Companies House

Companies HOUSE
ANNUAL REPORT & ACCOUNTS
2012/13

ENGAGE WITH CUSTOMERS
LISTENING TO OUR CUSTOMERS
CUSTOMER RESEARCH
CUSTOMER INSIGHT
ACT ON FEEDBACK
REDUCED FEES
MEET CUSTOMER NEEDS
SUPPLIER OF INFORMATION
IN-HOUSE DEVELOPMENT TEAMS
MORE FREE INFORMATION
HIGHLY CAPABLE STAFF
TRANSPARENCY
SERVICES AVAILABLE 24/7
LEAN WAYS OF WORKING
CONTINUOUS IMPROVEMENT
PROACTIVE

Companies House

Annual Report and Accounts 2012/13

Presented to Parliament pursuant to section 4(6) of the Government Trading Funds Act 1973 as amended by the Government Trading Act 1990.

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

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1.1m signed up to **PROOF**

PROOF (PROtected Online Filing) is a free service offering companies protection from fraudulent filing as it prevents certain paper forms being filed.

Companies who sign up to PROOF can only make changes to their company record digitally, ensuring that any changes are being registered by the company itself.

97.9% ANNUAL RETURNS FILED DIGITALLY

97.9% of invoices paid within 5 days

Doubled to **578,000** COMPANIES SIGNED UP TO **eReminders**

Delivering electronic reminders has saved £213,000, improved processes, achieved record compliance levels and increased digital take up.

Companies signing up to the service have more than doubled (from 275,000) since last year.

99% Accounts compliance

Excellent accounts compliance rates have been maintained throughout the year.

29,500 App downloads

We introduced a mobile app in September making key public data accessible on mobile devices. This new product was positively received by our customers.

£13

The cost for filing an annual return. Due to the efficiency savings and improvements made to our services we were able to reduce the filing fee.

8%

Reduction in carbon emissions for our headquarters building.

Staff engagement

63%

Following the results of our annual staff survey, this percentage represents the extent to which our staff are engaged in their work and who are committed to deliver the organisations goals and values.

119,000 viewed our **DEMOS**

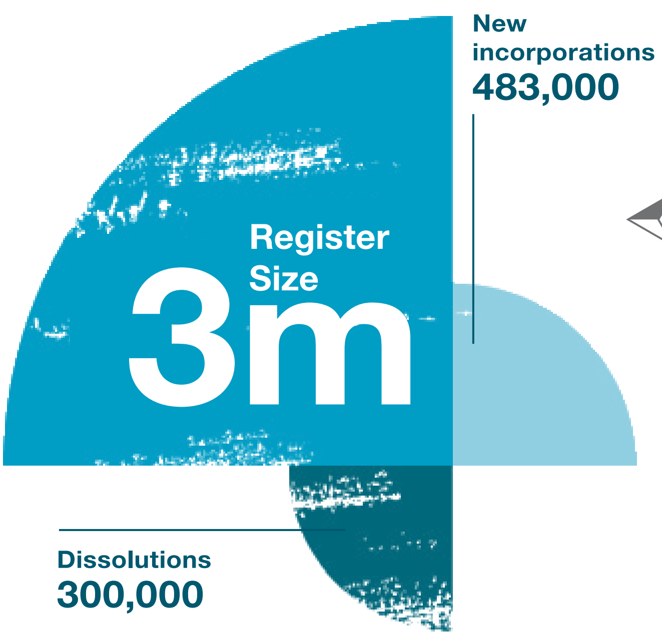
The number of views of our WebFiling demonstration videos on YouTube through our website. These demos have been positively received by our customers and fit with the government's Digital by Default agenda.

Operating income **£63.7m**

108,200,000 website page hits

£4.6 million capital investment

£3.7m was invested in improving our IT capability and capacity. We also spent £0.9m on improving the infrastructure and working environment of our buildings.



Register

SIZE

For the first time the number of companies on the Register topped 3 million and the Register was accessed electronically more than 200 million times.

15,000 FREE BULK DATA downloads

The amount of times the free bulk download service was used giving customers access to basic company data for the first time.

WebCHeck

240%

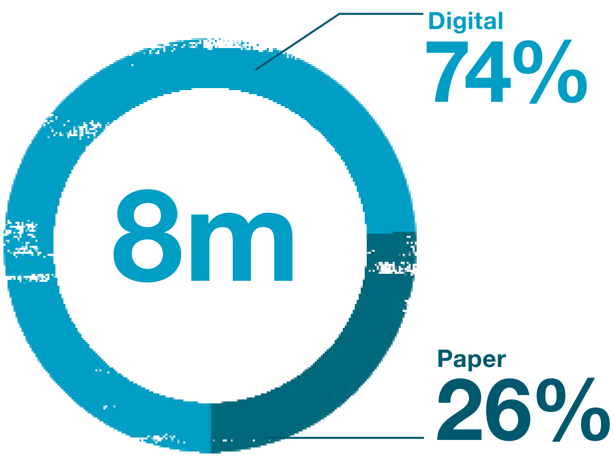
The elimination of the fee for director information saw usage increase by 240% on WebCHeck.

115m FREE URI SEARCHES

The number of searches using our Uniform Resource Identifier (URI) service. The URI is a unique web address for each company and will return basic details for that company.

search

Company information filed



97.5%
Incorporations
FILED DIGITALLY

Digital company incorporations have continued to rise throughout the year.

1.2 million CALLS

The number of telephone calls our Contact Centre responded to during the year. Representing a 14% reduction on last year, as a result of improvements made to our website and online services.

JOINT STATEMENT

From the Chairman and Chief Executive

2012/13 saw the start of a new era for Companies House building on the successes of the past. For the first time the number of companies on the Register topped 3 million and the Register was accessed electronically more than 200 million times.

The success of our drive to digital continued, we provided new services to customers and yet again there have been impressive efficiency gains. At the same time new governance arrangements (for further details please see page 36) have been implemented and there has been a step change in the Open Data agenda. During the year a strategic review was also undertaken, highlighting our longer term vision for the next 3-5 years.

Companies House supports UK plc by delivering the transparency of limited companies, giving confidence to investors, customers, suppliers, entrepreneurs and directors. More companies were incorporated in the UK than ever before, there are now more UK companies than ever before, more people accessed company information than ever before, data was provided in more ways than ever before and more information was made available for free than ever before.

During the year:

- The Uniform Resource Identifier (URI) service was used 115 million times
- The free bulk download service was accessed 15,000 times
- The free Companies House app was downloaded 29,500 times
- The elimination of the fee for director information saw usage increase by 240% on WebCHeck.

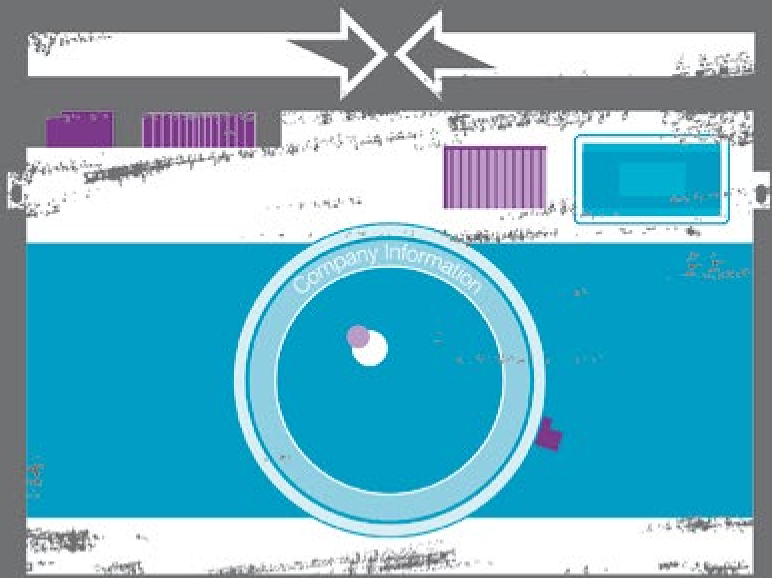
Companies House continued to lead the way in driving the Digital by Default agenda — 74% of all transactions were digital, with the filing of digital accounts growing by 28%. A move to digital joined up government saw 15,000 companies registering for tax at the same time when they incorporated their company. We also made significant enhancements: to our digital services, launching the company profile page; the free Companies House app, which provides access to the live Register anytime, anywhere. We have also made full use of our new usability suite to ensure customers tested all new services well before launch.

Digital by Default is not just about better services for customers, but also about delivering efficiencies. Electronic reminders for companies: has saved £213,000; improved processes; achieved record compliance levels; and increased digital take up allowed us to reduce headcount by 20 Full Time Equivalent (FTE) staff. Alongside our application of lean and implementing continuous improvements has helped us to reduce the cost per company on the register by 13%.

These successes are down to the hard work and commitment of our staff and we were really pleased to see the increases in staff engagement, increased attendance levels and great service they have given to our customers. This report provides the formal reporting requirements but also allows us to celebrate the successes of our staff and point forward to the plans for the coming year.

Brian Landers
Chair of Companies House

Tim Moss
Chief Executive and Registrar



FREE COMPANY SNAPSHOT

In June we launched a new free public data product. This is a downloadable data snapshot containing basic company data of all companies on the register.

01
Customer

We manage the organisation using a balanced scorecard approach, which splits our activities and measures into four main sections: Customer, Process, People and Finance. Our annual business plan is also structured using this approach and all activities are linked to our overarching strategic goals. This provides a clear line of sight across the whole of our reporting process.

Service Improvements

Customers continue to be at the forefront of everything we do. We have built on our excellent digital services to make it even easier for customers to do business with us, and also to deliver efficiencies. We have listened to customers and delivered some key improvements during the year.

In our aim to make information more readily available, we launched a new free public data product in June 2012. This is a downloadable data snapshot containing basic company data of all companies on the register, which is produced on a monthly basis.

We launched a brand new mobile app in September 2012 which has proved extremely popular, with over 29,500 downloads. As well as making key company information more accessible to mobile devices, the ability to store companies as 'favourites' and view key statistics has received positive comments from customers. We will continue to develop the features within the mobile app based on customer feedback.

In April 2012 we redesigned our WebFiling service, making it even easier for companies to file information with us. The new service has a streamlined registration and sign in process and now offers a new user-friendly 'company overview' screen to replace the old forms menu. Now users can see their core company information all on one screen. We redesigned WebFiling forms for officers' changes, registered office address, and abbreviated accounts, making them more intuitive and easier to complete using a question and answer type format, which has been well received by our customers.

Of particular success is the brand new web form for abbreviated accounts which was launched in February 2013 and has replaced the old template that customers told us was cumbersome. This has resulted in positive feedback with some customers stating that they were "really impressed" and it was a "great improvement".

During the past year we have used feedback from customers to develop new services and features including

Key facts

- We redesigned our WebFiling service, making it even easier for companies to file information.
- We launched a brand new web form for filing abbreviated accounts digitally.
- Our WebFiling demonstration videos received over 119,000 views.

a new joint registration service, allowing customers to register for corporation tax with Her Majesty's Revenue and Customs (HMRC) at the same time as incorporating a company.

We have started work on developing new services to further improve the customer experience, including combining our filing and search services into a single service (Companies House Service), moving to a search driven approach. This will eventually replace all c individual services (Companies House Direct, We WebFiling) and give us a new single platform anc point for searching and filing company informatic development will improve our customers experie avoid the need to maintain multiple services.

As part of our aim to make data more readily ava are looking to develop a new accounts data proc the information supplied in digitally filed account:

To fit with the Government's Digital by Default ag will be further enabling transactions digitally, as v developing a simplified annual return transaction

We have also been working closely with colleagu Government Digital Service (GDS) to develop ou to meet GDS guidelines and ensure compatibility readiness for migration to the GOV.UK platform.

