstances. If the discretion is exercised in favour of a particular company so that it is not required to pay, the penalty not collected is offset against penalty income in the Statement of Revenue and Expenditure.

Limited liability partnerships (LLPs) are also subject to the LFP scheme (The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (SI 2008/2011)). The LFP scheme is operated in the same way for companies and LLPs; this report uses 'company' to cover both.

Financial Background

The income collected by way of LFPs is not used to meet the expenditure incurred by Companies House in administering the LFP scheme. The expenditure incurred is disclosed as a note to the accounts.

On 1 February 2009 the penalty regime was amended. The penalties were increased and, at the same time, the period allowed for filing accounts at Companies House was shortened. Double penalties were also introduced: where a company files its accounts late in 2 successive years, it is liable to double the penalty otherwise due in the second year.

Unlike previous Companies Acts, the Act extended to companies registered in Northern Ireland with effect from 1 October 2009. On that date, the Northern Ireland Companies Registry joined Companies House. The LFPs collected by the Registrar of Northern Ireland have been included in the results and appropriations.

Pre 1 February 2009 as per Companies Act 1985

How late are the accounts delivered	Penalty: Private Company / LLP	Penalty: PLC
Not more than 3 months	£100	£500
More than 3 months but not more than 6 months	£250	£1,000
More than 6 months but not more than 12 months	£500	£2,000
More than 12 months	£1,000	£5,000

1 February 2009 to date as per Companies Act 2006

How late are the accounts delivered	Penalty: Private Company / LLP	Penalty: PLC
Not more than 1 month	£150	£750
More than 1 month but not more than 3 months	£375	£1,500
More than 3 months but not more than 6 months	£750	£3,000
More than 6 months	£1,500	£7,500

The above table shows the initial penalty valued levied. During this financial year, 43,314 penalties were doubled as a result of filing late in consecutive years. Double penalties equated to £33.7m in value (37% of total value issued) and this was the first full year since its introduction in the 2006 Companies Act.

Business Review

During the financial year 187,463 penalties were levied (2010/11: 229,315), which was a decrease of 41,852 on the previous year. This resulted in a reduction in the value of the penalties issued to £92.2m (2010/11: £94.4m). The reduction of £2.2m was due to a change in behaviour of companies where the number of accounts filed late reduced; the impact was reduced as the number of companies incurring a double penalty increased.

During 2011/12 a total of 43,314 double penalties (2010/11: 3,679) were levied with a value of £33.7m (2010/11: £1.6m) against companies which had filed their accounts late in successive years. This is the first full financial year that such penalties have been levied and should further encourage companies to comply with the regulations and file their accounts on time with Companies House. Failure to file on time in 2 consecutive years results in the penalty being doubled at the point of the second filing.

Performance

76% of the penalties levied in 2011/12 were collected in full (2010/11: 82%). Those penalties which either I or my fellow Registrars exercised our discretion not to collect are excluded from these figures.

This decrease of 6% on debt collection reflects the current economic situation where some of these companies are unable to settle as they have no assets or are in the process of dissolution.

Penalties and any associated court costs which were written off during the financial year as uncollectable amounted to £14.9m (2010/11: £18.8m). The increase in the bad and doubtful debt provision of £12.6m (2010/11: £5.9m) has arisen mainly because of the increase in the value of penalties imposed since February 2009.

Results and Appropriations

The net revenue for the Consolidated Fund was £62.4m (2010/11: £67.5m). The transfer of receipts to the Consolidated Fund from the Trust in the year was £66.7m (2010/11: £99.4m), which left a balance due to the Consolidated Fund of £17.9m (2010/11: £22.2m) at 31 March 2012.

Case handling

During the financial year, 38,785 (2010/11: 46,453) appeals were received against penalties levied. The decrease is a result of the stricter penalty regime imposed from the 1 February 2009 when the penalty levels increased in value having now being in place for two years and companies becoming more compliant. Having levied a penalty under section 453, I and my fellow Registrars have applied limited discretion not to collect 3.7% of these penalties (2010/11: 3.7%) and this is offset against penalty income in the Statement of Revenue and Expenditure.

