

COMPANIES HOUSE
Annual Report and Accounts 2010/11

““ Online to support
customers and UK growth ””

COMPANIES HOUSE
Annual Report and Accounts
2010/11

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

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JOINT STATEMENT

From the Chief Executive and Chair of the Steering Board

Our principal purpose is to provide company information that customers value which adds value to the economy. We are doing this by putting customers at the heart of what we do and by striving to provide excellent customer services and trusted information. We fully support the government's agenda for growth and, through becoming a fully online information exchange, we aim to make company information available as quickly as possible for business decision makers and to make life simpler for enterprises to start up and do business.

This year we have made great strides in improving our products, services and guidance, especially helping businesses through the learning curve that the new Companies Act presented. As the facts and figures in this report demonstrate, our customer satisfaction levels have climbed throughout the year as we have tackled many issues arising from the Companies Act implementation. We are pleased that by year end the level has returned very close to target, reaching 85.3% in March 2011, with the numbers of calls taken by our Contact Centre over the year steadily falling. It is rewarding to see such good results from our efforts to reduce avoidable customer contact by simplifying navigation through our website and by improving the guidance we provide. However, while these figures are moving in the right direction, we are never complacent and recognise there is still more we can do, which is why we have plans in place to improve customer satisfaction even further. This will be a priority for us over the coming year.

We are constantly looking to extend and improve our customer experience and one innovation introduced this year is a joint filing service that allows customers to file their accounts with Her Majesty's Revenue and Customs (HMRC) at the same time. This is just one of many planned improvements in the electronic services we offer our customers and means that now, instead of filing twice, customers can spend less time by filing in one place and then submitting those accounts to both organisations when convenient.

Filing electronically is not only quicker, cheaper and more secure for our filers, but also simpler and more efficient to process, ensuring the information is available quicker for inspection on the Register, thus further enhancing our service to search customers. For another year, more and more companies are selecting this route and the performance on electronic take-up has been very encouraging yet again. For example, more than 58,000 sets of accounts were e-filed in March 2011 compared with just over 39,000 in March 2010 and



Putting customers at the heart of what we do and by striving to provide excellent customer services and trusted information



fewer than 24,000 in March 2009. Perhaps most impressively, over 93.5% of annual returns were filed online, leaving fewer than 6.5% of companies still filing this key document on paper.

Our information users need to feel confident that data on the Register is accurate and up-to-date. The Companies Act changes mean that, this year, companies have had a month less time to deliver their accounts. To assist customers through this transition we ensured that each of them was reminded of the change and the new delivery dates. To improve this accuracy and timeliness, we have also taken steps to reduce the number of companies that repeatedly deliver accounts late by doubling the normal late filing penalty for those companies that deliver accounts late in 2 successive years. We are proud to see compliance rates have steadily increased this year to another record high of 98.5% for accounts and 97.4% for annual returns. The net result of these and other changes is that the Register is more up-to-date and more accurate than ever before. For the first time this year we have produced a separate Trust Statement for late filing penalties and this can be found at the back of this report.

Our move towards electronic services is one of several strands that continue to contribute to improving the efficiency of Companies House. Other efficiency strands include the Government's shared services agenda on HR, procurement and estates, as well as other initiatives of our own, to improve the customer experience such as improving validation processes to reduce the number of rejections and streamlining and improving the way we handle queries. We have achieved savings of £5.9m this year by driving through efficiencies thanks in part to our 'Focus on Improvements' programme in our Customer Delivery Directorate and other system improvements and changes in the wake of implementing the Companies Act 2006. Also, as part of our drive towards more efficient operating costs, we decided this year to close our Nantgarw office and relocate all South Wales staff to our main premises in Crown Way, Cardiff. All these changes have resulted in our announcing in March 2011 that we can reduce our workforce by approximately 10% over the next year, and more in future years, without impacting upon quality or customer service levels. We will do all we can to minimise uncertainty by acting quickly, in consultation with our Trade Union colleagues, and using voluntary means to manage the process whenever possible. As always, we aim to maintain morale through the use of open and honest communications, by providing our full support to those leaving the organisation, and by giving those

who wish to stay further training and development to do their jobs better, and do better jobs.

It is clear that the year ahead will bring many new challenges as we support the government's drive towards supporting economic growth through simplification and clarity in all our dealings with business. For example, on 6 April 2011 we launched a new Web Incorporations service which means that it has never been quicker or easier to set up a new company on the Register. As stated in our Business Plan for 2011/12, the Government's Transparency Agenda and its desire to free up as much data as possible, adding value to the economy and its growth, is something with which we will be closely engaged. We will also be very involved in influencing proposals for a new Public Data Corporation (PDC), bringing together data-rich sources from various government departments and agencies and looking at unlocking greater value from the information we hold. In addition, we are heavily involved in the Department for Business, Innovation & Skills (BIS) Commercial Strategy which aims to share support services across the department and its partner organisations, improve purchasing, rationalise estates and share and co-ordinate best practice.

2010/11 has been a year during which we have made good progress on our journey towards becoming a fully electronic information exchange that provides company information that customers value. We have passed a number of milestones along the way including: consolidating the 2006 Companies Act changes; seeing the millionth sign-up for our PROtected Online Filing scheme (PROOF); steadily improving our productivity and the quality of our services; and achieving our annual efficiency targets. At the close of the year we are in a strong position and ready to face the challenges ahead.



Andrew Summers CMG

Chair of Companies House Steering Board



Gareth Jones OBE

Chief Executive and Registrar

COMPANIES HOUSE AT A GLANCE

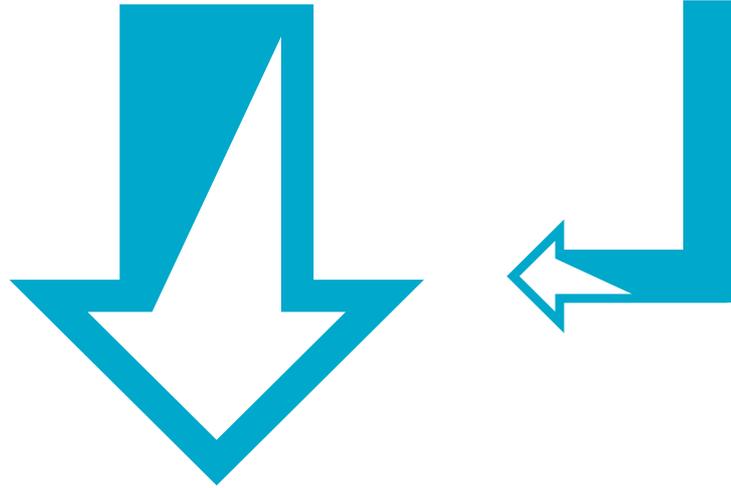




6.1
million
ONLINE
FILING

2.8
million
PAPER
FILING

The Register is never static. Millions of transactions were processed this year that shape and update the Register and this new information is quickly made available to enquirers via our search facilities.



400,555
NEW
companies
registered

2.5
million
active register
SIZE

348,790
companies
dissolved

85 million
SEARCHES FOR
INFORMATION

Our **income** this year

£66.6
million

We **invested**
£2.7m to
improve our IT
capability and
capacity

Our service availability
throughout the year was

99.9%



At the beginning
of March we
registered
our **millionth**
PROOF (PROtected
Online Filing)
customer

Our contact centre
answered

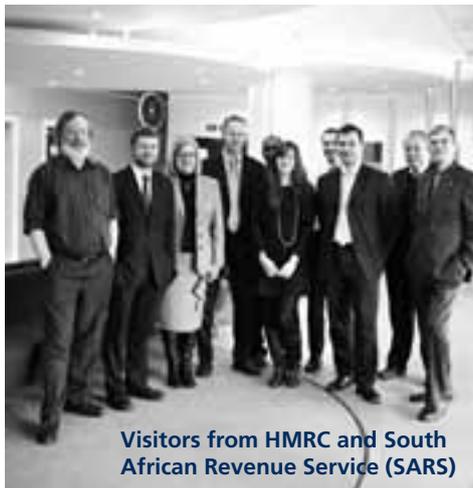
92.7%

of telephone calls
within 20 seconds



Our operating costs
were reduced by

£5.9
million



Visitors from HMRC and South
African Revenue Service (SARS)

93.5% of
annual returns
were filed
online



Our contact centre responded to

2
million
telephone calls
and emails



Gareth Jones
and Ed Davey MP



98% of electronic transactions received were available within 72 hours

We responded to

98.6%

of email enquiries in 4 hours



99.6%

of online images were legible and complete

91.4% of new incorporations were filed online

CUSTOMERS

Customers are at the heart of everything we do. Companies House is committed to improving the way in which we deliver services and high levels of satisfaction.

The Companies House Contact Centre has, over the last year, responded to over 2 million customer contacts, made up of approximately 1.5 million telephone calls and 500,000 emails. The majority of these relate to providing first line support to customers engaged in filing their company details with Companies House. The Contact Centre has also provided support to customers searching the Companies House Register.

Customers have adjusted well to the new Companies Act and their growing understanding of its requirements. An on-going suite of service and website enhancements, means that overall, queries from our customers have reduced over the year. In March, 2011 over 135,000 telephone calls were taken by our Contact Centre, compared with 166,000 in March 2010.

A large majority of these calls are resolved on first contact, an average of 93% of customer telephone calls and more than 91% of customer emails during the year. Also, 92.7% of telephone calls were answered within 20 seconds and 98.6% of emails received were responded to within 4 hours.

Although the annual customer satisfaction figure is lower than we would have liked, we have worked hard during the year and succeeded in bringing the levels close to our 86% target. The ratings have steadily improved from 74.3% following the Companies Act implementation in October 2009 to 85.3% in March 2011. This improvement reflects the fruition of a number of initiatives (see chart opposite) to improve our processes, systems and web guidance and we start the new financial year in a much better position.

Customer complaints received during the year fell from 1,200 in April 2010 to 656 in March 2011 and during the year, 98.3% of customer complaints were resolved within the 5 day complaint handling public target.