In a recent survey, 93% of visitors to our website found most or everything they were looking for, a (2011/12: 73%) stated that the site was easy to u:

Payment Provider
In February 2013 we moved to a new payment p for our online transactions via credit card and Pa The move to Barclaycard SmartPay was implem very smoothly with little impact on customers. As this switch, we have been able to introduce one changes that customers have been asking for in card details to be stored by the payment provide future transactions.

Your staff are polite, intelligent and helpful. They help people navigate their way through difficult tasks and that makes it easier for me to run my business more efficiently.

Customer quote

Social media
We have expanded our use of social media and in particular have produced a number of new video demonstrations to guide customers through the most common transactions on our WebFiling service. The videos, created in-house and hosted on YouTube, are available from our website and WebFiling services. These videos were viewed over 119,000 times.

r Contact Centre
ct Centre provides support and guidance to our via telephone

ear, a total of 1,195,126 calls were answered, esents a 14% reduction on last year. This eflects the number of improvements made site and online services. The total number of eived increased by 1% to 471,510 due to a our working processes and changes to our behaviour.

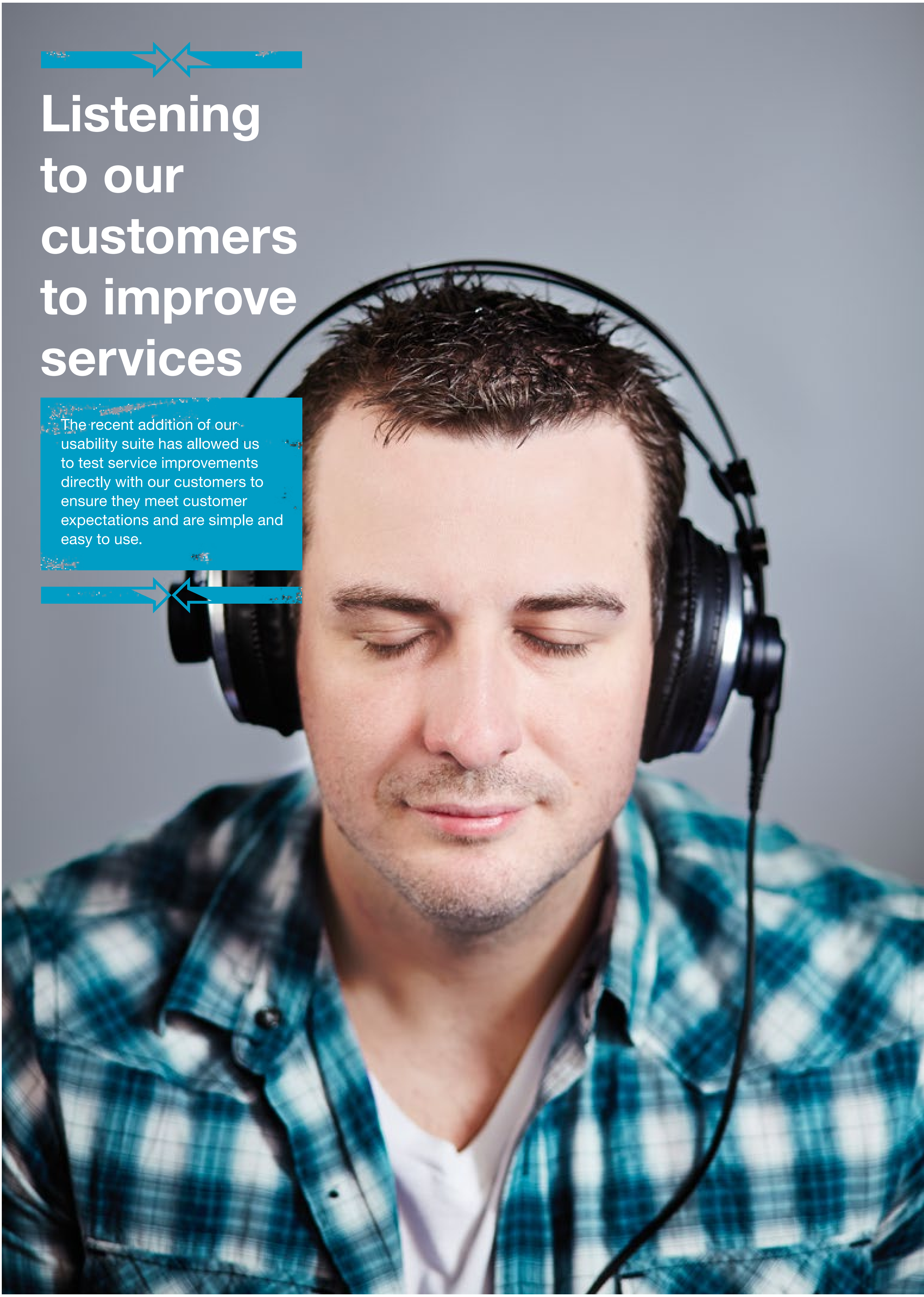
Customer Service

Customer Service Excellence
Throughout the year we continued to demonstrate our strong customer focus and were again awarded the Customer Service Excellence standard (CSE) accreditation (formerly known as Chartermark), which we have held since 1992. 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 towards continuous improvement. Several activities implemented within the year were also recognised as best practice within business.

Customer Satisfaction
Customer satisfaction has remained a top priority for us and as a result of improvements to our services and guidance, we increased our customer satisfaction rate from 84.2% at the beginning of the year to 85.7% at year end (an average of 85% throughout the year). This increase is due to a number of service enhancements to our digital services, acting on feedback received and carrying out extensive customer usability testing. Over the next year, we will continue to concentrate on exceeding our target of >86% customer satisfaction, through continuous improvement to our services.

Listening to our customers to improve services

The recent addition of our usability suite has allowed us to test service improvements directly with our customers to ensure they meet customer expectations and are simple and easy to use.



Customer Engagement & Insight

The changes made to our services in response to customer feedback have resulted in an overall increase in customers being satisfied with the service we provide.

We continue to address customer feedback by reviewing comments and complaints and ensuring these are built into any new developments or system enhancements.

The recent addition of our usability suite has allowed us to test service improvements directly with our customers to ensure they meet customer expectations and are simple and easy to use. This will continue throughout all new developments and will also be available to our partners within the Public Data Group (PDG).

In addition to our usability suite, we carry out remote usability testing using our online user panel. This panel of customers is also used to gather valuable insight relating to our products and services and to determine the appetite for new product offerings.

The introduction of call analytics will provide first hand insight as to why customers are contacting us by telephone which will feed into our website and service improvements.

Over the year we have concentrated on our web analytics to identify any problem areas on our website and digital services. We have paid particular attention to the completion rates of each transaction. This coming year we will be measuring the completion rates monthly to identify further improvements to our customer journeys.

Customer Care & Customer Champions

Our customer care managers held regular one to one meetings with key customers which provided help, support and guidance for them. Customers also had the opportunity to put forward their suggestions and comments for improvement which were fed into our Digital Services Programme.

Companies House Events

During the year we held a series of customer information day seminars and first time directors' events throughout the UK, providing support, education and guidance to business. This year our events programme was enhanced to include a new event, which is hosted in conjunction with the Intellectual Property Office (IPO). The 'Get it Right First Time' event is targeted at newly appointed directors who want to gain a better understanding of their responsibilities to Companies House.

In order to raise awareness of our services, and to demonstrate how easy it is to file and search information with Companies House, we attended various business events across the country, such as business start-up exhibitions and accountancy conferences.

Focus Groups

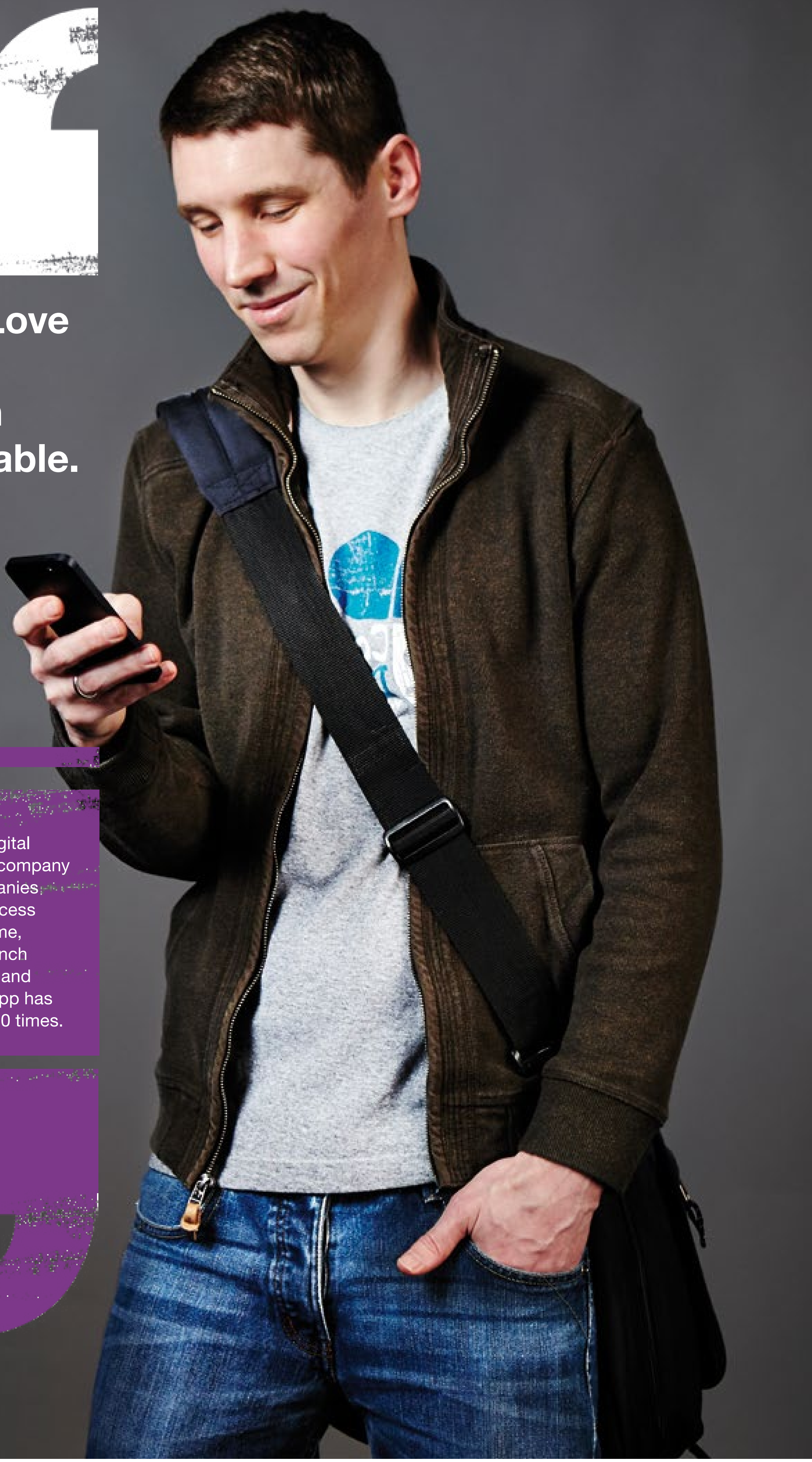
We have continued to add to our customer insight through the bi-annual meetings of the regional focus groups that are held up and down the country. The groups provide the opportunity for attendees to hear, first hand, information about any new developments, new initiatives that Companies House is working on and any wider government issues that will impact on them.

The sessions continue to be well attended and customers have provided valuable feedback, which has helped shape our thinking on key service developments.

Excellent. Love having this information easily available.

Customer quote

We made significant enhancements to our digital services, launching the company profile page, free Companies House app providing access to the live register anytime, anywhere. Since the launch in September the Apple and Android version of the app has been downloaded 29,500 times.



02

Process

This has been a good year for our systems and internal processes. We have made significant progress in driving Digital by Default, with over 74% of transactions now being filed digitally.