Bad and doubtful debts

It is the legal responsibility of the company's officers to ensure that accounts are prepared and delivered to Companies House on time under section 441. Under section 453 of the Act it is the company not the individual officers which incurs a late filing penalty. Any enforcement action that is taken is against the company.

Companies House has engaged a debt collection agency to take enforcement action in respect of outstanding LFPs. Companies may be taken to court to enforce the penalty levied and any additional costs incurred are sought to be recovered from this process.

In addition to the amounts not collected due to the exercise of each Registrar's discretion, penalties are written off as unrecoverable where a company has been struck off or dissolved. There is no economic benefit in pursuing a debt from a defunct company. Penalties (and associated court costs) are also written off as unrecoverable where the debt is over 6 years old. In 2011/12 the debt written off was £14.9m (2010/11: £18.8m) of which 91% related to dissolved companies (2010/11: 98.6%). Companies House has been more active in removing defunct companies from the register during the year; this has in turn affected the level of write offs incurred.

The provision for bad debts for the year has increased by £12.6m to £52.7m (2010/11: £40.1m) and has been constructed in line with the accounting policy (note 1). The main reasons for the increase has been the higher value of penalties imposed since February 2009.

Independent Adjudicators

The Independent Adjudicators' principal role is to deal with appeals against late filing penalties once they have passed through the first two stages which are internal to Companies House. The Adjudicators also investigate complaints about delay, discourtesy and mistakes and the way in which complaints have been handled by the Registrar. The Adjudicators' Report is published annually and is available on the Companies House website.

Court Costs

Court costs awarded are shown within income and in 2011/12 amounted to £2.7m (2010/11: £2.7m). On receipt of the payment for the court costs the money collected is transferred to Companies House to use in the further pursuit of companies via the courts. 2011/12: £0.9m (2010/11: £1.0m). The Registrars of Scotland and Northern Ireland exercise their discretion outside England and Wales against the companies on their respective registers.

Funding

The costs of administering the scheme are provided by BIS which provides the funds to support the costs of running the LFP Scheme and the costs incurred in enforcing collection. The costs incurred by Companies House and invoiced to BIS are disclosed in Note 8.

Cash Balances

Net Cash outflow for the year was £65.9m (2010/11: £72.3m) taking cash balances at the year end to £1.6m. Cash balances are managed in accordance with Treasury guidelines. Companies House transfers to the Consolidated Fund, on a monthly basis, the penalty income received.

Audit Service

The statutory external audit was performed by the Comptroller and Auditor General at a cost of £12,000 (2010/11: £12,000) (note 8).

Registrars

Tim Moss

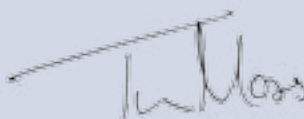
Registrar of Companies for England and Wales

Dorothy Blair

Registrar of Companies for Scotland

Helen Shilliday

Registrar of Companies for Northern Ireland



Tim Moss

Acting Chief Executive and Registrar

2 July 2012

Trust Statement

Statement of the Accounting Officer's responsibilities in respect of the Trust Statement

Under section 4(6)(a) of the Government Trading Funds Act 1973 HM Treasury has appointed Companies House to prepare, for each financial year, a Trust Statement in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Trust Statement and of its Statement of Revenue, Financial Position and Cash Flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- Observe the Accounts Direction issues by HM Treasury including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the Trust Statement; and
- Prepare the Trust Statement on a going concern basis.

The Treasury has appointed the Chief Executive of Companies House as the Accounting Officer for the Trust Statement. His relevant responsibilities as Accounting Officer, including responsibility for the propriety and regulation of the public finances for which the Accounting Officer is answerable, for keeping records and for safeguarding the Companies House assets, are set out in the Accounting Officer's memorandum issued by HM Treasury and published in Managing Public Money.

Trust Statement

Governance Statement

The Agency's Governance Statement, covering both the Trading Fund and the Trust Statement, is shown on pages 56 to 60.