Companies House offers a PROtected Online Filing (PROOF) scheme to customers to help protect against fraud and unauthorised changes. The scheme is free of charge and adds an extra level of security to WebFiling. Under the scheme, companies authorise us to reject certain documents unless they are filed electronically using secure passwords. Over 40% of the active companies on the Register have opted in to the service and, at the beginning of March this year, we registered our millionth sign up. This number has grown from approximately 730,000 sign-ups at the end of last year.

Key facts

- Telephone enquiries are down and complaints have more than halved during the year
- Service availability exceeded target reaching 99.9% compared with 98.2% last year
- Customer satisfaction has improved markedly this year, returning much closer to our annual target by year end

Raising Customer Awareness

We reach out to our customers through focus groups, working parties, seminars, information days and exhibitions and are currently developing new ways of getting closer to our customers through the use of e-alerts and social media.

This year, 42 customer focus groups, working parties and director seminars were held with customers in major cities across the UK. Focus group attendees were invited from all aspects of the business community in each locality. Attendee numbers range from 20 to 40, depending on the area.

We have helped and supported our customers through their legal obligations under the Companies Act and explained the benefits of filing electronically at 10 regional Information Day seminars where attendee numbers ranged between 100 and 400 per event.

Companies House also had a presence at key business exhibitions during the year. These included 2 Business Start-up events, where we spoke to approximately 4,000 customers, and also Grow Your Own Business, New Start Scotland, Business North East and Iris World Solutions.

We have continued to work with other government departments and have attended numerous joint events organised by HMRC and the Intellectual Property Office (IPO).

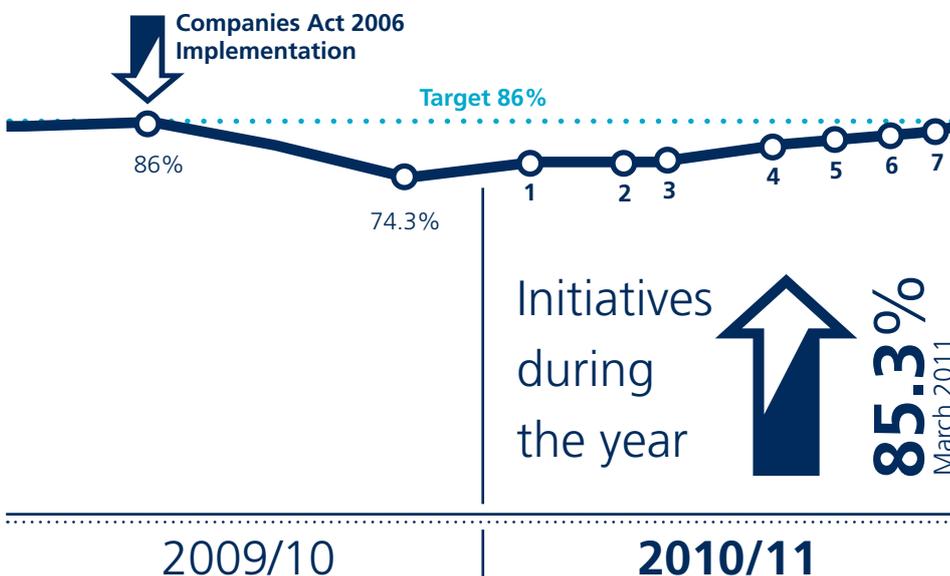
Service Availability

The availability of our electronic services, for those submitting to and searching the Register, has exceeded our target of 99% during 2010/11. Overall performance was 99.9% (98.2% for 2009/10).

Electronic Data Submissions

We remain fully committed to our strategic goal of becoming a fully electronic information exchange. We received 68.5% of all submissions electronically during 2010/11 (60.5% in 2009/10). Filings received electronically are simpler to process and are available quicker for inspection on the Register. Overall, this channel is more cost effective and transparent. In respect of our key targets we processed 98% against a target of 96% for electronic submissions to be made available to view on the public record within 72 hours. For those submissions received on paper, we processed 96.6% within 8 days against a target of 95%.

Improvement of Customer Satisfaction



Key initiatives to improve customer satisfaction during the year:

1. e-Filing streamlining
2. WebFiling enhancements
3. Joint accounts filing
4. New online name availability search tool
5. Internal process improvements
6. Website journey enhancements
7. New online dormant accounts

Customer Service Excellence

Companies House takes its commitment to customers very seriously. In September, we were assessed against the Customer Service Excellence (CSE) standard (formally known as Chartermark, which we have held since 1992) and judged successful in meeting all criteria. This is an important accreditation for Companies House that demonstrates our commitment to providing a first class service for our customers. It also maintains our focus towards continuous improvement as we are assessed annually to ensure on-going compliance with these industry standards.

Service Transformation—Cross Government Working

Companies House continues to be fully committed to government initiatives aimed at improving services to our customers and is pleased to work with partners across government on progressing them. As part of the drive to ensure that guidance is in one place and therefore easier for customers to access, we have this year integrated our company guidance onto the www.businesslink.gov.uk website to add to the transactional services which were already available. In April 2011, we launched an online incorporation service accessible solely through www.businesslink.gov.uk. Companies House participates at all levels of the Government's Digital Agenda, meaning that we are able to proactively manage the areas where our content appears and how customers interact.

Companies House also works closely with HMRC and in October 2010 we launched a jointly developed template to facilitate the online filing of accounts, allowing data to be entered once but used twice. We continue to engage in other areas where we have customers in common and are currently working with both HMRC and www.businesslink.gov.uk on a new one-stop-shop for customers wishing to start a company, due to deliver initially in the Autumn.

Fraud

As a data supplier to the National Fraud Intelligence Bureau, Companies House continues to support efforts to combat financial crime in the UK economy. During the year, on average, 62 cases per month of suspicious filings were brought to our attention by customers and we have referred these to law enforcement colleagues. Under the Companies Act 2006, the Registrar has new powers to remove documents from the Register if they are shown to be fraudulent.

Europe

Companies House has continued to contribute to and influence matters in Europe that affect Companies House and its customers.

We have worked closely with the European Business Register (EBR) to improve and strengthen the technical platform from which Companies House shares its information with Europe and the rest of the world. We have also been closely involved in work that the European Commission is doing on the interconnection of European business registers. We expect the Commission to produce draft text of a regulation on the interconnection of the registers during 2011/12.

We attend various fora, such as the European Commerce Registers Forum (ECRF) and the Corporate Registers Forum (CRF), which help us learn how other registries around the world operate and share good working practices.

We are continuing to monitor possible future developments that may impact company law, such as the introduction of a European Private Company (SPE) and the exemption of Micro-entities from the need to file accounts.

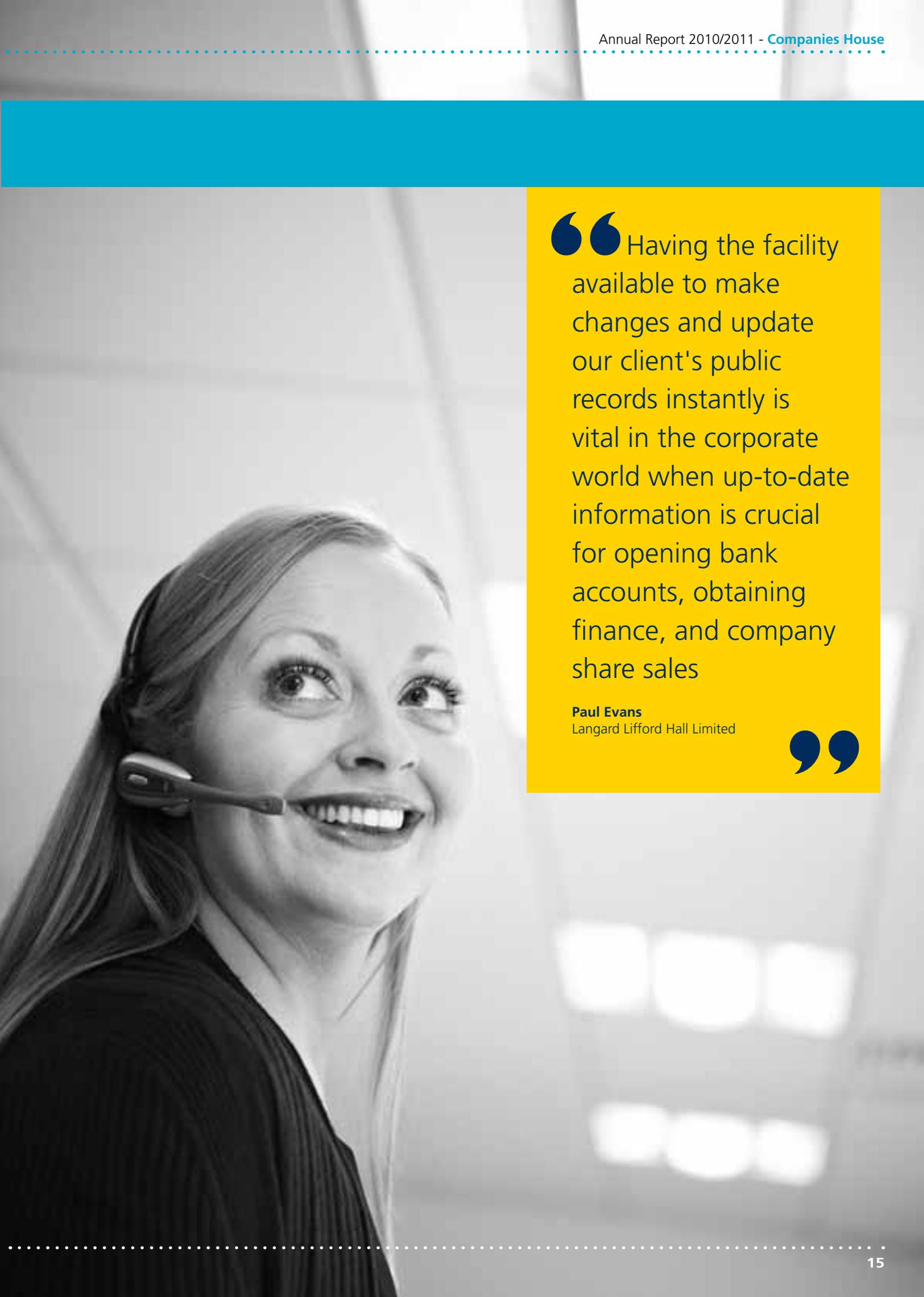
Scotland and Northern Ireland

It is now 18 months since the integration of the Northern Ireland Company Registry into Companies House. This has been a huge change for both staff and customers in Northern Ireland and over the last 12 months the staff in Belfast and the customer support and events teams from Cardiff have done a great deal of work with customers to ensure that they have been able to benefit from the range of services and support available.