The number of accounts being filed digitally has grown to 50.1% at the year end, hitting a record in the month of March of 63.8%. The digital filing of accounts is a top priority for us and the work we have done with key software providers, as well as enhancing our own WebFiling capabilities, has proved vital.

We have exceeded the 80% take-up target for all other document types, finishing on 83.1% at the year end. Annual returns and incorporations continue to be the leading documents for digital submissions, both averaging 98% for the year.

Our push towards Digital by Default has resulted in more than half a million companies signing up to receive email reminders, more than double last years amount (2011/12: 275,000).

Key facts

- The number of accounts being filed digitally has grown to 50.1%.
- The number of customers signing up to the eReminder service has doubled from 275,000 to 578,000 since last year.
- The average compliance rate for accounts was 99%, a record high.

Compliance and Late Filing Penalties

We built on the great work to increase our compliance rates this year and reached another record high of 99% average compliance for accounts.

Last year we improved the messaging within our annual return reminders to encourage directors to file on time. This has contributed to a 7% increase in annual returns being filed on time. The number of companies signed up to receive email reminders is steadily increasing and the compliance rates for these companies are significantly higher than those still receiving paper reminder letters by post.

Under our new Enforcement Strategy we have prioritised resources to focus on offenses where there has been persistent, repeated and willful non-compliance. Early indications show that this change of focus and approach is having a positive effect on changing the filing behaviour of these persistent offenders.

Business Change & Continuous Improvement

We have built on the successes of last year and further streamlined our processes, making them more efficient than ever. We have introduced a new contact and case management system improving the way in which we communicate and correspond with our customers.

We have rolled out the visual information boards initiated in our customer delivery area to the rest of the organisation and these have continued to improve staff awareness and communications across the business.

03
People

The successes delivered this year are down to the hard work and commitment of our staff and we were really pleased to see the increase in staff engagement, increased attendance levels and great services they have given to our customers.

Staff Engagement
Our engagement level rose this year to 63% and reflected the wide range of initiatives which we introduced to deliver improvements. These included the introduction of business plan presentations with staff led by the Chief Executive, positive interaction on a range of sensitive issues including reviewing terms and conditions with the local trade unions and specific action plans to address people issues within each business area.

Skills and Capability
A range of training activities was delivered, improving our skills and capability, particularly in terms of customer care, leadership and legal compliance. Our mandatory protection of information was completed by 100% of staff. A range of methods was used, including e-learning, face to face and coaching. We launched a Management Development Programme for managers of all levels and experience. In September we promoted the development offerings available through Civil Service Learning and have provided courses for our staff, including Regular Performance Discussions and Personal Impact and Effectiveness. We continued to identify skills gaps and anticipate future requirements, particularly in relation to the government wide digital agenda and the introduction of a new Civil Service wide competency framework.

Improving Performance
The introduction of a new performance management policy, which focuses on assessing delivery of objectives and behaviours, provided a platform for more meaningful discussions with staff where the emphasis was on development and improvement. It also provided key data in terms of current performance levels using a new 9 box grid rating framework assessment tool. This enabled more targeted work to take place on performance management as a whole, including identifying potential and dealing with poor performance.

Attendance Management
We created a corporate wide attendance panel which was supported by the development of a suite of absence data to highlight issues and concerns. There was also a focus on supporting individual areas in the business with high levels of absence. We used a structured communications plan to ensure the issue and impact of absence was understood by all staff and positive early intervention on health issues was introduced by our dedicated attendance team. This has resulted in a reduction in long term absence, more proactive management of short term absence and a clearer understanding of roles and responsibilities across the organisation.

This will remain a key priority for the forthcoming year.

Rewards and Incentives
Having exited the Government's pay freeze, we negotiated a 1% pay increase for our staff. We made arrangements to pay our corporate efficiency award which we funded by exceeding our efficiency target. We again paid our exemplar award to our top performing staff, with more than 10% of our work force benefiting. We continued to utilise our values award scheme to reward staff for demonstrating our corporate values whilst carrying out their duties. We also supplemented the practice by introducing in year schemes which enables directors and the Chief Executive to recognise good work throughout the year.

Employee Relations
We continued to promote and enjoy a good working relationship with our local trade union colleagues, working within our partnership framework to agree changes to policies, including performance management, as well as achieving agreement on some aspects of Civil Service Reform.

If only other government sites were as easy as this one. If only their staff were as friendly as yours too.

Customer quote

Key facts

- Our engagement level rose this year to 63%.
- More than 10% of our staff received an Exemplar Award for exceptional performance.
- A range of training activities was delivered improving our skills and capability.

efficient to **reduce** your costs

Due to the efficiency savings and improvements made to our services we were able to reduce the filing fee for annual returns to £13.

Key facts

- We invested £4.6m in capital and development activities this year.
- The total expenditure for the year was £53.3m, a reduction of £5.1m compared to last year.
- Savings totalling £2.2m, including procurement savings from improved prices on renewals, on merchant acquirer and multi-vendor contracts resulting in lower prices and more free products.

04

Finance

As a Trading Fund, Companies House is funded by income from its fees. Total income for the year was £63.7m, a fall of £2.5m compared to 2011/12 following a price reduction in chargeable services in October 2012, and in addition, even more information was provided free of charge. This was all made possible by further efficiency savings and reduced costs this year.

Overall, fee bearing volumes have remained relatively constant over the past two years, and we have also seen a significant rise in the take-up of data supplied free of charge.

Despite increased volumes of incorporations (483,000 compared to 456,000 in 2011/12) and annual returns (2,387,000 compared to 2,263,000 in 2011/12), income derived remained at the same levels as last year due to further electronic take-up in both products; together with a reduction in prices for these products resulting from lower costs and efficiency savings. 97.5% of incorporations were filed electronically in 2012/13 (96% last year) and 97.9% of annual returns were filed electronically (2011/12: 96.6%), with the price differential offsetting the volume increases.

The total expenditure for the year was £53.3m, a reduction of £5.1m compared to last year (£1.8m excluding 2011/12 restructuring costs). This is a significant reduction which builds on the savings delivered over the past few years.

The operating surplus, before interest for the year ending 31 March 2013, was £10.3m (2011/12: £7.7m). After finance costs and declaring a dividend on Public Dividend Capital of £4.3m, a net surplus of £6.2m arose and was transferred to reserves.

Investment

We invested a total of £4.6m in capital and development activities this year. We invested £3.7m 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 (CHIPS) 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 £17.3m. We will continue to use our cash balances to invest in the improvement of our services and infrastructure.

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 fourth year of that target period and we have now achieved a cumulative return of 11%. This indicates that a rate of return in excess of the 3.5% cumulative target rate is likely to be achieved by March 2014.

Efficiency

2012/13 is the second 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 to the 2010/11 baseline. This year we have achieved a cumulative 24.8% (2011/12: 13.6%), after adjusting for inflation and factoring in the number of companies on the Register.

Savings totalling £2.2m were made during the year, including procurement savings from improved prices on renewals, on merchant acquirer and multi-vendor contracts. We also introduced smaller, efficient and flexible server technology for our front-end services. We saved postage costs by increasing the number of electronic reminders sent to companies, and achieved significant staff cost savings by not routinely backfilling vacancies as they arose. There were also numerous other smaller value savings made, including many efficiency ideas contributed by Companies House staff.

Late Filing Penalties

We have also prepared a separate trust statement for the Late Filing Penalties (LFP) regime. The cost of operating the scheme in 2012/13 was £4.9m (2011/12: £5.3m) and £60.5m was remitted to the Consolidated Fund in respect of penalties collected.

05 Collaborative Working

Throughout the year we have been proactive in our approach in working across government to contribute to delivering against the wider government agendas.

Public Data Group (PDG)

Over the last year we have engaged actively with colleagues in the PDG (Land Registry, Met Office and Ordnance Survey) and in particular have found sharing of best practice both beneficial to us and somewhere we can contribute to others. Significant areas of sharing have been around continuous improvement, digital services and social media and common interests in IT, Finance and HR. Other members of the PDG have also used our new usability suite to conduct their own research to gather valuable insight from their customers that they can act upon.

Our membership of PDG has meant a move to the Shareholder Executive within BIS and has provided additional links to organisations such as the Data Strategy Board (DSB), which aids our understanding of the requirements and concerns of the Open Data community.

Other partners in government

We have again also worked closely with other colleagues in BIS, outside the Shareholder Executive. In the first part of the year particularly around the input received to the Red Tape Challenge. Following this, we have worked with BIS to identify Statutory Instruments which can be removed and consultation is currently in progress on simplifying the company names regime. Wider questions relating to annual filings will be covered in the Strategic Review that is currently being undertaken.

At the beginning of the year, after working with HMRC, we launched a service to allow customers to incorporate a company and register for corporation tax in one process via the Companies House WebFiling service. We continue to work with HMRC to identify other areas in which collaboration between us would improve the experience and reduce the burden for customers dealing with government.

We have also worked with GDS, benefiting from their input to our ongoing improvements to our web services and inputting into wider areas of government digital strategy.

Fraud

We continue to be a data provider for the National Fraud Intelligence Bureau 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 PDG.

International

This year, we have continued work as part of the UK team negotiating the European Union's directive on the Interconnection of Business Registers. Work will continue during 2013/14 to agree the implementing acts, forming the basis for the technical application of the Directive.

Companies House is also a member of the Corporate Registers Forum (CRF). The forum provides the opportunity to review the latest developments in corporate business registers internationally and exchange experiences/information on the present and future operation of corporate business registration systems. Delegates from Companies House represented the UK at the 2013 CRF Conference in New Zealand, presenting on the use of eXtensible Business Language (XBRL) and international benchmarking. Also, the UK was re-elected as a board member of CRF and will take over the presidency in 2013/14.

06 Responsible Business

Companies House takes its corporate social responsibilities seriously, particularly with regard to the environment and supporting the local community.

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

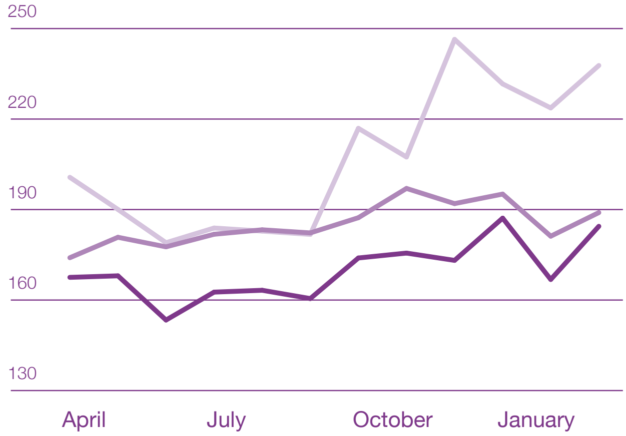
Companies House acknowledges that through our environmental management system we can make continuous environmental progress. We believe that the improvements that we make contribute to and help the difficult global environmental challenges we face.

Environmental Management System
Since 2002, Companies House has achieved the International Environmental Management Standard, ISO14001. 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.

Carbon Management
We have made significant progress in reducing the carbon that we produce. Carbon saving projects have been completed which are now yielding substantial savings. These are:

- IT server energy efficiency upgrade;
- LED energy efficient lighting upgrade;
- Lagging of main heating pipes to current standard; and
- Improved efficiency of the management of our biomass and gas boiler heating system.