Trust Statement

The certificate and report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the Companies House Trust Statement for the year ended 31 March 2012 under the Government Trading Funds Act 1973. The financial statement comprise of the Statement of Revenue, Other Income and Expenditure, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial statement has been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of the Accounting Officer's responsibilities in respect of the Trust Statement, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Trust Statement

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the Trust Statement and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Companies House; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Companies House Trust Statement as at 31 March 2012 and of the associated net revenue for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the information given in the Accounting Officer's Foreword to the Trust Statement for the financial year for which the financial statements are prepared is consistent with the financial statements..

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157 – 197 Buckingham Palace Road
Victoria
London
SW1W 9SP

3 July 2012

Trust Statement

Statement of Revenue, Other Income and Expenditure for the Year Ended 31 March 2012

	Note	2011/12 £'000	2010/11 £'000
Revenue			
Penalties	2a	92,178	94,389
Discretion Applied Under s453(3) Companies Act 2006	2b	(4,040)	(3,865)
Total		88,138	90,524
Other Income			
Recoverable Court Costs	1c	2,739	2,718
Total Revenue		90,877	93,242
Expenditure			
Court Costs Transferred	1c	(996)	(1,030)
Bad and Doubtful Debts	4	(27,476)	(24,754)
Total Expenditure		(28,472)	(25,784)
Net Revenue for the Consolidated Fund	6	62,405	67,458

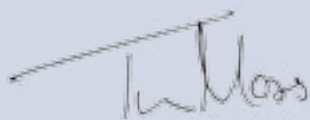
There were no recognised gains or losses accounted for outside the above Statement of Revenue and Expenditure (2010/11: Nil).

The notes on Pages 98 – 102 form part of this statement.

Trust Statement

Statement of Financial Position as at 31 March 2012

		31 March 2012	31 March 2011
	Note	£'000	£'000
Receivables falling due after more than one year	3a	411	517
Current assets			
Trade and Other Receivables	3b	16,078	19,689
Cash and cash equivalents	7	1,562	2,329
Total current assets		17,640	22,018
Total assets		18,051	22,535
Current liabilities			
Trade and Other Payables	5	(193)	(382)
Total current liabilities		(193)	(382)
Non-current assets plus net assets		17,858	22,153
Assets less liabilities		17,858	22,153
Balance on Consolidated Fund Account as at 31 March	6	17,858	22,153



Tim Moss

Acting Chief Executive and Registrar

2 July 2012

The notes on Pages 98 – 102 form part of this statement.

Trust Statement

Statement of Cash Flows for the year ended 31 March 2012

	Note	2011/12 £'000	2010/11 £'000
Net Cash Flow from Revenue Activities		65,933	72,311
Cash paid to Consolidated Fund	6	(66,700)	(99,371)
Decrease in cash and cash equivalent		(767)	(27,060)

Notes to the Statement of Cash Flows

(a) Reconciliation of Net Cash Flow to Movement in Net Funds

Net Revenue for Consolidated Fund		62,405	67,458
Decrease in Non-cash Assets	3	3,717	4,861
Decrease in Liabilities	5	(189)	(8)
Net Cash Flow from Revenue Activities		65,933	72,311

(b) Analysis Of Changes in Net Funds

Decrease in Cash in this Period		(767)	(27,060)
Net Funds as at 1 April (Opening Cash at Bank)	7	2,329	29,389
Net Cash as at 31 March (Closing Cash at Bank)		1,562	2,329

The notes on Pages 98 – 102 form part of this statement.

Trust Statement

Notes to the accounts for the year ended 31 March 2012

1. Principal accounting policies

(a) Basis of Accounting

The Trust Statement is prepared in accordance with the accounts' directions issued by HM Treasury under section 7 of the Government Resources and Accounts Act 2000. The Trust Statement is prepared in accordance with the accounting policies detailed below. These have been agreed between Companies House and HM Treasury and have been developed with reference to International Financial Reporting Standards and other relevant guidance. The accounting policies have been applied consistently in dealing with items considered material to the accounts.