The Edinburgh and Belfast teams have worked together very closely as the profile of the offices is very similar, with the Edinburgh staff being able to offer tailored support to their counterparts in the early months.

In May 2010, the Belfast office completed a relocation project due to the requirement to vacate the Department of Enterprise, Trade and Investment office space previously occupied by the Companies Registry.

The relocation took Companies House into the heart of Belfast's premier office core, making the location easily accessible for both staff and customers, with public transport and parking facilities nearby. Staff also benefited from improved working conditions and location to all amenities.



““ Having the facility available to make changes and update our client's public records instantly is vital in the corporate world when up-to-date information is crucial for opening bank accounts, obtaining finance, and company share sales

Paul Evans
Langard Lifford Hall Limited



PROCESS

Our aim is to deliver more efficient processes that provide better value for money; supported by the challenge always to 'keep it simple' for customers and staff.

In spite of the economic conditions in the UK economy, the Register continues to grow in size. There have been 400,555 company registrations in this financial year and 348,790 company dissolutions.

We passed the first anniversary of the introduction of the new 2006 Companies Act this year and it quickly became clear that whilst the overall volumes of work remained consistent with last year, customers and staff were far more familiar with the new Act. Over the reporting year, customer behaviour has also altered with an increasing number of annual accounts and other forms being filed electronically. This has resulted in a number of changes being made in the processing side of the business as we continue to provide the most efficient and effective services we can to customers.

Our primary objectives this year have been two-fold:

- To return processing productivity to where it was before the introduction of the Companies Act 2006 in October 2009.
- To embed quality further into our core processes whilst at the same time identifying efficiencies to help Companies House achieve operational cost savings.

The productivity for the processing of paper documents continued to increase to an average capacity of 200 documents per day per person. We have striven to reduce rejection rates and improve quality by a combination of changes to the core process coupled with system changes aimed specifically at improving speed and accuracy. The net effect of these changes is that we are doing more with fewer people and have reduced overtime working in our customer delivery teams to zero from its peak during the Companies Act implementation of the equivalent of 29 Full Time Equivalent (FTE) members of staff.

Key facts

- Annual return e-take up achieves 93.5% by the year end
- Register is more up-to-date and accurate than ever before as compliance rates achieve another record high
- We're achieving more with fewer people and maintaining a high quality of service

Targeted training and growing experience has meant that staff are now adept at dealing with the new legislation, and this combined with improvements to the IT systems has meant that we are able to process the work far more efficiently. We have also trained staff across different posts in the customer delivery areas to increase the variety of work open to staff and to ensure we have all duties covered so that we do not have any single points of failure. This has also encouraged knowledge transfer across the Customer Delivery Directorate.

The introduction of the Business Change Delivery Group within the Customer Delivery Directorate has enabled us to develop a new focus on how we carry out core processing, and empowered staff to implement their suggestions to improve our customer service.

During the year, we have initiated a formal Continuous Improvement Programme for our business processes. This first stage provided a solid foundation for a planned programme of continuous improvement.

Many customers chose to file their annual returns electronically this year and e take-up has continued to grow, reaching 93.5% by year end. Meanwhile, we have launched new electronic services that are also proving increasingly popular with customers. For example, electronic filing for Limited Liability Partnerships (LLP), available since August 2010, has seen an average customer take-up of 43% this year, and 10,710 Change of Name documents have been filed electronically since this service was made available in August 2010.

Another big improvement for customers, introduced in October 2010, was the ability to enter annual accounts just once but file them twice thanks to the new Companies House / HMRC joint filing service. We received 698 iXBRL accounts in that first month and by the end of the year this total has climbed to nearly 10,000.

In addition to these service improvements, we have also achieved the following efficiencies:

- Since this time last year, the Post Room and Scanning Teams are now operating with 55 fewer people as we brought in business process changes to enable us to process the post with a reduced number of people. This also reflects the reduction in the number of paper documents we have received.
- We are disposing of paper documents (all of which have been electronically captured on registration) older than 3 years from the Repository and this will save Companies House an anticipated £100,000 per annum in future years because the space freed will enable us to store documents currently held by external storage providers. Longer term, it will also enable us to hire out secure storage to other government departments. Electronic copies of these disposed documents are still available.

We believe the foundations laid this year will provide a solid base moving forward.

Compliance—Trusted Information

It has been another successful year with record compliance rates. Accounts compliance rates have steadily increased to 98.5% compared with 97.9% in 2009/10. Annual Return compliance rates have also increased to 97.4% compared with 96.7% in 2009/10. The increases have been driven by our robust enforcement process that seeks compliance, but will prosecute where necessary and are underpinned by an effective late filing penalty regime that deters late filing.

While over 97.6% of companies have an up-to-date annual return, only 67.7% actually file on time. We aim to help companies with their responsibilities by introducing an electronic reminder system by Summer 2011 that will prompt companies to comply on time, which is in line with our corporate 'e' agenda. This will deliver the capability to communicate electronically with customers in a more targeted and cost effective manner, which we believe will also support our current high levels of compliance for data submissions.

We aim to reduce the number of companies that repeatedly deliver accounts late in 2011/12. Late filing penalties that are double the usual amount are now imposed on companies that deliver accounts late in two successive years.

Nantgarw Relocation

In June 2010, as part of our drive towards more efficient operating costs, the Executive Board decided to close our Nantgarw premises with all South Wales staff relocating back to our main building at Crown Way, Cardiff.

Annual running costs of the Nantgarw building are around £1.2 million and although certain costs such as utility bills will increase in Crown Way, approximately £430k pa will be saved as a result of simply vacating the building. The remainder of running cost savings will be realised on surrender or sub-let of the current lease agreement.

We are currently half way through a multi-stepped plan to relocate all staff back to the Cardiff office, whilst taking the opportunity to ensure that teams will be situated to provide the optimum process flow. It is anticipated that all staff will be relocated to Cardiff at the end of July 2011, thereafter the Nantgarw building will be completely vacated and made ready for any potential new tenant by the end of quarter 3 2011/12.

Department for Business, Innovation and Skills (BIS) Commercial Strategy

As a partner organisation within the department, we are actively engaged on a number of initiatives to deliver more cost effective services. Working with colleagues across BIS, we are in the process of rationalising suppliers and harmonising prices to achieve savings on our procurement costs.

The use of shared services is a key part of our future process and systems strategy. Work is underway with colleagues across BIS to create more cost effective solutions for the purchase of commodity services in respect of HR, payroll and finance transactions; overall this will reduce the cost of such services for BIS as a whole.

Cost Recovery Principles

Companies House is a Trading Fund and must operate on the basis of cost recovery. Fees are linked, as required by European Law and HM Treasury guidance, to the forecast cost of providing each service and also to the way in which our customers access them.

**CAPITAL
IMPROVEMENT
PROJECTS
£2.7
MILLION**



**CHEAPER
ELECTRONIC
FEES**



**EFFICIENCY
SAVINGS
£5.9
MILLION**

**INCREASE
USE OF ONLINE
SERVICES**



**LESS
MANUAL
INTERVENTION**



**BETTER
QUICKER
SERVICE**



**BENEFIT TO
BUSINESS**

PEOPLE

Companies House has a set of values that are part of the foundation of our organisation:

- Doing it Right
- Making a Difference
- Working Together

Employee Relations

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

Staff Survey

In 2010, Companies House participated in the Civil Service People Survey. This was the second consecutive year that the new survey has run, and in which 103 Civil Service organisations participated. As in 2009, the survey focused on the extent to which employees felt engaged within the organisation. Companies House had a response rate of 79%, which was a significant improvement on the previous year's response rate of 54%. The extent to which our staff felt engaged was 61%, which was 4% higher than the Civil Service as a whole. 60% of those who responded would recommend Companies House as a great place to work, which is 18% higher than the Civil Service as a whole.

Staff at Companies House are key to driving forward our strategy and it is encouraging that 91% have a clear understanding of Companies House purpose. These survey results are encouraging but we are not complacent and continue to build on the valuable and important staff feedback. HR are working in partnership with managers in each of the directorates to produce action and improvement plans.

Learning and Development

Last year, our targeted training helped build upon our experience and knowledge of the changes in the Companies Act. This year, the learning and development focus shifted towards personal development for staff across the organisation. Development opportunities have been offered through a mixture of in-house training and the use of external training partners. For example, staff have benefited from the re-introduction of internal courses, such as induction, internal selection and appraisal training, as well as coaching for the European Computer Driving Licence and courses for Microsoft Office. External training partners have assisted in the delivery of management training

Key facts

- High staff survey response rates provide invaluable and encouraging feedback
- Focus on personal development that will drive even better customer service
- Excellent NVQ achievements that will further enhance our professionalism

across the management levels, as well as valuable training for front line staff in how to manage challenging telephone callers in order to help them resolve their difficulties by providing exemplary customer service.

We continue to support the use of the Welsh language for business use by running Welsh classes. The Foundation & Advanced classes are run weekly and the Welsh Proficiency class runs on a monthly basis.

National Vocational Qualifications (NVQs)

Thanks in part to Welsh Assembly Government funding, we were able to further enhance the professionalism of our staff by offering NVQs in Customer Service, Team Leading, Management, IT and Business Administration. 41 members of staff took up the challenge and began working towards NVQ qualifications during the year while a further 44 completed their NVQs.