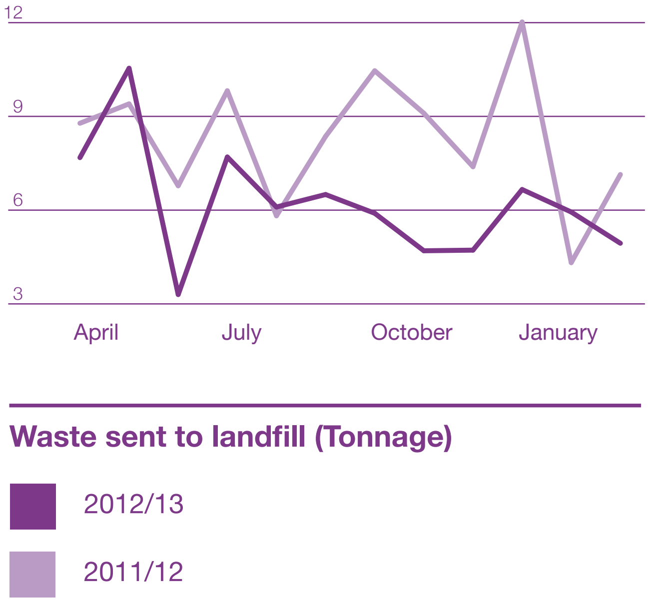
Over the last financial year Companies House has produced 2036 tonnes of carbon dioxide from our utilities at our Cardiff main office. This is a reduction of 8% when compared to the previous financial year. Companies House was placed within the top 8% of qualifying organisations, in the CRC Energy Efficiency Scheme league table 2013.



Carbon (CO^2) emission in the Cardiff office

- 2012/13
- 2011/12
- 2010/11

Waste
During the year we achieved a further 25% reduction in the amount of waste we sent to landfill. This was delivered through the current binless office recycling facilities and the introduction of food waste recycling throughout the Cardiff office.



Fundraising
A number of fundraising activities were undertaken by the Sports and Social Club throughout the year. Overall an impressive £5,725 was raised for several national and local charities. In addition, staff worked hard to raise the target amount of £5,000 for Guide Dogs Cymru, enabling Companies House to sponsor and name a guide dog puppy, ArCHie.

Volunteering
Last year we reported on a new initiative for Companies House staff to create a "Volunteer Bank", where staff from across the organisation offered their time and services to volunteer with a local charity called Vision 21. This is a charity that works with young adults with learning disabilities, providing them with life skills and qualifications to establish a level of independence. During the year, 36 staff members volunteered, worth a total of 261 hours.

Diversity
We continue to champion diversity. Talks were given to staff on autism, deaf awareness, mental health awareness and lesbian gay bisexual. One of our Senior Civil Servants agreed to champion diversity, which will see the profile of the subject raised even further over the next 12 months, and we are launching a new style Equality Diversity Forum.

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 our business processes in the future.

We continued our commitment to 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.

External Recruitment
Levels of external recruitment continue to be low with only four staff recruited externally during the year. We recruited three of these into our IT department and the other in our Belfast office.

Information Security
Companies House takes Information Security very seriously. To do this we have put in place effective information risk management and security processes.

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 which is collected, processed and stored within Companies House.

As well as having a mandatory requirement to adhere to the security policy framework and other government standards, we are also certified to ISO 27001 (the international standard for information security).

The security policy framework describes the standards, best practice guidelines and approaches that are required to protect UK Government assets (people, information and infrastructure).

ISO 27001 sets out requirements for an information security management system to address overall business risks. It specifies requirements for the implementation of security policy and technical controls customised to the needs of Companies House.

All staff undertake mandatory information security training.

We have a robust security incident process in place. During this year there have been no major information security incidents or data breaches, and there have been no incidents that required reporting to the Information Commissioner.

07 Looking Forward

As reported in the previous pages, 2012/13 was a busy and productive year for us and we delivered many successes, including improved staff engagement and attendance; customer satisfaction and efficiencies; lower fees; an improved filing service, service refresh, more free data and we launched a free mobile app to name a few.

As we enter a new year, we will build on these exciting developments whilst continuing to deliver further efficiencies. Customers will remain at the heart of our strategy and as always the ‘how’ is as important as the ‘what’ — our values and principles will be front and centre. Companies House will maintain its focus on improving the customer experience and contributing to the Government’s wider growth, transparency and digital agendas. The development of our staff is high on our agenda and we will continue to invest in them and provide an environment where our skills and capabilities are continually evaluated and reviewed to meet the challenges of the future.

During 2013/14, we will begin to implement the outcomes of the Strategic Review as presented to Ministers in May 2013, which sets the direction of travel for Companies House over the next five years. The review highlights our longer term objectives and sets out the activities that we will need to deliver to respond to key governmental priorities, by identifying ways to: reduce burdens on companies; deliver further efficiencies; drive forward the digital agenda and develop new services (in particular the Companies House Service — consolidating our existing services to provide a single entry point) to further improve the customer experience.

With these highly anticipated developments, 2013/14 looks set to be another busy year for our staff. However, with their continued help, support and engagement, the Companies House Board is confident that Companies House will continue to deliver successfully against its aims.

The key stages of our journey are outlined in our business plan, which provides the detail on our activities during 2013/14. As we work towards 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?

And how we operate is underpinned by our three values:

- Doing it Right
- & Working Together to
- Make a Difference.

Within this changing landscape, we have set ourselves the following priorities to improve services for our customers:

- The development of the Companies House Service;
- Launching accounts data products;
- Increasing the take up for eReminders;
- Implementing further improvements to our mobile app;
- Continuing our drive to increase the enablement of Accounting Software packages;
- Acting on customer insight to improve our customer offering;
- Implementing electronic charges (mortgage);
- Continuing to identify ways to reduce further burdens on our customers;
- Developing the skills and capabilities of our staff;
- Continuous improvement training to be rolled out to the remainder of staff within the customer delivery directorate;
- The development and roll out of an electronic workflow system;
- Improving the integrity of the data on the Register;
- Continuing to improve the working environment with a focus on efficiency and the environmental impact of any changes.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Main Board

1. Brian Landers
Chair of Companies House

Brian Landers was appointed as the Chair of Companies House on 1 August 2012.

Brian is a member of the Competition Appeal Tribunal, an Audit Commissioner and Treasurer of the UK section of Amnesty International. He was previously Deputy Chairman of the Financial Ombudsman Service and a Trustee of the Royal Armouries.

He has extensive private sector board experience in the UK and overseas. He has held financial, operational and general management positions in insurance, manufacturing, management consulting, retail and most recently publishing, working for such household names as Sainsbury's, WHSmith and Penguin Books. In addition he was the first Finance Director of the Prison Service. He has an MBA from London Business School.

2. Tim Moss
Registrar of Companies for England & Wales & Chief Executive of Companies House

Tim Moss has been appointed into the above post on a permanent basis. Tim has been carrying out the role on a temporary basis since March 2012. He will become the 31st Registrar of Companies in a long line that first started back in 1844.

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. 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.

3. Ann Lewis
Director of Operations and Customer Delivery

Ann joined Companies House in July 2009 and is responsible for the central operations, customer service and 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.

4. Neil Hartley
Director of Corporate Services

Neil joined Companies House in November 2012 and is responsible for corporate services including HR, IT, finance and estates.

An accountant by profession, Neil has experience of a range of finance, corporate service and change leadership roles. He has worked in a number of departments and arms length bodies, including the Planning Inspectorate, the Infrastructure Planning Commission, Government Offices for the Regions, communities and local government, the former electricity regulator and HMRC.

Prior to joining Companies House, Neil worked on a review of new business models for central government functions, the merger of two national planning bodies and a national transformation programme for the Government Office Network's finance and procurement functions.

5. Sheila Doyle
Non-executive Board Member

Sheila has extensive experience in business, in particular specialising in IT management, strategic alignment and complex programme 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.

6. Peter Wyman
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.

7. Craig Lester
Non-executive Board Member

Craig currently works at the Shareholder Executive (ShEx — part of BIS) and leads on the National Nuclear Laboratory and the Nuclear Liabilities Fund, as well as being the lead sponsor for Companies House. Before that, he led ShEx's Nuclear Decommissioning Authority team and has had a varied career across the public sector, including senior policy, operational and delivery roles in HM Treasury and HMRC. He also spent three years as Director of Client Development at the Valuation Office Agency leading their fee-earning property work.

8. Jeff Lynn
Non-executive Board Member

Jeff is CEO and co-founder of Seedrs, one of the world's leading equity crowd funding platforms. He also serves as founding Chairman of The Coalition for a Digital Economy (Coadec), which advocates on behalf of digital startups and SMEs on policy and regulatory issues. Jeff is a passionate supporter of digital innovation and is a strong believer that the UK is the best place in the world to build a high-growth, global-facing business today.

Jeff began his career as a corporate lawyer, practicing with Sullivan & Cromwell LLP in New York and London. He has an MBA and BCL from the University of Oxford, a JD from the University of Virginia and a BA from the University of Pennsylvania.

9. Mike Taylor
Non-executive Board Member

Mike has a MA Hons in Economics from Cambridge University. His professional career started in the City where he was a research analyst. Mike rose to director level and headed the media research team at Credit Suisse First, Boston. He was ranked highly within the leading internal and external polls and was involved in a number of high profile capital raising exercises for companies such as BSkyB, Granada Media and Thomson Corporation.

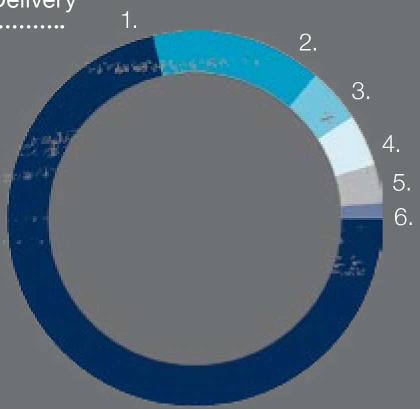
Mike left the City in 2003 and founded Innovise plc. As founder, CEO Mike has led the buy and build growth of Innovise that has been recognised for its rapid growth in the IT market as a three times Deloitte Fast 50 Winner (2010, 2011, 2012) and a two times Sunday Times Tech Track Winner (2011, 2012).

Mike lives in Surrey with his wife and two daughters.

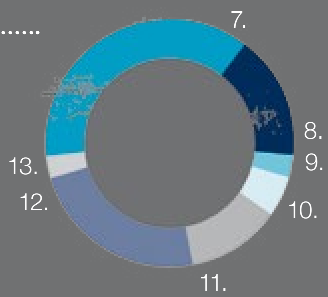
Organisational Chart

Tim Moss
Registrar of Companies for England & Wales
& Chief Executive of Companies House

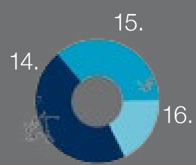
Ann Lewis
Operations and Customer Delivery



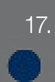
Neil Hartley
Corporate Services



Tim Moss
Corporate Strategy



Gwyneth Edwards
Legal



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
12. Finance
13. Procurement

Corporate Strategy

14. Corporate Communications & Customer Insight
15. Strategy & Policy
16. Assurance Risk & Consultancy

Legal

17. Legal

09 Remuneration Report

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

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. 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

One senior manager received a benefit in kind of £1,300 in 2012/13, this amount is included in the main remuneration table (2011/12: 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.

Performance related awards are assessed annually by the Remuneration Committee. The one off payments are determined by individual performance and criteria associated with Companies' House performance management process and aligned to the policy for public sector pay.

Civil Service Pensions

Civil service pensions have been under review with the Hutton Report indicating the need for change in order to be able to afford future liability. The Government accepted the recommendations for pension reform using the findings of the Hutton report to consult with Trade Unions on increasing member contributions.

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 which is dependent upon both your salary and which pension scheme you belong to. Members of the classic scheme rate of contribution ranges from 1.5% for those who earn less than £15,000 with those earning over £60,000 paying 3.9%. Staff in the Classic Plus, Premium, or Nuvos schemes rate of contribution ranges from 3.5%, for those earning under £15,000, to 5.9% for those earning in excess of £60,000. Further increases to employee pension contribution rates are scheduled for 2013 and 2014.

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 up rated 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

The following tables have been audited
This section provides information on the salary and pension entitlements of the senior managers of Companies House in the year to 31 March 2013.