The income and associated expenditure contained in this statement are those flows of funds which Companies House handles on behalf of the Consolidated Fund and Treasury where it is acting as an agent rather than principal.

The financial information presented in the primary statements and notes to the financial statements are rounded to the nearest £'000.

(b) Accounting Convention

The Trust statement has been prepared in accordance with the historical cost convention.

(c) Revenue Recognition

Penalties are measured in accordance with IAS 18. Revenue is recognised when:

- A penalty is validly imposed and an obligation to pay arises;
- Recoverable Court Costs are recognised once awarded by the courts and shown as income;
- When the court costs are fully recovered they are treated as an expense and transferred to Companies House against previously incurred court action costs.

(d) Discretion under section 453 Companies Act 2006

Section 453(3) of the Companies Act 2006 states that the penalty "may be recovered by the Registrar". Discretion can only be applied in exceptional circumstances, for example, where Companies House has contributed to the late filing or where an unforeseen catastrophe strikes the company immediately before the filing deadline. Where discretion is given, this is offset against penalty receipts in the Statement of Revenue, Other Income and Expenditure.

(e) Receivables

Receivables are shown net of a provision for doubtful debts.

(f) Provisions

Companies House makes provision for liabilities and charges where a legal or constructive liability exists (i.e. a present obligation from past events exists), where the transfer of economic benefits is probable and a reasonable estimate can be made.

Provision for bad debts and debts written off are treated as an expense in the Statement of Revenue and Expenditure.

Penalties are written off as uncollectable when a company is dissolved or the penalty exceeds 6 years. At each balance sheet date Companies House evaluates the collectability of Debtors and records provisions for doubtful debts based on previous experience including the comparisons of the relative aged debt, collection rates and the consideration of actual write-off history.

(g) Costs

The LFP Scheme is administered by the Registrar of Companies. Funding for the costs incurred in this administration is via funding from BIS who are invoiced by Companies House on a cost recovery basis.

2. Revenue and Other Income

2(a) Penalties

The following is information of late filing penalties by registry:

		2011/12		2010/11
	Number of Penalties		Number of Penalties	
	'000	£'000	'000	£'000
England & Wales	174	84,907	211	85,589
Scotland	10	5,432	13	5,747
Northern Ireland	3	1,839	5	3,053
Total	187	92,178	229	94,389

2(b) Discretion applied Under section 453(3) Companies Act 2006

The Registrar has no discretion not to levy a penalty when accounts are delivered late. All companies which deliver accounts late will automatically incur a penalty. However, section 453(3) of the Companies Act 2006 states that the penalty "may be recovered by the Registrar". Discretion can only be applied in exceptional circumstances, for example, where Companies House has contributed to the late filing or where an unforeseen catastrophe strikes the company immediately before the filing deadline. Where the Registrar has applied discretion, this is offset against penalty income.

3. Receivables

3(a) Receivables falling due after more than 1 year

	2011/12	2010/11
	£'000	£'000
Penalties levied and Court Costs	33,795	27,558
Provision of Doubtful Debts	(33,384)	(27,041)
Total	411	517

3(b) Trade and Other Receivables

	2011/12	2010/11
	£'000	£'000
Penalties levied and Court Costs	35,413	32,755
Provision of Doubtful Debts	(19,335)	(13,066)
Total	16,078	19,689

3(c) Penalties levied and Court Costs

	2011/12	2010/11
	£'000	£'000
Not Yet Due (Instalment agreements)	1,524	1,010
1 – 30 days	6,948	6,373
31 – 60 days	5,188	4,156
61 – 90 days	3,568	3,401
91 – 365 days	18,185	17,815
< 365 days	35,413	32,755
> 365 days	33,795	27,558
Total	69,208	60,313

Not Yet Due: If a company has difficulty in paying the penalty outright the Registrar may accept payment in instalments over a short period depending on individual company circumstances.