Leadership Development / 360 Degree Appraisal

The Leadership Team underwent a 360 degree appraisal exercise facilitated by an external training partner. In total 61 individuals participated in the process, which included a one-to-one feedback and coaching session. The results of the process were reported to the Executive Board and have, along with the results of both the staff and values surveys, helped shape the leadership development programme.

Career Development System

During 2010/11, we have also dedicated time to investigate how we might improve the way we manage our talent within Companies House, starting with the Leadership Team. We will shortly be delivering a business case outlining options available to hold, and make better use of, information that will enable even better performance management and empower and encourage staff to take greater ownership of their careers and development.

Succession Planning

On a more strategic level, we have developed a succession plan that operates across the organisation. It not only identifies single points of failure, but also identifies multiple successors for all members of the Leadership Team and the timescales within which they should be ready for promotion. This lends itself to the development of training plans to ensure that we have strength in depth for the future.

Companies House Values (Unsung Hero) Award Scheme

The Unsung Hero Scheme rewards the behaviour of individuals who live the values of 'Doing it Right', 'Making a Difference' and 'Working Together'. This year, the overall winner was Sarah Wilson from our Northern Ireland office, who is photographed on the front cover of this report. Sarah said, "I'm absolutely thrilled to have won this award—it's been a real source of encouragement to me, and I'm very grateful to the people who nominated me. The Companies House Values Award Scheme is a great opportunity to recognise employees who live out the Values, and I would encourage everyone to take part in the Scheme."

HR Advisory

The average number of working days lost (AWDL) was 10.8, which was above the public target. Whilst there has been an improvement in the long-term sick figures this year, the short-term absence figure has increased. Working in partnership with managers, we have continued to focus on providing tailored support, whilst a number of additional measures have been introduced to complement the "first day of absence" approach, intended to reduce short-term absence. These measures include using statistical information with regards to absence triggers, and to advise managers on specific cases. These meetings take place on a monthly basis to ensure that managers receive the support needed and to ensure that cases are handled in a consistent and robust manner. This range of measures will see an improvement in attendance over the coming year.

Next Generation HR (NGHR)

Over the last year, the Civil Service wide NGHR Programme has gathered pace in preparation for the implementation of its 3 expert services (Policy, Learning and Resourcing) in April 2011. We have been involved in shaping the new operational HR model under the NGHR banner and have advised on the structures and specification required to operate effectively within this new business framework. We have worked with both the programme and the wider BIS family to ensure that Companies House is fully aware of the implications that NGHR will have on the organisation.

HR has been proactive in embracing the considerable change agenda set by the Government and during the year has provided extensive benchmark information and statistics on resources, operational costs and ratios including recruitment and turn over.

Doing it **RIGHT**



MAKING A **DIFFERENCE**



““ The service provided by the Customer Care Team is excellent. The Companies House Focus Groups provide a way for professionals to interact with one another and the Companies House staff and to be kept abreast of developments.

Helen Harding
RSM Tenon

WORKING TOGETHER





Is it
BETTER/
SIMPLER FOR
CUSTOMERS?

“ Providing the highest level of service to our clients would not be possible without our strong and valued working relationship with Companies House and its staff.

Fiona Gale
Henmans LLP

Is it
BETTER/
SIMPLER
FOR STAFF?



Is it
VALUE FOR
MONEY?



FINANCE

As a trading fund, Companies House is funded entirely by income from its fees.

We have maintained a strong financial position during the year, reducing our operating costs by £5.8m whilst continuing to improve our capability and service to customers.

Income from registration activities rose only marginally in the year as volumes remained broadly at the same level for most products. The exception to this was income from incorporations which rose by 9% to £6.8m as 400,555 new companies were added to the Register during the year. The final take-up rate for electronic annual returns was 93.5% (2009/10: 89.8%), which meant that the effects of the price differential between paper and electronic channels were not as marked as in previous years. Consequently, total income from this product fell by only £0.3m compared with 2009/10.

During the year we reduced our total expenditure to £60.9m, which was £5.8m less than the equivalent cost in 2009/10. We were required to implement spending cuts of £3.8m to our expenditure budgets this year. This involved reductions in staff costs of £2.5m, which were achieved by cuts in overtime, training, travel and performance awards, and reductions of £1.35m from overhead costs, which was achieved by cutting expenditure on IT, marketing and communications, and accommodation.

We maintained a tight control over spending and produced many ideas from across the organisation to help improve efficiency. This improved financial awareness at all levels of the organisation and helped generate a further £1.9m of cost savings in addition to the required £3.8m, allowing us to commence the closure of our Nantgarw site, provide for an Early Retirement / Voluntary Exit scheme, improve the working environment in Crown Way and settle extra software licence costs.

The operating surplus on ordinary activities for the year ending 31 March 2011 was £7.8m (2009/10: £1.7m). After finance costs and declaring a dividend on the public dividend capital of £2.1m, a net surplus of £5.7m arose and was transferred to reserves.

Key facts

- Operating costs reduced by £5.8m compared with last year
- Achieved 22% efficiency savings—3 year target of 15%
- Invested over £2.7m to improve our capability and capacity
- Improved financial awareness throughout the organisation

We invested £2.7m in improving our IT capability and capacity during the year by replacing our mainframe servers (Companies House Information Processing System (CHIPS)), and by committing development time to further enhance the main Companies House operational software. We also spent £0.5m on improving the infrastructure and working environment of our buildings.

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 5 year period from 1 April 2009 to 31 March 2014. This was the second year of that target period and we have now achieved a cumulative return of 8.2%. This indicates that a rate of return in excess of the 3.5% cumulative target rate is likely to be achieved by 2014.

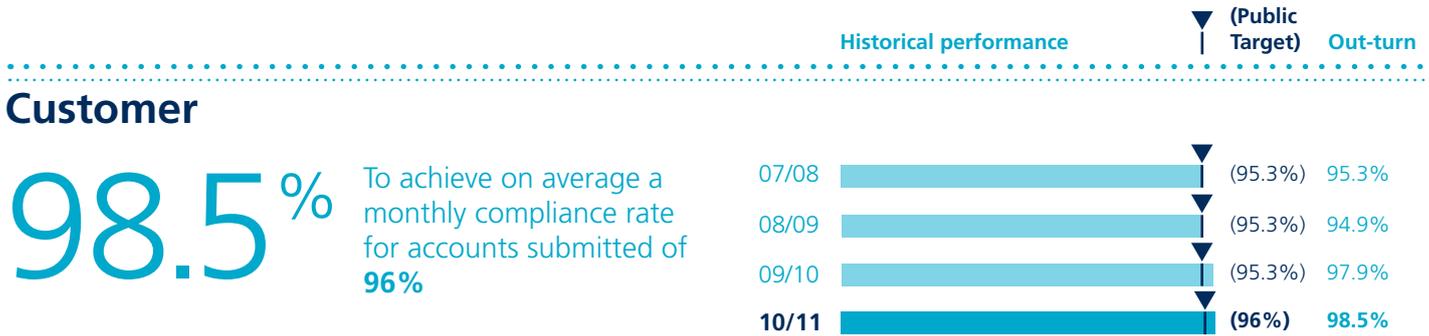
2010/11 is the final year of our 3 year efficiency target, which was to achieve by 31 March 2011 a reduction in real terms of 15% in the operational monetary cost per company on the Register compared with the 2007/08 baseline. This year we have achieved 13%, resulting in a cumulative reduction of 22% over the 3 year period.

Part of this has been achieved by the contribution of staff across the organisation, who have participated fully in the need to reduce costs and become more efficient. Budget holders have taken responsibility for ensuring that expenditure is essential, and the amount of discretionary expenditure has reduced to enable objectives to be delivered.

For the first time since its inception in 1991, we have to prepare a trust statement for the Late Filing Penalties Scheme. The cost of operating the scheme in 2010/11 was £5.2m and over £99.4m was remitted to the Consolidated Fund in respect of penalties collected.

TARGETS

One of the many ways we ensure we are delivering a robust operational service to our customers is through the setting of public targets and then monitoring our performance against them. These are targets recommended by the Executive Board for 2010/11 and approved by ministers as the formal public targets for the year



* While the average figure is below last year's, we have achieved significant improvements during the second half of this year and by March 2011 were at 85.3%—please see page 13 for a more detailed breakdown.

Customer

90.7%

To increase the proportion of transactions that can be filed electronically to **90%** by March 2011



98.8%

To ensure that **97.5%** of electronic documents can be accessed within 60 seconds by search customers from the Companies House download area



100%

The Chief Executive to reply within **10 days** to all letters from Members of Parliament delegated to him for reply