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. Non-Executive salary

	2012/13	2011/12
	£'000	£'000
Brian Landers (Appointed August 2012)	15-20	nil
Andrew Summers (Resigned December 2012)	5-10	5-10
Nicky Alberry (Resigned September 2012)	0-5	5-10
Peter Wyman	10-15	5-10
Sheila Doyle	10-15	5-10
Jeff Lynn (Appointed March 2013)	0-5	nil
Mike Taylor (Appointed March 2013)	0-5	nil
Craig Lester (Appointed May 2012)[1.]	nil	nil

[1.] Remuneration is paid by the Department for Business, Innovation and Skills (BIS).

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.

The ratio presented here is the total remuneration of the Chief Executive (taking the mid-point of the range disclosed) and the median total remuneration of all other Companies House employees.

	2012/13	2011/12	% Change
	£'000	£'000	
Lead executive total earnings	**90-95**	100-105	-7.75%
Median total earnings	**21**	20	4.27%
Ratio	**4.50** [1.]	5.13 [1.]	-12.14%

1. The calculation for 2012/13 was based on total earnings for Tim Moss. Had the calculation referred to Tim Knighton's FTE salary, as per the 2011/12 calculation, the ratio would have been 4.72. This would have had a consequent effect on reducing the year on year percentage differences.

Remuneration Table

		Tim Moss	**Ann Lewis**	**Neil Hartley** [2.]	**Tim Knighton** [2.]
2012/13					
Salary	**£'000**	80-85	65-70	25-30	20-25
Performance Payments	**£'000**	10-15	0-5	nil	0-5
2011/12					
Salary	**£'000**	75-80	60-65	nil	85-90
Performance Payments	**£'000**	5-10	nil	nil	5-10
Real increase in pension	**£'000**	0-2.5	0-2.5	0-2.5	0-2.5
and lump sum at age 60	**£'000**	5-7.5	5-7.5	nil	nil
Total accrued pension at age 60 at 31/03/13	**£'000**	10-15	30-35	15-20	10-15
and related lump sum	**£'000**	30-35	90-95	55-60	nil
CETV at 31/03/13 [1.]	**£'000**	170	572	284	191
CETV at 31/03/12 [1.]	**£'000**	137	504	-	168
Real increase in CETV funded by employer	**£'000**	23	40	5	14

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. Tim Knighton resigned on the 1 July 2012 and Neil Hartley was appointed on 12 November 2012.

The remuneration of the highest paid director in Companies House in the financial year 2012/13 was £95,000 (2011/12: £102,000).

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 Main Board
There were 6 independent Non-executive Board Members as at the 31 March 2013.

Tim Moss
Chief Executive and Registrar
28 June 2013

10

Key Statistics & Public Targets

Registration Activity	2010/11 '000	2011/12 '000	2012/13 '000
Total Register (Year end)	2,686	2,857	**3,045**
Incorporations	401	456	**483**
Removals from the Register (Dissolutions)	349	290	**300**
Statutory Documents	8,879	7,815	**8,001**

Actual Workload Volumes 2012/13	Total Filed	Paper Filed	Digitally Filed	% Paper Filed	% Digitally Filed
Incorporations	482,795	11,995	470,800	2.5%	**97.5%**
Change of Name	51,945	20,573	31,372	39.6%	**60.4%**
Annual Returns	2,386,535	50,914	2,335,621	2.1%	**97.9%**
Annual Accounts	2,176,312	1,086,711	1,089,601	49.9%	**50.1%**
Mortgage	181,041	181,041	n/a	100%	**n/a**
Liquidations	155,567	155,567	n/a	100%	**n/a**
Second filing of a document previously delivered	9,610	9,610	n/a	100%	**n/a**
Other Documents	2,556,967	552,842	2,004,125	21.6%	**78.4%**
Total Documents	**8,000,772**	**2,069,253**	**5,931,519**	**25.9%**	**74.1%**

Company Image Searches	2010/11 '000	2011/12 '000	2012/13 '000
Individual Images	6,471	5,979	**5,404**

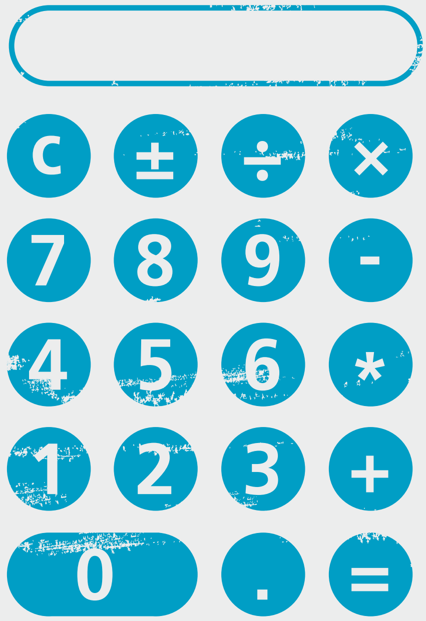
Manpower	2010/11	2011/12	2012/13
Actual year end Full Time Equivalents (FTE)	1,041	902	**882**
Average Full Time Equivalents (FTE)	1,062	957	**890**

During the reporting year, Companies House's performance against its public targets is regularly monitored to ensure that we consistently strive to be the best that we can be, and to ensure that these important targets are met. These targets were recommended by the Executive Board for 2012/13 and approved by ministers. Performance against our public targets was:

Key Ministerial Targets for 2012/13

	2010/11		2011/12		2012/13	
Customer Targets	Target	**Out-turn**	Target	**Out-turn**	Target	**Out-turn**
Customer satisfaction	86%	**79.9%**	86%	**84.2%**	86%	**85%**
Accounts compliance rate	96%	**98.5%**	98%	**98.9%**	99%	**99%**
Annual returns compliance rate	-	**-**	-	**-**	97.8%	**98.1%**
Resolve complaints within 5 days	97%	**98.3%**	98%	**98.8%**	98.8%	**99.1%**
Search customers can access requested documents in 40 seconds	97.5%	**98.8%**	98%	**99.4%**	98%	**98.8%**
Service availability of WebCHeck	99%	**99.9%**	99.5%	**99.8%**	99.5%	**99.7%**
Service availability of Companies House Direct	-	**-**	-	**-**	99.5%	**99.8%**
Service availability of WebFiling	99%	**99.9%**	99.5%	**99.8%**	99.5%	**99.9%**
Service availability of Software filing	-	**-**	-	**-**	99.5%	**99.9%**
Reply to CEO cases within 10 days	100%	**100%**	100%	**100%**	100%	**99.1%**
People Targets						
Average work days lost per person	<10	**10.8**	<10	**10.8**	<10	**9.9**
Process Targets						
Electronic transactions received are available to view on public record within 72 hours	96%	**98%**	98%	**99.9%**	99.9%	**99.9%**
Images placed on CH image system are legible and complete	99.5%	**99.6%**	99.5%	**99.7%**	99.8%	**99.7%**
To achieve an electronic filing target for accounts	30%	**35.5%**	50%	**47.1%**	53%	**50.1%**
To achieve an electronic filing target for all transactions apart from accounts	73%	**78.7%**	78%	**82.6%**	80%	**83.1%**
To reduce carbon emission rating for Companies House headquarters building	-	**-**	10%	**10.5%**	5%	**8%**
Finance Targets						
To achieve an average rate of return based on the operating surplus expressed as a % of average net assets	3.5%	**13.4%**	3.5%	**12.2%**	3.5%	**15.3%**
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	15%	**22%**	15%	**13.6%**	15%	**24.8%**
Payment of invoices within 5 days	80%	**95.3%**	80%	**95.2%**	90%	**97.9%**

Companies House
Accounts 2012/13



The following pages contain the accounts for Companies House Trading Fund and the Late Filing Penalties Trust Statements for year ended 31 March 2013 with supporting disclosure notes.

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 3rd 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 the Department for Business, Innovation & Skills) relating to Finance, Personnel and Support Services. It commenced operating as a Trading Fund on 1st 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 Acts.

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 have been revalued to £17.3m, and the main database supporting the registration activity of Companies House (CHIPS), which was capitalised on 1st March 2008, and which has been further enhanced during the year, has been subject to an annual impairment review under IAS 36, with no adjustment required.

Results and appropriations

The operating surplus before interest was £10.3m (2011/12: £7.7m). After charging interest payable of £34,000 (2011/12: £69,000) and declaring dividends payable of £4.3m (2011/12: £2.3m), a net surplus for the year of £6.2m (2011/12: £5.4m) remained and was added to the General Fund which at 31 March 2013 was £49.9m.

Business Review

The number of companies on the total Register rose by 188,000 during the year to 3m companies (2011/12: 2.9m). The number of companies incorporated during the year was up by 5.9% to just under 483,000 (2011/12: 456,000), whilst the number of companies dissolved increased slightly to 300,000 from 290,000 in the previous year. Mortgage registrations remained at the same level as 2011/12 with 181,000 registrations taking place.

Income from registration activities (excluding Late Filing Penalty (LFP) fees) was £45.8m, a small decrease of £0.2m compared to 2011/12, although the impact of a reduction in fees in October 2012 needs to be taken into account. Income from incorporations was £7.6m as 482,795 companies were added to the register, of which 97.5% were received electronically. Increased take-up for electronic annual returns continued, with 97.9% of all returns filed during the year received via this channel (2011/12: 96.6%).

Gross Administration cost was £53.3m, a reduction of £5.1m compared to 2011/12. Savings totalling £2.2m were made during the year including procurement savings from amongst others, improved prices on contract renewals, increasing the number of electronic reminder letters sent to customers, and achieving significant staff cost savings by not routinely backfilling vacancies as they arose. The cost of running the LFP scheme, including the issuing, collection and enforcement of the penalties, was £4.9m (2011/12: £5.3m) all of which was invoiced to BIS on a cost recovery basis.

The number of total documents filed was 8.0m, which is a 2.6% increase on the 7.8m documents filed in 2011/12. Improvements to operational processes, as well as enhancements to operational software and additional growth in transactions processed electronically, have increased the overall efficiency and effectiveness of the organisation by 13% year on year, and by a cumulative 24.8% since introducing this measure in April 2011.

Consequently, the average number of employees for the year was 982 compared to 1054 in 2011/12. The average associated full-time equivalent posts were 890 (957 in 2011/12), 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 2012/13 was £4.6m (2011/12: £3m). Of this, £3.7m was spent on improving IT capability and capacity, by further enhancing the main operational software, as well as replacing servers. £0.9m was spent on improvements to the infrastructure and working environment, the same amount as in the previous year.

Cash Balances
Net cash inflow for the year was £8.5m taking the cash balances at this year end to £32.5m. We have 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.

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 £17.3m (2011/12: £18.2m). More information on this is provided in notes 5a and 5b.

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 (2011/12: £36,000). An audit was also carried out for the Trust Statements at a cost of £12,000 (2011/12: £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 aims 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. 97.9% of invoices were paid within 5 days (2011/12: 95.2%). 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
There were no gifts of a political nature made during the year.

Main Board
The Main Board members of the agency were:

Brian Landers Chair of Companies House (Appointed 1 August 2012)	**Andrew Summers** Non-executive Board Member and Chairman of the Companies House Steering Board (Resigned 31 December 2012)
Tim Moss Chief Executive and Accounting Officer (Appointed 5 March 2013. Acting from 3 March 2012 to 4 March 2013)	**Nicky Alberry** Non-executive Board Member (Resigned 30 September 2012)
Tim Knighton Director of Business Solutions Delivery (Responsible for Human Resources and Estates from 7 January 2012 (Resigned 1 July 2012))	**Sheila Doyle** Non-executive Board Member
Neil Hartley Director of Corporate Services (Appointed 12 November 2012)	**Peter Wyman** Non-executive Board Member
Gwyneth Edwards [1] Head of Legal Service (Advisory) (Resigned 31 August 2012)	**Craig Lester** Non-executive Board Member (Appointed 1 May 2012)
Ann Lewis Director of Customer Delivery	**Mike Taylor** Non-executive Board Member (Appointed 1 March 2013)
Jeff Lynn Non-executive Board Member (Appointed 1 March 2013)	

1. Gwyneth Edwards is still employed by Companies House, but no longer on the board following the governance changes.

Tim Moss
Chief Executive and Registrar
28 June 2013

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 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, properly accounted for and used economically, efficiently and effectively.