4. Bad and Doubtful debts

	2011/12	2010/11
	£'000	£'000
Debt written off—dissolved companies	14,727	18,560
Other write offs	136	256
Revenue losses	14,863	18,816
Increase in provision for doubtful debt	12,613	5,938
Total	27,476	24,754

It is the legal responsibility of the company's officers to ensure that accounts are prepared and delivered to Companies House under section 441. Section 453 of the Act states that where company accounts are filed late, the company is liable to a civil penalty. This is in addition to any liability of the directors under s451.

The Registrar pursues this penalty under section 453(3) against the company. Where the company is no longer in existence, this is written off as uncollectable. The Registrar also writes off penalties and any associated court costs after 6 years as uncollectable.

5. Trade and Other Payables

	2011/12	2010/11
	£'000	£'000
Other payables	193	291
Accrued & deferred income	-	91
Total	193	382

No amounts fall due after more than one year (2010/11: Nil).

6. Balance on Consolidated Fund

	2011/12	2010/11
	£'000	£'000
Balance on the Consolidated Fund as at 1 April	22,153	54,066
Net Revenue for the Consolidated Fund	62,405	67,458
Less Amounts paid to Consolidated Fund	(66,700)	(99,371)
Balance on the Consolidated Fund as at 31 March	17,858	22,153

7. Cash and Cash Equivalents

	2011/12	2010/11
	£'000	£'000
Balance with PGO/GBS	1,196	2,197
Balance with commercial banks	366	132
Total	1,562	2,329

Since February 2011 Companies House has taken sole responsibility for the transfer of funds to the Consolidated Fund. In previous years all penalties were transferred to BIS who subsequently transferred in to the Consolidated Fund. Companies House remits to the Consolidated Fund on a monthly basis.

8. Expenditure

In managing the scheme Companies House incurred expenditure of £5.3m (2010/11: £5.2m). This expenditure is included in Companies House Resource accounts because there is no express statutory provision for these costs to be deducted from the revenue collected and paid over to the Consolidated Fund.

	2011/12	2010/11
	£'000	£'000
Appeal Administration		
Staff Costs	1,743	1,706
Overheads	796	902
Debt Collection		
Staff Costs	230	199
Overheads	2,510	2,438
Total	5,279	5,245
Average Employees FTE	64.1	65.2

9. Related Party

Companies House is an Executive Agency of BIS with Trading Fund status. BIS is regarded as a related party and during the year Companies House received funding for the LFP scheme expenditure from BIS, invoiced on a cost-recovery basis and this is reflected within the Companies House annual accounts. None of the Steering Board members or senior managers has undertaken any material transactions with Companies House during the year.

10. Subsequent events

There have been no significant events between the Statement of Financial Position and the date of authorising these financial statements.

The accounts were authorised for issue 2 July 2012.

Trust Statement

Accounts direction given by HM Treasury in accordance with Section 4(6)(A) of The Government Trading Funds Act 1973

This direction applies to Companies House for the Late Filing Penalties scheme.

1. The Trading Fund shall prepare a Trust Statement (“the Statement”) for the financial year ended 31 March 2012 for the revenue and other income collected by the Trading Fund as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury (“FReM”) which is in force for 2011/12.
2. The Statement shall be prepared so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties and other income by the Trading Fund as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
3. The statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions which have not conformed to the authorities which govern them.
4. When preparing the Statement, the Trading Fund shall also comply with the guidance given in the FReM (Chapter 13). The Trading Fund shall also agree with HM Treasury the format of the Principal Accounting Officer’s Foreword to the Statement and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury and to the principles underlying International Financial Reporting Standards.
5. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
6. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to enable compliance with the administrative deadline for laying the audited accounts before Parliament before the Summer Recess.
7. The Trust Statement, together with this direction and the Report produced by the Comptroller and Auditor General, under section 4(6)(a) of the Government Trading Funds Act 1973 shall be laid before Parliament at the same time as the Trading Fund’s Accounts for the year unless the Treasury has agreed that the Trust Statement may be laid at a later date.

Chris Wobschall

Head, Assurance and Financial Reporting Policy
HM Treasury

20 December 2011

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