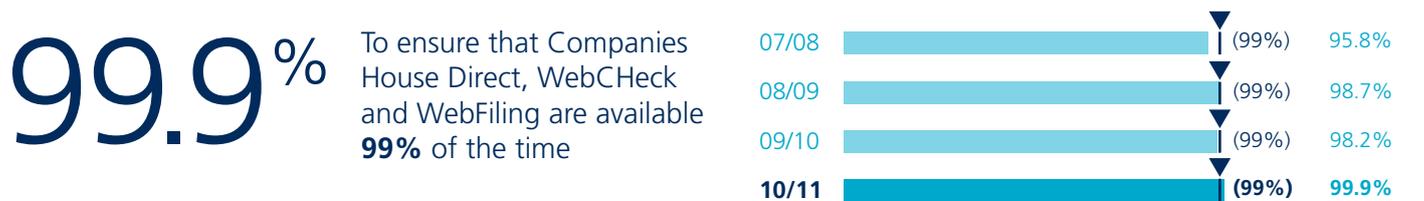
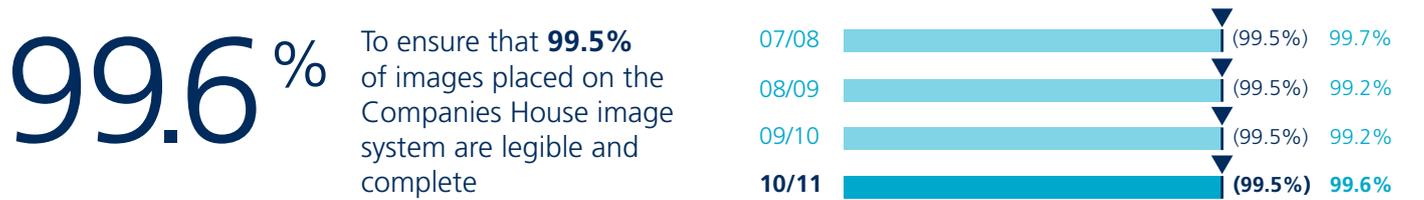
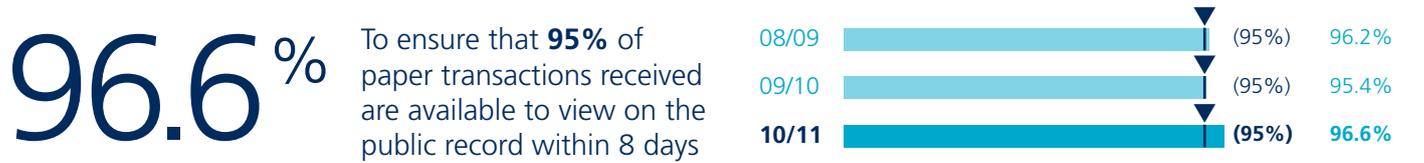
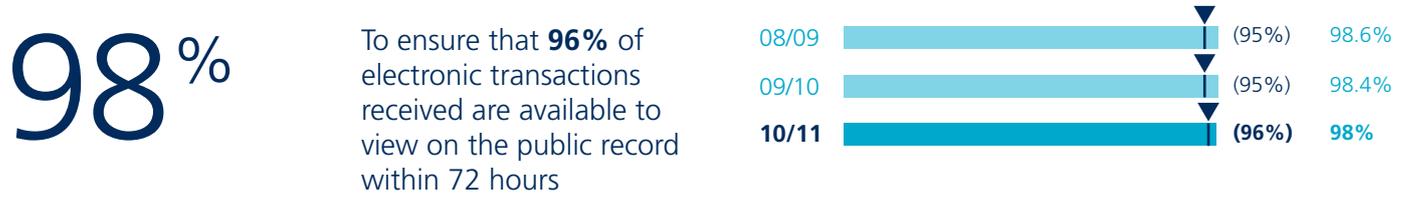


98.3%

To resolve **97%** of all complaints within 5 days



Process



People

10.8 days

To ensure that our average work days lost per person is no more than **10**



21.6%

To improve the operational energy efficiency rating of Companies House's headquarters building by **10%**



Finance

22%

To achieve by 2010/11 a reduction, in real terms, of **15%** compared to 2007/08 in the operational monetary cost of the registry per company on the Register (3 year target)



13.4%

To achieve, taking one year with another, a 3.5% average rate of return based on the operating surplus expressed as a percentage of average net assets



A new Treasury Minute including this target was issued on 21 July 2009

98.9%

To pay invoices within **10 days** of receipt



This was a 30 day target until the 8 October 2008

LOOKING FORWARD

As an organisation we are on a journey from being seen as just a Register of information to being a fully electronic information exchange. Our purpose is to provide company information that customers value.

To guide us on this journey we have 4 strategic goals:

- Creating excellent customer experiences
- Providing trusted information
- Developing our capability
- Developing our capacity

Our strategic plan outlines the activities that will move us towards delivering our strategic objectives and as we work toward delivering this ambitious agenda, we will constantly challenge ourselves to ensure that everything we do is underpinned by the organisation's 3 principles:

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

How we carry out our agenda is as important as what we do and is defined by our 3 values:

- Doing it Right
- Making a Difference
- Working Together

During 2011/12 we will drive our strategy by:

Customer Experience

- Improving access to the information we hold
- Implementing a one-stop-shop for incorporation with www.businesslink.gov.uk and HMRC—April 2011
- Launching electronic reminders—June 2011
- Improving the electronic Annual Return and incorporating the new SIC codes—October 2011
- Increasing the range of the web incorporations service—December 2011
- Working with accounting software providers to enable electronic filing from their products by March 2012
- Reduce fees reflecting our efficiency work
- Increasing Customer Satisfaction to over 86%

Trusted Information

- Improved quality by developing our paper and electronic validation checks—March 2011 (on-going)
- A more up-to-date Register through improved compliance and the implementation of double penalties
- Reduce transaction reject rates helping customers to ‘get it right first time’
- Ensure up-to-date company articles are on the Register through a new constitutional pursuit process

Develop Our Capability

- Continue to embed our principles and values
- Restructure Companies House as a first step towards gearing the organisation for a predominantly electronic service
- Improving our talent by developing appropriate systems and programmes
- Introducing comprehensive ‘e’ learning

Develop Our Capacity

- Relocate all staff from Nantgarw to Cardiff—July 2011
- New Contact Centre contract—August 2011
- Improvements in productivity and in other process improvements of 5%
- Achieve efficiency improvements to further reduce our operating costs from £56m to £48m over the period 2011/12 to 2013/14

RESPONSIBLE BUSINESS

Companies House and the Environment

Companies House is committed to sustainable development and reducing the impacts of its activities upon the global and local environment. Whilst having a relatively low environmental impact, Companies House acknowledges that through our Environmental Management System we can make continuous environmental progress. The improvements we make will help the global community address the difficult environmental problems we face.

Environmental Management System

Companies House has been certified to the International Environmental Management System ISO 14001, since 2002. The system has proved to be a robust management tool and is integral to our current and future environmental performance.

Carbon Management

Over the last financial year, Companies House has produced 3,154 tonnes of carbon dioxide from our utilities at the Cardiff and Nantgarw offices. This represents a 6% reduction compared with the previous financial year.

This has been achieved by improved environmental awareness: energy efficiency replacements of lighting; passenger lift motor rooms; and server consolidation. Additionally, Crown Way's Building Management System has been upgraded to maximise energy efficiency of gas during the winter month.

During the year, the Cardiff office has improved the operational rating of its Display Energy Certificate (DEC) by over 20%, due to better utility monitoring and management. The DEC rating scale runs from A to G with A being the most efficient. Our rating at year end was D.

Waste

Companies House sent 111 tones of waste to landfill. We achieved a 6% reduction during this year, which is further evidence that our bin-less office system has continued to help reduce our landfill waste. Companies House pre-treats all of its waste before it is sent to landfill, in order to optimise the amount that can be recovered for recycling.

Sustainable Operations in Government Estate Targets

We have made significant progress towards governmental targets. In particular, during the last year we have initiated projects such as the consolidation of our estate and the implementation of a biomass boiler for heating, which are forecast to achieve significant carbon savings in forthcoming years and will enable us to meet some of the challenging targets.

Working with the Community

Park and Ride

Companies House donated over £5,000 to 5 different local charities during the financial year. The money was raised from a park and ride scheme that was held at our Cardiff Office. The scheme whilst in operation, helped to reduce congestion and carbon emissions in the local community.

Sports & Social

Companies House has an active and enthusiastic Sports & Social Club that is run voluntarily by the staff, for the staff. As well as organising sporting events and parties for the children of Companies House staff, they have also raised money for local and national charities. In the financial year 2010/11, the Sports & Social Committee have organised events such as quiz nights, tombolas, raffles and prize draws to raise a total of £5,600. This was split as follows: Children in Need £1,400, Comic Relief £3,000, British Heart Foundation (BHF) Cymru £900 and £300 towards the Sports & Social fund that pays for the Children's Christmas Party. In a year where everyone has had to economise we congratulate staff for continuing to volunteer, donate and give so generously.

Corporate Social Responsibility

In people terms, our commitment to corporate social responsibility continues with an active programme of involvement with local schools. Eleven students had work experience placements with us and staff volunteers attended school careers, industry and enterprise days. Our commitment was recognised by Careers Wales, Companies House receiving a most valued partner award for our participation in their Education Business Partnership.

Diversity

A learning and development strategy has enabled us to deliver mandatory Diversity training across the organisation through the development of Diversity Hotshot sessions. These bite sized sessions cover all the diversity strands and are aimed at adding value to the organisation in an efficient way. The latest one delivered 51 sessions across the organisation and covered the protected characteristic of disability.

We also turned our attention to the wider diversity agenda and the public sector duty on us under the Equality Act 2010. We assisted the organisation to conduct 291 Equality Impact Assessments of our policies and procedures providing us with a sound platform for embedding these considerations into business processes in the future.

We uphold the commitment in the Job Centre Plus 2 Ticks Scheme to having a positive attitude to job applications from disabled people. Our guaranteed interview scheme ensures that all disabled people meeting the minimum criteria for a job vacancy are interviewed and considered on their abilities.

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

Health and Wellbeing (Health & Safety (H&S), Occupational Health & Staff Counselling)

A formal assessment for the British Standard OHSAS 18001, the internationally recognised assessment specification for occupational health and safety management systems, was undertaken. After going through a rigorous assessment process, Companies House was accredited to the standard in July 2010. A further successful assessment took place in January 2011.

In order to ensure compliance with Health and Safety legislation, the H&S legal register, policies, procedures and risk assessments were reviewed and updated. 1,158 places on over 130 H&S courses were filled during the year. This included the new all-encompassing 'Essential Health and Safety' course, which was delivered to approximately 250 staff.

As a result of the Staff Counselling Consortium being disbanded, a service was provided to the remaining Consortium Members until 30 September 2010. Companies House decided to continue the in-house Staff Counselling service and the Staff Counsellor continued to provide

confidential counselling support throughout the year to 164 staff. A stress awareness briefing session has been developed for managers, in order to help managers identify stress in themselves and others and to understand the support that is available.

A new 'first day sick absence' process was launched in February 2011. The purpose of the process is for the Occupational Health Advisor to provide early medical advice to staff. It is anticipated that the provision of early support to staff will help aid in their safe return to work and contribute to a reduction in the number of average working days lost.