The Purpose of the Governance Statement

The Governance Statement 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.

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

During 2012/13 Companies House changed its governance structure as part of the move to the Public Data Group under BIS' Shareholder Executive (ShEx). The change required the dissolution of some of the organisation's Boards and committees e.g. Steering Board and Executive Board. During the early part of the year, Companies House was also without an official Audit Committee or Remuneration Committee. That coupled with the resignation of an Executive Director and another redeployed as acting Chief Executive, meant that capacity at senior level was reduced resulting in a weakened governance framework.

The Operational Board (formed in April from members of the previous Executive and Agency Business Boards) formally acknowledged the risk to the organisation due to the reduced capacity at senior level, and in order to mitigate the risk, reassessed and delegated responsibilities to ensure the organisation continued to meet its statutory responsibilities and business goals. Staff reassurance was key during this period of change; continued communication through the Companies House intranet and team meetings helped to enforce the "business as usual" message and kept staff up to date.

A transitional Main Board was formed with members of the Companies House Senior Executive Directors and Non-executive Board Members (NEBM) of the previous Steering and Audit Committees to continue to support the strategic direction of the organisation. The Audit Committee also continued to fulfill its role unofficially during this time to further support the organisation. The Companies House Main Board was officially formed in August following the appointment of Brian Landers as Chairman. The new Audit Committee and Remuneration Committee were formed from the new Main Board.

During the summer the transitional Main Board instigated a strategic review to focus on where Companies House would want to be in the next 5 years. This review would take into consideration the benefits of the register and what Companies House can do to best support the Government and the business world. On 1 November Peter Lawrence joined Companies House on a six month secondment from the Cabinet Office to lead the review.

The Board Members of Companies House.

At the beginning of March 2012, Gareth Jones who was on secondment, returned to the Welsh Government; in addition to my role as the Director of Corporate Strategy, I (Tim Moss) was appointed as Acting Chief Executive & Registrar of Companies and Accounting Officer from March 2012 and permanently appointed on 5 March 2013.

All boards and committees (including the transitional boards and committees) were well attended during the year with the occasional unavoidable absence of one or two members who sent in comments on the agenda items prior to the meeting or sent a representative. All discussions and decisions made at these meetings were recorded through minutes and no conflicts of interest were recorded during the year.

Table of attendance of Main Board (formally Executive Board) and its sub-committees (including the transitional period):

Board Members	**Steering Board Meetings** (2 Meetings)	**Main Board Meetings** (12 Meetings)	**Audit Committee Meetings** (5 Meetings)	**Remuneration Committee Meeting** (1 Meeting)
Brian Landers (Non-executive Board Member)	-	6 Chair From August	-	1 Chair
Peter Wyman (Non-executive Board Member)	2	5 From November	5 Chair	1
Tim Moss (CEO & Registrar)	2	12	5 (By invitation)	1
Sheila Doyle (Non-executive Board Member)	2	4 From November	5	1
Nicky Alberry (Non-executive Board Member)	1	-	2 Until September	-
Craig Lester (Non-executive Board Member, Shareholder Executive Member)	2 From May	6 From September	2 From December	1
Jeff Lynn (Non-executive Board Member)	-	2 From February (Appointed March)	1 From February	-
Mike Taylor (Non-executive Board Member)	-	1 From March	-	-
Richard Carter (Non-executive Board Member)	1	-	-	-
Andrew Summers (Non-executive Board Member)	2 Chair	-	-	-
Ann Lewis (Executive Director – Customer Delivery)	2	11	-	-
Neil Hartley (Executive Director – Corporate Services)	-	5 From October (Appointed November)	1 (By invitation)	1
Gwyneth Edwards (Head of Legal (Advisory))	1	4 Until August	-	-
Tim Knighton (Executive Director – Corporate Services)	1	2 Until June	-	-

Leavers/appointments to Companies House Board/committees during the year:

Brian Landers (Non-executive Board Member, Chair of Main Board)	Appointed August 2012
Neil Hartley (Director Corporate Services & Senior Information Risk Owner (SIRO))	Appointed November 2012
Jeff Lynn (Non-executive Board Member)	Appointed March 2013
Mike Taylor (Non-executive Board Member)	Appointed March 2013
Bernadette Kelly (Non-executive Board Member)	Resigned March 2012
Richard Carter (Non-executive Board Member)	Resigned March 2012
Mike Nash[1.] (Director of Finance and Procurement)	Resigned March 2012
Tim Knighton (Director Corporate Services & SIRO)	Resigned July 2012
Gwyneth Edwards[1.] (Head of Legal)	Resigned August 2012
Nicky Alberry (Non-executive Board Member)	Resigned September 2012
Andrew Summers (Non-executive Board Member)	Resigned December 2012

1. Mike Nash and Gwyneth Edwards are still employed by Companies House, but no longer sit on the board following the governance changes.

Companies House Boards and Committees

The Companies House Main Board's principal role is to set Companies House strategy and direction and to oversee operational effectiveness, it is led by an independent Non-Executive Chair, Brian Landers. It comprises senior executives and NEBMs, one of whom is a representative of the Shareholder Executive. The Chairman ensures the membership of the Board contains an appropriate mix of skills and experiences to best support the organisation.

During the year the Main Board:

- Launched the strategic review.
- Discussed the content of the Companies House Framework document.
- Agreed to the development of a new digital accounts data product.
- Agreed the contents of the 2013/14 Business Plan and public targets.
- Reviewed and agreed the Annual Report and Accounts.
- Agreed the Companies House recognition and reward system.

As the Board was newly formed it did not carry out an annual review of its performance this year.

To enable it to fulfil its role the Board has two sub-committees: the Audit Committee and the Remuneration Committee, each chaired by NEBMs. The Board is also supported by an Operational Board, comprising of members of the Senior Leadership Team of Companies House which is chaired by the Chief Executive.

The Companies House Audit Committee is a sub committee of the Main Board. Its role is to provide independent guidance and challenge to the Accounting Officer on matters of audit, corporate governance and the organisation's capacity and effectiveness in managing risk. To support this role the Audit Committee:

- Received quarterly reports of the management and progress against the organisation's corporate risks.
- Approved the Internal Audit plan, reviewed progress reports against the plan on a quarterly basis, and advised on the implications for the overall control framework as well as management responses.
- Reviewed the Annual Report and Accounts and the Companies House Governance Statement.

Membership of the Audit Committee consists of a Non-Executive Chair, Peter Wyman, and two independent NEBMs which increased to three during March. Meetings were also attended by the Accounting Officer, the Finance Director, and Head of 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. Other Companies House directors and senior managers attend on an ad hoc basis.

During December, the NEBMs and I carried out a performance review of the Audit Committee based on the NAO 'Audit Committee Self-Assessment Checklist' which uses the five good practice principles set out by H.M. Treasury. The Committee were confident that they were operating within these principles and identified actions required to continue operating successfully under the new governance model.

The Remuneration Committee is a sub-committee of the Main Board and is chaired by the Main Board's chair, Brian Landers. Other members include the agency's Chief Executive, a representative from the Shareholder Executive and one other NEBM.

The committee will meet when required and at the most appropriate times of the year, for example: in March to set parameters for pay negotiations; in May to agree a formula for the corporate bonus scheme; and at other times to advise on issues regarding pay and grading or to deal with senior recruitment matters.

The Operational Board included members of the Main Board, Companies House Senior Leadership Team, associate members and volunteer observers. The Board's area of responsibility is the day to day running of the business. It is responsible for the delivery of the Business Plan, managing the change programme and prioritising the use of resources when there are conflicting objectives.

During the year the Board:

- Reviewed progress against Companies House Business Plan.
- Monitored and measured performance and effectiveness against targets within the Companies House 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.
- Managed financial performance.

The Risk and Internal Control Framework

Risk Management

The goal of risk management is to support the successful delivery of our strategy and business plan. A formal framework proactively identifying and managing risk exists throughout the organisation from Board level to all operational and project areas. The continuous process of risk management ensures achievement of Companies House objectives and takes into consideration possible future risks, through horizon scanning as well as more immediate concerns. The risk management process also provides Internal Audit with the necessary information to compile its annual plan and a focus for individual audits.

The Companies House Main Board and Operational Board review current strategic and operational risks on a monthly basis. The Audit Committee receives quarterly updates on current risks and meteors (longer-term potential issues) as well as movement within the register during the quarter. Whilst Companies House does not regard itself as having a particularly high risk profile, there is no room for complacency, and so a robust and systematic risk management process is in place. During this year there have been no major information security incidents or data breaches, and there have been no incidents that required reporting to the Information Commissioner.

The Companies House Risk Management Policy and Strategy (the policy) encourages the taking of controlled risks designed to maximise new opportunities, provided the resultant exposures are within our documented risk appetite range. This appetite aids a balanced response to threats and opportunities and provides direction to ensure desired outcomes and protection of reputation. The policy also sets out the allocation of roles and responsibilities to the risk management process of all members of Companies House from Board level down.

Activities completed during the year also include:

- The Chief Executive, senior management and the Assurance Risk and Consultancy team's (ARC) annual review of the organisation's risk appetite along with the Companies House Risk Management Policy and Strategy.
- Improvements to the reporting of operational level and possible future risks.
- Improvements to the monitoring of meteor level risks.
- A programme of risk refresher training for all management grades and risk awareness training for all other staff during the first quarter.
- Sharing of risk processes and practices with the Intellectual Property Office and our Public Data Group (PDG) colleagues.

Risks, subject to Board scrutiny, successfully managed during the year included:

- Organisational capacity at senior level — reflecting the high workload and vacancies at Director level
- Transition to Public Data Group — ensuring we realise the benefits.
- Effect of Olympics on the London Office Customer service.
- Staff Absence, Engagement and Morale — and potential impacts on corporate performance.
- Pay and reward — potential retention issues.
- Customer satisfaction levels — and efforts to return to desired levels.

Internal Audit

Companies House Internal Audit Team operates to Government Internal Audit Standards. The work of the team 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 consider governance and test any significant deficiencies in controls, any 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 3rd parties in addition to their day-to-day oversight.
- Identification of stakeholder expectations, including external certification requirements.

Assurance was also provided over the delivery of significant corporate support activities such as the delivery of our most sensitive company registration processes; the systems to ensure the confidentiality, integrity and availability of the data we hold, including business continuity arrangements; our approach to exploiting social media and enhancing customer insight.

The team also validated compliance with the controls and guidance contained within H.M. Treasury's 'Management of Financial Loss' toolkit, evaluating key corporate activities.

The Head of Internal Audit expressed a 'Satisfactory' opinion in his annual assessment, i.e: the systems of internal control, governance and risk management that 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 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 a senior Board member of Companies House since 2002 and Chief Executive and Registrar, 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 in central government departments: Code of good practice 2011".

Going forward into 2013/14 we will review how well our new governance structure has served us and what else needs to be put in place to deliver our new strategy.

Tim Moss

Tim Moss
Chief Executive and Registrar
28 June 2013

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 2013 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 the Board, the Accounting Officer and auditor
As explained more fully in the Statement of Companies House's and the 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 the 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 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 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 Companies House's affairs as at 31 March 2013 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and 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

2 July 2013

National Audit Office
157 – 197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Statement of Comprehensive Income for the year ended 31 March 2013

	Note	**2012/13** £'000	2011/12 £'000
Operating income	2	**63,658**	66,116
Administration costs:			
Staff costs	3	**(27,391)**	(32,308)
Non-staff administration costs	7	**(25,934)**	(26,148)
Gross administration costs		**(53,325)**	(58,456)
Operating surplus before interest		**10,333**	7,660
Interest Receivable	8	**156**	76
Interest Payable & Finance Costs	8	**(34)**	(69)
Net operating surplus before dividend		**10,455**	7,667
Dividend	9	**(4,261)**	(2,269)
Net operating surplus		**6,194**	5,398
Other Comprehensive Income			
Net Gain/(Loss) on Revaluation of Land and Buildings	5	**(569)**	(597)
Comprehensive income for the Year Ended 31 March 2013		**5,625**	4,801

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

The notes on Pages 48 – 65 form part of these accounts.