Recruitment

Companies House has policies and procedures in place to ensure that recruitment is carried out in line with employment legislation. We have a Guaranteed Interview Scheme in place for any disabled applicants that meet the minimum recruitment criteria as set out in our Competency Framework. The recruitment figures for the year are shown below. Due to the external recruitment freeze, the figures are greatly reduced from previous years.

External Recruitment Figures 1 April 2010 – 31 March 2011

	Applied	Invited to Interview	Appointed
Female	30	4	2
Male	59	15	4
Ethnic Origin declared	32	8	2
White	42	9	3
Not Stated	15	2	1

Risks and Uncertainties

During 2010/11, the Companies House Risk Strategy and Risk Policy have been reviewed and updated to reflect the annual re-assessment of the corporate Risk Appetite. This includes a "Target Risk" concept to ensure better focus on reducing risks to an acceptable level within an appropriate time-scale. A new Risk Management Group now co-ordinates the risk management systems across Health & Safety, Data Security, Business Continuity and our major projects.

The Risk Policy sets out clear guidelines and routes of escalation based on set risk appetite levels using a common language. As a result, we consider risk management to be well embedded at a senior and middle management level. The Risk Strategy includes further work to embed risk awareness at a lower level. The roll out of the new risk management system, Companies House Active Risk Management (CHARM) implemented in March 2011 will enable risk owners and managers to maintain their own risk logs and track their progress first hand. Further plans to provide risk awareness sessions for operational staff are currently at the development stage.

A continuous programme of risk reviews was carried out through the year; quarterly at operational level and monthly at corporate level. The Companies House Audit Committee had sight of corporate level risks on a quarterly basis including information on risk movement throughout that quarter. Probably the most significant risks successfully managed and removed from the corporate risk register using this process were: (i) the customer reaction to the changed filing requirements of the new Companies Act and (ii) our ability to cope with the workload this caused. These were addressed through a combination of staff training, changing guidance for customers, staff re-allocation and targeted improvements to our systems and processes.

Information Security

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

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

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

Again, this year, we will measure the effectiveness of our IA controls and risk management against the Information Assurance Maturity Model. This model incorporates the mandatory requirements of the Security Policy Framework.

As part of the overall drive for compliance and raising awareness, Security Awareness training, as a mandatory requirement, was given to all employees within Companies House. Staff were required to obtain a 'pass' at Level 1 and Level 2 via the e-based learning, Data Handling and Security modules, developed for the National School of Government.

In February 2011, Companies House successfully completed the comprehensive 3 yearly re-certification processes for the information security standard ISO 27001.

Improved information security awareness throughout Companies House and a more formalised incident reporting procedure has resulted in an increase in the reporting of low level incidents (please see table below). However, none of the incidents reported have fallen within the criteria for reporting to the Information Commissioner's Office (ICO).

Security Incidents

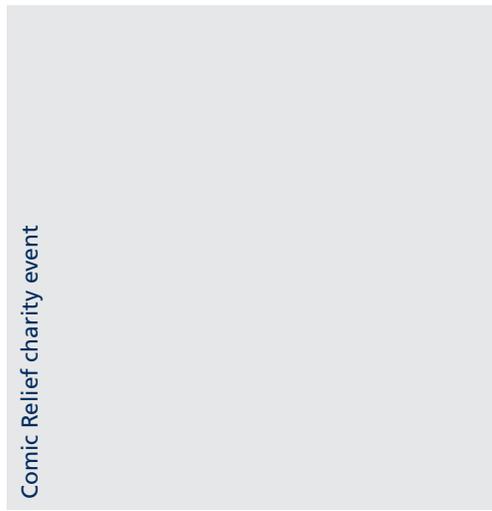
Category	Nature of incident	Total
I	Loss of inadequately protected electronic information, devices or paper documentation from government secured premises	0
II	Loss of inadequately protected electronic information, devices or paper documentation from outside government secured premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	17
V	Other	7



“ In February 2011 Companies House successfully completed the comprehensive 3 yearly re-certification processes for the information security standard ISO 27001



Comic Relief charity event



GOVERNANCE REPORT

Executive Board

The role of the Executive Board is to set the direction for Companies House, maintain overall stewardship and governance, and ensure our organisational capacity to deliver for our customers.

The Executive Board deals with issues of a strategic nature which include:

Setting direction

- Instigating strategic thinking
- Articulating vision and values for everyone in Companies House
- Checking that what we are doing and what we plan to do are driving us in the right direction
- Shaping plans/delivery and providing input to the wider government agenda

Overall stewardship and governance

- Ensuring that the Agency Business Board and Leadership Team are doing what is needed
- Specific corporate governance responsibilities, such as the Statement of Internal Control
- High level overview of performance, finance and targets

Ensuring the right balance between our organisational capacity and effective delivery for customers

- Clarity of expectations; culture
- Adjusting the organisational structure so that it remains fit for purpose
- Ensuring we have the right people with the right skills in the right place

Executive Board Membership

There are 7 on the Agency's Executive Board, of which 4 members are Senior Civil Servants (SCS).

Board Effectiveness—performance evaluation

On an annual basis the Board reviews its performance against Cabinet Office best practice measures to ensure it continually performs to the highest standard that is expected within government. Following the last review, in January 2011, several improvements have been implemented, such as, implementing measures to ensure that the next level of management are as fully engaged as possible by allocating ownership of specific activities and regularly reviewing the most appropriate way that key messages / core communications are communicated to the business.

Chair Chief Executive and Accounting Officer for Companies House

Members Director of Corporate Strategy
Director of Business Solutions Delivery
Director of Customer Delivery
Director of Finance and Procurement
Head of Legal
Director of Human Resources and Estates

The Steering Board

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

The Steering Board also provides guidance from a commercial or business standpoint to the Chief Executive and his senior team on the operation and development of the Agency. The Board's objectives include:

- To advise on strategic direction and provide the context for the business plan and overall targets, within the framework of the department's overall objectives and wider government objectives and service to business
- To provide strategic challenge on the business and corporate plans and endorse the annual report and accounts for submission by the Accounting Officer
- To assess periodic performance reports
- To advise on and monitor performance, including the setting of targets, particularly in ensuring fit with departmental and wider government aims and performance against them, as well as providing an independent assessment of the targets and the underlying processes
- To advise on scope and outcomes of agency reviews
- To advise on major business developments which imply a significant change in the Agency's role or activities and on its exposure to and management of risk

Chair	Non-executive Board Member
Members	3 additional (previously 4) Non-executive Board Members
	Director General of Market Frameworks, BIS
	Director of Business Environment, BIS
	Chief Executive and Accounting Officer for Companies House
	Director of Corporate Strategy, Companies House
	Director of Business Solutions Delivery, Companies House
	Director of Customer Delivery, Companies House
	Director of Finance and Procurement, Companies House
	Head of Legal, Companies House
	Director of Human Resources and Estates, Companies House

Composition of the Steering Board

During the majority of the reporting year, the Steering Board consisted of 14 members; 5 Non-executive Board Members (NEBMs), 7 executive members and 2 representatives from the Department for Business, Innovation and Skills (BIS).

However, during the year some changes were made to the membership of the Non-executive Board Members; on 31 December, Alex Jablonowski and Rodger Hughes concluded their term of office, and on 1 January, Peter Wyman was appointed to the Board for an initial period of 3 years.

Steering Board Membership

Non-executive Board Members' appointments and re-appointments are staggered to allow the managed transition of the Board's business and to ensure continuity.

Frequency and location of meetings

Four Steering Board meetings take place each year. These generally take place in Cardiff, but occasional meetings are held at our other offices. In addition, an annual strategic planning day is held during the summer months.

Steering Board members also participate in senior interview boards and workshops at a senior level. Outside the formal meetings, NEBMs also assist with specific projects / work initiatives. For example, this year they have provided advice on, among other things: The modernisation of the Customer Delivery Directorate and streamlining our business processes; reviewing our internal controls; and assisting with our approach in implementing a new HR Strategy as we work towards being a fully electronic organisation.

Board Effectiveness—performance evaluation

During December, the Steering Board conducted its annual performance evaluation. The evaluation ensured that there was an opportunity to gain assurances and for members to put forward any suggestions/comments for improvement. Overall, the outcome of the review was positive and firmly consolidated the opinion that the Steering Board was achieving its main purpose, added value and continued to address the right issues by focussing on the strategic issues in hand and the change agenda. The evaluation also confirmed that the executive team and NEBMs worked well together, were constructively challenging and shared a common agenda.

Some recommendations were also put forward to improve the Board's effectiveness. It was agreed that even more opportunities would be identified so that the NEBMs could contribute outside the normal cycle of meetings. In addition, the practice of inviting the NEBMs to Executive Board meetings, once a year, would be implemented. Board members also agreed that more staff should be invited to attend the meetings and contribute to specific discussions, especially when they have been involved in the work, thus adding value and enriching the overall discussions.

The Audit Committee
Companies House Steering Board established the Audit Committee as a sub-committee, to assist and advise the Accounting Officer on audit, corporate governance, risk management and internal control issues across the business.

The Committee supports the Board and Accounting Officer by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs, and reviews the reliability and integrity of this assurance. The Committee acts in a non-executive advisory capacity:

- To assist the Accounting Officer in carrying out his audit and corporate governance obligations, by providing a forum for discussion of internal and external audit related matters.
- To promote confidence in the systems of internal control, by bringing an independent element and guidance on financial and other internal controls.
- To review the nature, extent and scope of internal audit coverage, and to provide guidance in defining priorities.
- To co-ordinate any additional reviews by external audit, internal audit or other consultancy and inspection providers, and to review management's responses.
- To provide an objective assessment of year-end financial statements and related reports, and provide advice to the Accounting Officer with respect to the approval of the statements.

Meetings are held 4 times a year with additional meetings held as required.

Chair	Non-executive Board Member
Members	2 other Non-executive Board Members
In attendance by invitation	Chief Executive as Accounting Officer for Companies House Director of Finance and Procurement Manager, Internal Audit, BIS Head, Assurance Risk and Consultancy Representative of National Audit Office Others as appropriate

Membership

The Audit Committee is made up of 3 NEBMs of the Companies House Steering Board. The Committee is properly constituted when 2 or more of the Non-executive Board Members are in attendance.

Audit Committee Membership

During the year there was a change in membership. In January, Peter Wyman was appointed as chair of the Audit Committee in place of Rodger Hughes and Sheila Doyle replaced Alex Jablonowski as a Non-executive Board Member.

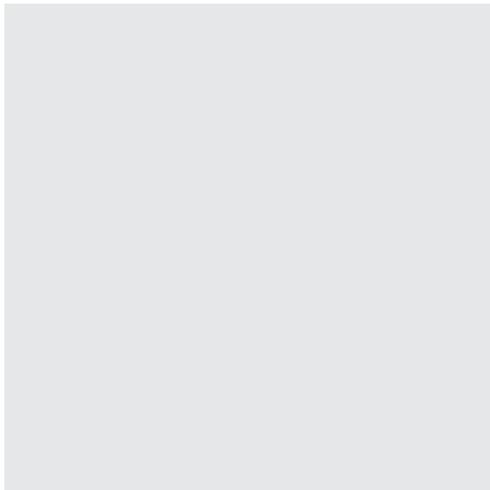
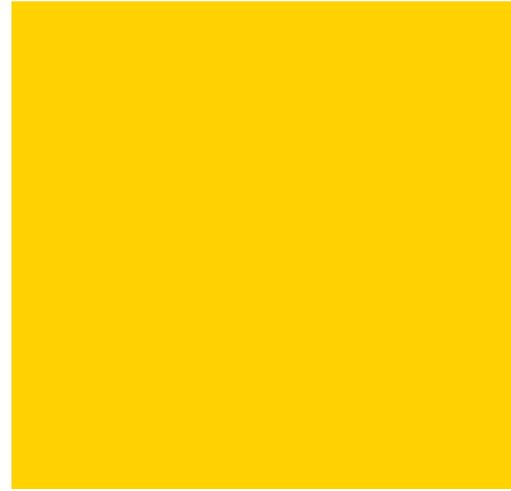
Committee Effectiveness—performance evaluation

On an annual basis the Audit Committee chair, NEBMs and the Chief Executive carry out a performance review of the Committee's effectiveness during the year. This exercise is carried out every December prior to the main Audit Committee meeting where the results of the review are cascaded to other attendees.

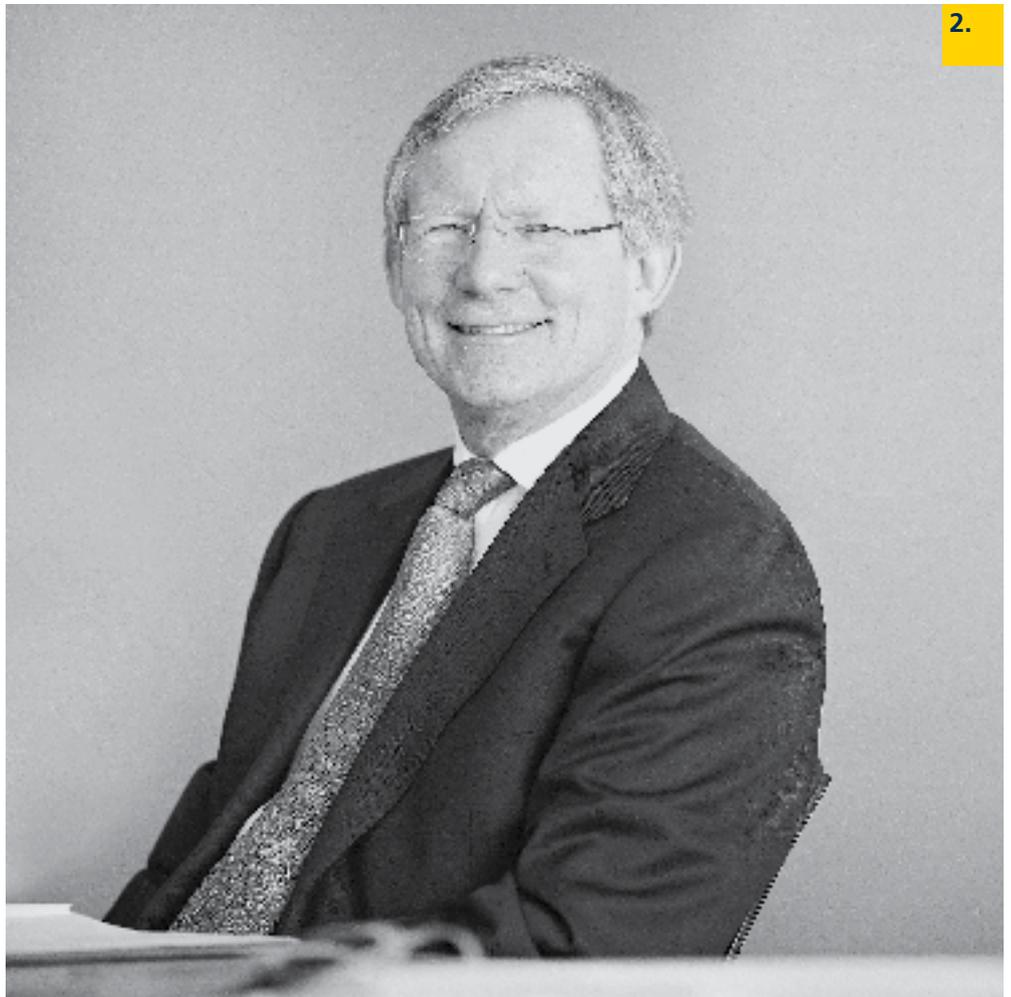
The Comptroller and Auditor General

The National Audit Office (NAO) act as Companies House external auditors. A designated representative attends all Audit Committee meetings and has access to all financial and other information.

STEERING BOARD MEMBERS

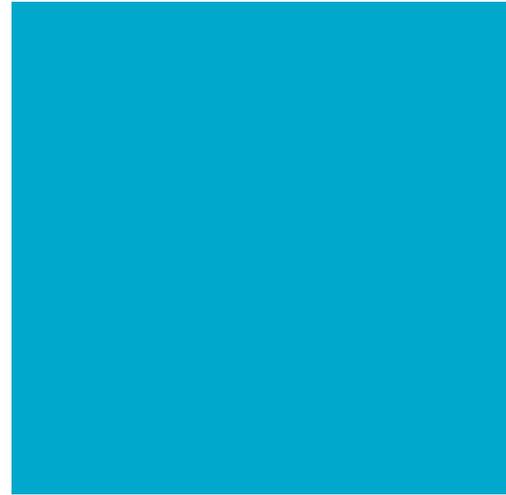


The Steering Board meets on a quarterly basis to discuss the strategic direction for Companies House

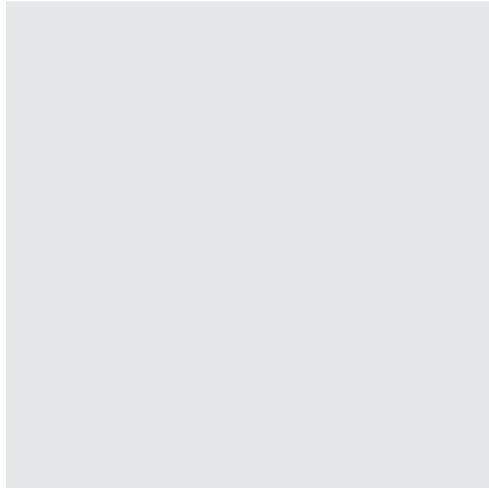




10.



11.



The Steering Board provides guidance from a commercial and business perspective

The Steering Board advises the Secretary of State on the performance of Companies House throughout the reporting year



12.



13.



1. Gareth Jones

Registrar of Companies for England and Wales and Chief Executive of Companies House

Gareth joined Companies House in April 2007 as Chief Executive and Registrar of Companies.

Prior to this, Gareth was Director for Environment, Planning and Countryside at the Welsh Assembly Government. In a long and varied career within the Civil Service, he has held a number of senior positions including Operations Director for Wales during the 2001 Foot and Mouth crisis and, in the Conservative Government of the late eighties and early nineties, Private Secretary to the Secretary of State for Trade and Industry at the DTI. Gareth started his career in 1979 as a computer programmer and analyst and has used this grounding in more recent roles to drive successful business change projects which comprise of a significant element of IT.

As Chief Executive, Gareth is head of, and Accounting Officer for, Companies House, responsible for all aspects of operational and financial management and ensuring that Companies House meets the targets set by ministers. Gareth was awarded the OBE in 2003.

2. Andrew Summers

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

Andrew was appointed independent Chairman of the Steering Board on 1 January 2007.

Andrew works in a variety of non-executive roles, which include Director of Ramboll, a leading engineering consultancy and Chairman of Design Partners, the industry/government body which supports design companies internationally. He is also Chairman of Westminster Business School and a council member of King's College London.

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

3. Bernadette Kelly

Director General of Market Frameworks, BIS

Bernadette Kelly was appointed as the new Director General, Market Frameworks in the Department of Business, Innovation & Skills (BIS) in December 2010. Her responsibilities include competition and consumer policy, employment relations, trade policy, and company law and governance.

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

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

4. Tim Knighton

Director of Business Solutions Delivery

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

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

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5. Peter Wyman CBE

Non-executive Board Member

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On the 1 January 2011 Peter was appointed as a Non-executive Board Member of the Steering Board and Chairman of the Audit Committee.

Peter has a portfolio of non executive appointments in commercial and not-for-profit organisations, including being: Senior Advisor to Albright Stonebridge Group LLC; Advisory Board member at Pasco Risk Management Ltd; Chairman of Sir Richard Sutton's Settled Estates; Treasurer, University of Bath; Audit and Risk Committee member at the Royal Society for the Arts, Manufactures and Science; and, Chairman of Somerset Community Foundation.

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.

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6. Gwyneth Edwards

Head of Legal

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

.....

7. Sheila Doyle

Non-executive Board Member

.....