Statement of Financial Position as at 31 March 2013

	Note	**31 March 2013 £'000**	31 March 2012 £'000
Non-current assets			
Property, plant and equipment	5	**21,586**	21,023
Intangible assets	6	**21,654**	23,859
Total non-current assets		**43,240**	44,882
Current assets			
Trade and other receivables	11	**6,814**	5,709
Cash and cash equivalents	12	**32,530**	24,046
Total current assets		**39,344**	29,755
Total assets		**82,584**	74,637
Current liabilities			
Trade and other payables	13	**(10,413)**	(7,919)
Provisions	15	**(191)**	(205)
Total current liabilities		**(10,604)**	(8,124)
Non-current assets plus net current assets		**71,980**	66,513
Non-current liabilities			
Provisions	15	**(459)**	(617)
Total non-current liabilities		**(459)**	(617)
Assets less liabilities		**71,521**	65,896
Taxpayers' equity			
Public dividend capital		**15,889**	15,889
General Fund		**49,902**	43,708
Revaluation reserve	10	**5,730**	6,299
Total		**71,521**	65,896

Tim Moss

Tim Moss
Chief Executive and Registrar
28 June 2013

The notes on Pages 48 – 65 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2013

	Note	2012/13 £'000	2011/12 £'000
Cash flows from operating activities			
Net operating surplus		**10,455**	7,667
Adjustment for non-cash transactions	7	**5,624**	5,152
(Increase)/Decrease in trade and other receivables	11	**(1,105)**	344
Increase in trade payables	13	**171**	532
Increase/(Decrease) in non-current provisions	15	**(158)**	(133)
Decrease in current provisions	15	**(14)**	(216)
Net cash inflow from operating activities		**14,973**	13,346
Cash flows from investing activities			
Dividend Paid	9	**(2,269)**	(2,069)
Purchase of property, plant and equipment	5	**(2,508)**	(1,276)
Purchase of intangible assets	6	**(1,712)**	(1,468)
Net cash outflow from investing activities		**(6,489)**	(4,813)
Net increase in cash and cash equivalents in the period		**8,484**	8,533
Cash and cash equivalents at the start of the period	12	**24,046**	15,513
Cash and cash equivalents at the end of the period	12	**32,530**	24,046

The notes on Pages 48 – 65 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2013

	Public Dividend £'000	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
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**
Balance at 1 April 2012	**15,889**	**43,708**	**6,299**	**65,896**
Recognised in Statement of Comprehensive Income	-	6,194	(569)	5,625
Balance as at 31 March 2013	**15,889**	**49,902**	**5,730**	**71,521**

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 48 – 65 form part of these accounts.

Notes to the accounts for the year ended 31 March 2013

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 2012/13 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 the 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 scheme 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 2.35%, the Government standard rate, (2011/12: 2.8%). 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 2012/13 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)	
	2012/13	2011/12	**2012/13**	2011/12	**2012/13**	2011/12
	£m	£m	**£m**	£m	**£m**	£m
Registration activities [1.]	**50.7**	51.2	**46.3**	49.5	**4.4**	1.7
Dissemination activities [2.]	**11.3**	13.2	**9.9**	9.7	**1.4**	3.5
Other Services [3.]	**1.7**	1.7	**1.3**	1.5	**0.4**	0.2
Total as per operating account	**63.7**	66.1	**57.5**	60.7	**6.2**	5.4

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 further 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 2012/13 was £60.5m (2011/12: £66.7m).

Included in Companies House income is £4.9m recovered from the Department for Business, Innovation and Skills (BIS) for the running costs incurred in the charging administration and collection of late filing penalties raised (2011/12: £5.3m).

Further information is available in the Trust Statement for Late Filing Penalties from page 67.

3. Staff costs

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

	2012/13 Total Employees	**Full Time Equivalent Posts**	2011/12 Total Employees	Full Time Equivalent Posts
3(a) Staff numbers by location				
Cardiff	**932**	**843**	1,003	908
Belfast	**17**	**16**	16	16
Edinburgh	**25**	**24**	27	26
London	**8**	**7**	8	7
	982	**890**	1,054	957

	2012/13 Total Employees	**Full Time Equivalent Posts**	2011/12 Total Employees	Full Time Equivalent Posts
3(b) Staff numbers by activity				
Central Operations, Customer Support & Late Filing Penalties	**631**	**562**	689	617
IT Services	**150**	**142**	153	144
Finance, HR, Legal, Policy & Communications	**190**	**175**	199	183
Senior Managers and Support	**11**	**11**	13	13
	982	**890**	1,054	957
Staff who worked on Capital projects (also included above)	**110**		75	

In addition, there were a total number of contract staff of 4 (2011/12: 2) of which 4 (2011/12: nil) were included on projects.

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

	2012/13 £'000	2011/12 £'000
Salaries	**23,251**	24,693
National Insurance	**1,529**	1,714
Voluntary Early Retirement (VER) costs	**74**	3,330
Pension costs	**3,924**	4,058
Income Seconded Staff	**(42)**	(170)
Contract staff	**332**	151
Capitalised staff costs (included above)	**(1,606)**	(1,468)
Capitalised contract staff project costs (included above)	**(71)**	-
Staff costs per operating account	**27,391**	32,308

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

Exit package cost band	Voluntary Exit Scheme 2012/13	Voluntary Exit Scheme 2011/12
£1,000 – £10,000	-	**16**
£10,000 – £25,000	-	**64**
£25,000 – £50,000	-	**52**
£50,000 – £100,000	-	**6**
£100,000 – £200,000	-	**1**
£200,000 – £250,000	-	-
Total number of exit packages	-	**139**
	£'000	**£'000**
Total resource cost	**74**	**3,330**

Companies House did not run an exit release scheme during 2012/13. In 2011 Companies House ran a limited voluntary exit release scheme.

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

4. Pensions

For 2012/13 the banded charges averaged 18.2% of pensionable pay for permanent staff (2011/12: 17.6%). This equates to a charge for the year of £3.9m (2011/12: £4.1m), at 1 of the 4 rates in the range 16.7% to 24.3% 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 contribution rates are set to meet the cost of the benefits accruing during 2012/13 to be paid when the member retires and not the benefits paid during this period to existing pensioners. 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 (2012/13)

	Land	Buildings	Leasehold Improvement	Plant and Machinery	Computer Equipment	Finance Leases	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost or Revaluation							
At 1 April 2012	**3,900**	**14,300**	**1,183**	**3,681**	**8,372**	**449**	**31,885**
Additions	-	-	194	697	1,955	-	2,846
Revaluation (Note 10)	(300)	(555)	-	-	-	-	(855)
Disposal/Assets written off	-	-	-	(336)	(41)	-	(377)
At 31 March 2013	**3,600**	**13,745**	**1,377**	**4,042**	**10,286**	**449**	**33,499**
Depreciation							
At 1 April 2012	**-**	**-**	**1,136**	**2,323**	**6,954**	**449**	**10,862**
Charged in year	-	286	104	416	901	-	1,707
Revaluation (Note 10)	-	(286)	-	-	-	-	(286)
Disposal/Assets written off	-	-	-	(329)	(41)	-	(370)
At 31 March 2013	**-**	**-**	**1,240**	**2,410**	**7,814**	**449**	**11,913**
Net book value at 31 March 2013	**3,600**	**13,745**	**137**	**1,632**	**2,472**	**-**	**21,586**
Net book value at 31 March 2012	3,900	14,300	47	1,358	1,418	-	21,023

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

	Land	Buildings	Leasehold Improvement	Plant and Machinery	Computer Equipment	Finance Leases	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost or Revaluation							
At 1 April 2011	**3,900**	**15,200**	**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	**3,900**	**14,300**	**1,183**	**3,681**	**8,372**	**449**	**31,885**
Depreciation							
At 1 April 2011	**-**	**-**	**983**	**2,359**	**7,191**	**439**	**10,972**
Charged in 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	**3,900**	**14,300**	**47**	**1,358**	**1,418**	**-**	**21,023**
Net book value at 31 March 2011	3,900	15,200	200	842	1,281	10	21,433

The land and buildings were valued as at 31 March 2013 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.

6,738m^2 of the 29,862m^2 net internal space of the Crown Way building was rented to other government departments.

6. Intangible assets

6(a) Intangible assets (2012/13)

Intangible assets are software and the associated implementation costs

	Software £`000	Assets in the course of construction £'000	**Total £'000**
Cost			
At 1 April 2012	**53,159**	**968**	**54,127**
Additions	-	1,712	1,712
Disposals	-	-	-
Asset Transfer	246	(246)	-
As at 31 March 2013	**53,405**	**2,434**	**55,839**

Amortisation			
At 1 April 2012	**30,268**	**-**	**30,268**
Charged in year	3,917	-	3,917
Disposals	-	-	-
As at 31 March 2013	**34,185**	**-**	**34,185**

Net book value at 31 March 2013	**19,220**	**2,434**	**21,654**
Net book value at 31 March 2012	22,891	968	23,859

6(b) Intangible assets (2011/12)

Intangible assets are software and the associated implementation costs

	Software	Assets in the course of construction	**Total**
	£`000	£'000	**£'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**
Net book value at 31 March 2011	25,500	703	26,203

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'.

£19.2m of the closing Net Book Value relates to CHIPS and CAP projects (2011/12: £22.9m).

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

	2012/13	2011/12
	£'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)	**4,320**	4,997
Non-staff administration costs		
Chief Executive and Senior Managers' Travel & Subsistence	**35**	35
Other Employees Travel & Subsistence	**316**	235
Staff Related Costs	**287**	446
Recruitment & Training	**315**	223
Printing & Stationery	**4,338**	4,118
Communications & Awareness	**605**	551
Maintenance Contracts/Leases	**3,191**	3,183
Repair & Maintenance — Buildings	**1,422**	1,213
Accommodation Cost	**2,225**	2,608
Property Rental	**1,151**	1,304
Office Equipment	**595**	648
Software	**582**	397
Other Administration Costs	**880**	990
	20,310	20,996
Non Cash Items		
Depreciation and amortisation	**5,624**	5,152
Total non-staff administration costs	**25,934**	26,148

Included in Audit Services is £12,000 for work carried out on LFP Trust Statements (2011/12: £12,000).

There were no programme costs to report in the year (2011/12: Nil).

8. Interest & finance costs

	2012/13	2011/12
	£'000	£'000
Short-term daily interest receivable from the GBS and National Loans Fund	**156**	76
Unwinding of discount of early retirement scheme	**(34)**	(69)
	(34)	(69)

9. Dividend

A dividend of £4.3m (£2011/12:£2.3m) was payable to BIS. The dividend is calculated as a return on the average capital employed in accordance with the Treasury Minute dated 21 July 2009.

10. Revaluation reserve

	Land & Buildings	Plant and Machinery	Total
	£'000	£'000	£'000
Balance brought forward 1 April 2011	**6,886**	**10**	**6,896**
Revaluation of property, plant & equipment at 31 March 2012	(597)	-	(597)
Balance brought forward 1 April 2012	**6,289**	**10**	**6,299**
Revaluation of property, plant & equipment at 31 March 2013	(569)	-	(569)
Balance carried forward 31 March 2013	**5,720**	**10**	**5,730**

11. Trade receivables and other current assets

	31 March 2013 £'000	31 March 2012 £'000
Trade receivables	**4,217**	3,237
Other receivables	**1,013**	1,167
Prepaid expenditure	**1,038**	915
Amounts due from BIS	**546**	390
Total	**6,814**	5,709

No amounts fall due after more than one year (2011/12: Nil).

12. Cash and Cash Equivalent

	31 March 2013 £'000	31 March 2012 £'000
Balance at 1 April 2012	**24,046**	15,513
Net change in cash and cash equivalent balances	**8,484**	8,533
Balance at 31 March 2013	**32,530**	24,046

	£'000	£'000
The following balances at 31 March 2013 were held at:		
Commercial banks and cash in hand	**32,530**	24,046
Balance at 31 March 2013	**32,530**	24,046

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

13. Trade payables and other current liabilities

	31 March 2013 £'000	31 March 2012 £'000
Amounts falling due within one year		
Trade payables	**382**	288
Accruals and customer prepayments	**5,740**	5,356
Other payables	**30**	6
Dividend payable	**4,261**	2,269
	10,413	7,919

All amounts due under Trade Payables are current (2011/12: current).

No amounts fall due after more than 1 year (2011/12: Nil).

14. Finance leases

There are no finance leases obligations to report in the period 2012/13 (2011/12: Nil).

15. Provisions for liabilities and charges

	2012/13			2011/12		
	Current Liabilities	**Non-current Liabilities**	**Total**	Current Liabilities	Non-current Liabilities	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Balance at 1 April	**205**	**617**	**822**	421	750	1,171
Provided in the year	-	-	-	-	-	-
Provisions utilised in the year	(206)	-	(206)	(265)	-	(265)
Provisions not required in the year	-	-	-	(153)	-	(153)
Transfer to current liabilities	192	(192)	-	202	(202)	-
Unwinding of discount	-	34	34	-	69	69
Balance at 31 March	**191**	**459**	**650**	205	617	822

Analysis of expected timings of provisions						
Amounts due within 1 year	191	-	191	205	-	205
Amounts due within 2 – 5 years	-	391	391	-	550	550
Amounts due after 5 years	-	68	68	-	67	67
Total	**191**	**459**	**650**	205	617	822

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 2.35% (2011/12: 2.8%).

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 2013 £'000	31 March 2012 £'000
Operating leases which expire		
Within one year	**281**	95
In the second to fifth years inclusive	**9**	21
Over five years	**2,897**	7,225
	3,187	7,341

In May 2012, Companies House's London office was relocated to premises in Abbey Orchard Street from its previous location in Bloomsbury Street. Our rental agreement has switched to BIS under this arrangement; previously we were tenants of the Insolvency Service.

17. Payment policy

In May 2010, all government departments were set new guidelines of paying 80% of supplier invoices within 5 days. In 2012/13 97.9% of invoices have been paid within this 5 day target (2011/12: 95.2%).

18. Disclosure of intra-government balances

		31 March 2013		31 March 2012
	Payables	**Receivables**	Payables	Receivables
	£'000	**£'000**	£'000	£'000
Balances with other central government bodies	**4,755**	**1,354**	2,355	1,144
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. We do not have any loans currently outstanding.

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	**2012/13**	2011/12
	£'000	£'000
Total Debt Outstanding	**4,217**	3,237
Overdue but not provided for yet in following periods:		
Not yet due	**3,873**	2,916
1 – 30 days	**236**	217
31 – 60 days	**104**	99
61 – 90 days	**3**	4
> 91 days	**1**	1

No amounts fall due after more than one year (2011/12: 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 by the Accounting Officer for issue on 28 June 2013.

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 2013 was 15.3% and the average return achieved since 1 April 2004 was 11%.

(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
2012/13 (Year 2)	£13.28

This is a reduction of 24.8% 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 2013 (2011/12: Nil).

24. Contingent liabilities

Companies House is in receipt of a claim for damages for £8.8m. Companies House does not accept the quantum of alleged damage nor any liability for it.

Treasury minute

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% 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.

Late Filing Penalties 2012/13

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.

Business Review
During the financial year 170,174 penalties were levied (2011/12: 187,463), which was a decrease of 17,289 on the previous year. This resulted in a reduction in the value of the penalties issued to £86.1m (2011/12: £92.2m). The reduction of £6.1m 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 2012/13 a total of 40,016 double penalties (2011/12: 43,314) were levied with a value of £40.1m (2011/12: £33.7m) against companies which had filed their accounts late in successive years. This is the second 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
72% of the penalties levied in 2012/13 were collected in full (2011/12: 76%). Those penalties which either I or my fellow Registrars exercised our discretion not to collect are excluded from these figures.

This decrease of 4% 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 £15.5m (2011/12: £14.9m). The increase in the bad and doubtful debt provision of £8.8m (2010/11: £12.6m) 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 £60.4m (2011/12: £62.4m). The transfer of receipts to the Consolidated Fund from the Trust in the year was £60.5m (2011/12: £66.7m), which left a balance due to the Consolidated Fund of £17.8m (2011/12: £17.9m) at 31 March 2013.

Case handling
During the financial year, 31,645 (2011/12: 38,785) 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, I and my fellow Registrars have applied limited discretion not to collect penalties in 3% of cases (2011/12: 3.7%) under Section 453 (3) of the Companies Act 2006, 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 2012/13 the debt written off was £15.5m (2011/12: £14.9m) of which 99% related to dissolved companies (2011/12: 91%). 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 £8.8m to £61.5m (2011/12: £52.7m) 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 2012/13 amounted to £2.8m (2011/12: £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. 2012/13: £1m (2011/12: £0.9m). 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 £61.3m (2011/12: £65.9m) taking cash balances at the year end to £2.4m. Cash balances are managed in accordance with Treasury guidelines. Companies House transfers to the Consolidated Fund, on a monthly basis, the penalty income receipted.

Audit Service
The statutory external audit was performed by the Comptroller and Auditor General at a cost of £12,000 (2011/12: £12,000) (Note 7 Page 58).

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
Chief Executive and Registrar
28 June 2013

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.

Governance Statement

The Agency's Governance Statement, covering both the Trading Fund and the Trust Statement, is shown on pages 36 to 41.

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 2013 under the Government Trading Funds Act 1973.The financial statements comprise the Statement of Revenue, Other Income and Expenditure, the Statement of Financial Position, the Statement of Cash Flows and the related notes. These financial statements have 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 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 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 the circumstances of the Companies House 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 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 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 affairs of the Companies House Trust Statement as at 31 March 2013 and of the net income 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and 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

2 July 2013

National Audit Office
157 – 197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Trust Statement

Statement of Revenue, Other Income and Expenditure for the Year Ended 31 March 2013

	Note	**2012/13** **£'000**	2011/12 £'000
Revenue			
Penalties	2a	**86,126**	92,178
Discretion Applied Under s453(3) Companies Act 2006	2b	**(3,230)**	(4,040)
Total		**82,896**	88,138
Other Income			
Recoverable Court Costs	1c	**2,809**	2,739
Total Revenue		**85,705**	90,877
Expenditure			
Court Costs Transferred	1c	**(973)**	(996)
Bad and Doubtful Debts	4	**(24,330)**	(27,476)
Total Expenditure		**(25,303)**	(28,472)
Net Revenue for the Consolidated Fund	6	**60,402**	62,405

There were no recognised gains or losses accounted for outside the above Statement of Revenue and Expenditure (2011/12: Nil).

The notes on Pages 79 – 83 form part of this statement.

Trust Statement

Statement of Financial Position as at 31 March 2013

	Note	31 March 2013 £'000	31 March 2012 £'000
Receivables falling due after more than one year	3a	**483**	411
Current assets			
Trade and Other Receivables	3b	**15,105**	16,078
Cash and cash equivalents	7	**2,391**	1,562
Total current assets		**17,496**	17,640
Total assets		**17,979**	18,051
Current liabilities			
Trade and Other Payables	5	**(219)**	(193)
Total current liabilities		**(219)**	(193)
Non-current assets plus net assets		**17,760**	17,858
Assets less liabilities		**17,760**	17,858
Balance on Consolidated Fund Account as at 31 March	6	**17,760**	17,858

Tim Moss
Chief Executive and Registrar
28 June 2013

The notes on Pages 79 – 83 form part of this statement.

Trust Statement

Statement of Cash Flows for the year ended 31 March 2013

	Note	**2012/13**	2011/12
		£'000	£'000
Net Cash Flow from Revenue Activities		**61,329**	65,933
Cash paid to Consolidated Fund	6	**(60,500)**	(66,700)
Increase/(Decrease) in cash and cash equivalent		**829**	(767)

Notes to the Statement of Cash Flows

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

Net Revenue for Consolidated Fund		**60,402**	62,405
Decrease in Non-cash Assets	3	**901**	3,717
Increase/(Decrease) in Liabilities	5	**26**	(189)
Net Cash Flow from Revenue Activities		**61,329**	65,933

(b) Analysis Of Changes in Net Funds

Increase/(Decrease) in Cash in this Period		**829**	(767)
Net Funds as at 1 April (Opening Cash at Bank)	7	**1,562**	2,329
Net Cash as at 31 March (Closing Cash at Bank)		**2,391**	1,562

The notes on Pages 79 – 83 form part of this statement.

Notes to the accounts for the year ended 31 March 2013

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:

	2012/13		2011/12	
	Number of Penalties		Number of Penalties	
	'000	**£'000**	'000	£'000
England & Wales	**157**	**78,913**	174	84,907
Scotland	**10**	**5,286**	10	5,432
Northern Ireland	**3**	**1,927**	3	1,839
Total	**170**	**86,126**	187	92,178

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

	2012/13	2011/12
	£'000	£'000
Penalties levied and Court Costs	**41,324**	33,795
Provision of Doubtful Debts	**(40,841)**	(33,384)
Total	**483**	411

3(b) Trade and Other Receivables

	2012/13	2011/12
	£'000	£'000
Penalties levied and Court Costs	**35,785**	35,413
Provision of Doubtful Debts	**(20,680)**	(19,335)
Total	**15,105**	16,078

3(c) Penalties levied and Court Costs

	2012/13 £'000	2011/12 £'000
Not Yet Due (Instalment agreements)	**1,403**	1,524
1 – 30 days	**6,341**	6,948
31 – 60 days	**4,974**	5,188
61 – 90 days	**3,458**	3,568
91 – 365 days	**19,609**	18,185
< 365 days	**35,785**	35,413
> 365 days	**41,324**	33,795
Total	**77,109**	69,208

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

	2012/13 £'000	2011/12 £'000
Debt written off — dissolved companies	**15,420**	14,727
Other write offs	**109**	136
Revenue losses	**15,529**	14,863
Increase in provision for doubtful debt	**8,801**	12,613
Total	**24,330**	27,476

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 section 451.

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

	2012/13 £'000	2011/12 £'000
Other payables	**219**	193
Total	**219**	193

No amounts fall due after more than one year (2011/12: Nil).

6. Balance on Consolidated Fund

	2012/13 £'000	2011/12 £'000
Balance on the Consolidated Fund as at 1 April	**17,858**	22,153
Net Revenue for the Consolidated Fund	**60,402**	62,405
Less Amounts paid to Consolidated Fund	**(60,500)**	(66,700)
Balance on the Consolidated Fund as at 31 March	**17,760**	17,858

7. Cash and Cash Equivalents

	2012/13 £'000	2011/12 £'000
Balance with GBS	**2,093**	1,196
Balance with commercial banks	**298**	366
Total	**2,391**	1,562

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 £4.9m (2011/12: £5.3m). 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.

	2012/13	2011/12
	£'000	£'000
Appeal Administration		
Staff Costs	**1,446**	1,743
Overheads	**607**	796
Debt Collection		
Staff Costs	**247**	230
Overheads	**2,614**	2,510
Total	**4,914**	5,279
Average Employees FTE	**60.4**	64.1

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 28 June 2013.

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 2013 for the revenue and other income, as directed by the Treasury, 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 2012/13.
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 that have not conformed to the authorities which govern them.
4. When preparing the Statement, the Trading Fund shall 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.

Karen Sanderson
Deputy Director, Government Financial Reporting
HM Treasury
17 December 2012

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