Sheila was appointed to the Steering Board in January 2010 and was appointed as a Non-executive Board Member of the Audit Committee in January 2011.

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

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

.....

.....

8. Tim Moss

Director of Corporate Strategy

.....

Tim joined Companies House 8 years ago and spent the first couple of years running the operations and compliance departments before moving into his current role. He has 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 the manufacturing industry. He has a Natural Sciences degree from Cambridge University, an MBA from Swansea University and lives on a farm in South Wales.

.....
9. Mike Nash

Director of Finance and Procurement

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

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

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

.....
10. Ann Lewis

Director of Customer Delivery

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

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

.....
11. Richard Carter

Director of Business Environment, BIS

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

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

.....
12. Nicky Alberry

Non-executive Board Member

.....
 Nicky was appointed as a Non-executive Board Member to the Steering Board and Audit Committee in January 2009.

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

She is Chairman of GWE Business West, a South West based membership and economic development organisation and Chairman of Northern Arc, a company delivering publicly funded contracts in the area of business support and skills development to South West businesses. She is a Deputy Lieutenant for Wiltshire and involved with a number of Community and Voluntary organisations in the County.

.....
13. Phil Bushby

Director of Human Resources and Estates

.....
 Phil joined Companies House in April 2007. He is a Chartered Fellow of the Institute of Personnel and Development and has a BSc in Geography.

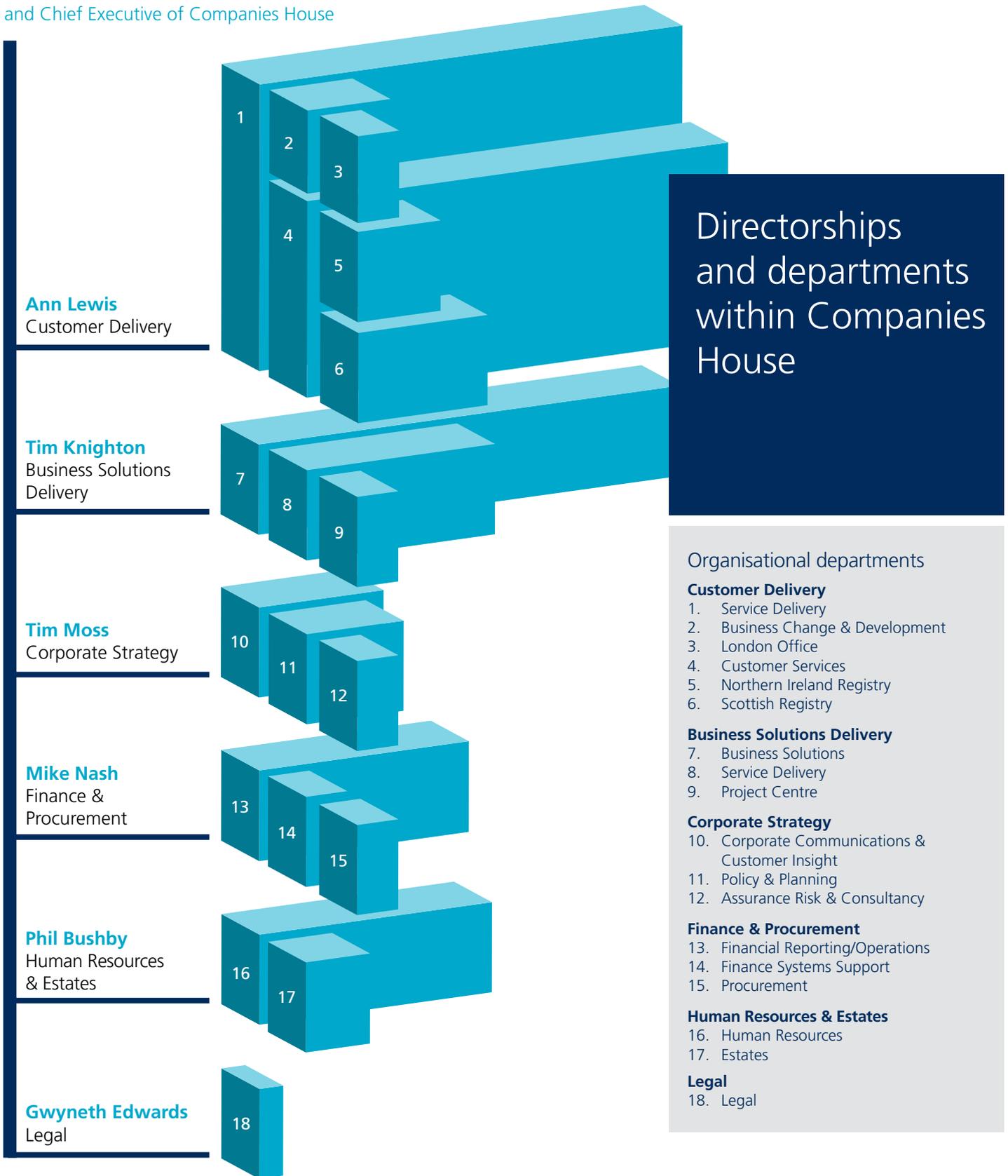
His previous senior HR experience has been gained in the private sector, where he has operated mainly within the logistics sector. His previous employers include DHL, Exel and WH Smith. Most recently he was the Divisional HR Director for a sector of DHL that managed the logistics requirements for large retailers such as B&Q, Mothercare, BHS, Currys and Comet.

Phil is responsible for the people agenda within Companies House which includes Learning and Development, Employee Relations, Payroll and Health and Safety. Since joining Companies House he has also taken on responsibility for our estates and works closely with our parent department (BIS) on sharing best practice on HR issues across the organisations.

ORGANISATION CHART

Gareth Jones

Registrar of Companies for England and Wales
and Chief Executive of Companies House



REMUNERATION REPORT

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

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

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

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

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

Service Contracts

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

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

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

Salary

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

Benefits in kind

No senior manager received a benefit in kind in 2010/11 (2009/10: Nil).

Performance pay

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

Civil Service Pensions

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

Companies House has run 2 exit schemes during the financial year 2010/2011. These were Flexible Early Severance/Approved Early Retirement for more senior grades in November 2010 and an office wide Voluntary Exit Scheme in March 2011. The latter is as a direct result of current and future efficiencies and future work forecasts, based on 'e' take-up and moving to compulsory 'e' services due in March 2013.

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

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

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

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

The following table has been audited.

The salary and pension entitlements of the senior managers of Companies House in the year to 31 March 2011.

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".

		Gareth Jones	Tim Knighton	Tim Moss	Ann Lewis	Phil Bushby	Mike Nash	Gwyneth Edwards
2010/11								
Salary	£'000	100-105	75-80	75-80	60-65	60-65	60-65	60-65
Performance Payments	£'000	5-10	5-10	0-5	0-5	0-5	0-5	0-5
2009/10								
Salary	£'000	100-105	75-80	75-80	45-50	65-70	60-65	60-65
Performance Payments	£'000	10-15	10-15	10-15	-	5-10	0-5	5-10
Real increase in pension and lump sum at age 60	£'000	0-2.5	0-2.5	0-2.5	0-2.5	0-2.5	0-2.5	0-2.5
Total accrued pension at age 60 at 31/03/11 and related lump sum	£'000	40-45	5-10	5-10	25-30	0-5	5-10	5-10
CETV at 31/03/11*	£'000	751	123	105	460	45	159	128
CETV at 31/03/10*	£'000	695	88	88	412	32	137	109
Real increase in CETV funded by employer	£'000	nil	16	8	12	8	11	9

* The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Cash Equivalent Transfer Values

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

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

Real increase in CETV

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

Companies House Steering Board

In addition, Non-executive Board Members of the Steering Board received fees totalling £47,302 (2009/10: £50,023). There were 5 (reduced to 4 in January 2011) independent members in 2010/11 (2009/10: 5).



Gareth Jones
Chief Executive and Registrar

28 June 2011

KEY STATISTICS

Registration Activity	2007/08 '000	2008/09 '000	2009/10 '000	2010/11 '000
Active Register (Annual average)	2,390	2,404	2,304	2,404
Active Register (Year end)	2,430	2,270	2,324	2,455
Incorporations	371	330	362	401
Removals from the Register (Dissolutions)	230	303	509	349
Statutory Documents	7,916	7,708	8,701	8,879

Company Searches

Company equivalent	4,000	4,700	4,999	5,083
Individual Images	5,595	6,286	6,465	6,471

Manpower	2007/08 '000	2008/09 '000	2009/10 '000	2010/11 '000
Actual year-end full-time equivalents	1,098	1,064	1,063	1,030

Performance Statistics	Target	Out-turn	Target	Out-turn	Target	Out-turn	Target	Out-turn
Take-up for electronic submission of documents	55%	47.9%	n/a	53.9%	n/a	61.1%	n/a	68.5%
To achieve an electronic filing target for accounts by year end	-	-	-	-	-	-	30%	35.5%
To achieve an electronic filing target for all transactions apart from accounts by year end	-	-	-	-	-	-	73%	78.7%
Soft Compliance rate—Accounts	95.3%	95.3%	95.3%	94.9%	95.3%	97.9%	96%	98.5%
Image quality	99.5%	99.7%	99.5%	99.2%	99.5%	99.2%	99.5%	99.6%
Unit cost reduction—Three year target reduction	-	-	5%	8.4%	10%	10.3%	15.0%	22.0%
Rate of return as a % of the average capital employed	3.5%	10.6%	3.5%	5.6%	3.5%	3.1%	3.5%	13.4%

Workload Volumes	Total Filed	Paper Filed	Online Filed	% Paper Filed	% Online Filed
Incorporations	400,555	34,504	366,051	8.6%	91.4%
Change of Name	49,675	38,965	10,710	78.4%	21.6%
Annual Returns	2,156,727	139,368	2,017,359	6.5%	93.5%
Annual Accounts	2,015,483	1,421,805	593,678	70.5%	29.5%
Mortgage	171,924	171,924	n/a	100%	n/a
Liquidations	162,989	162,989	n/a	100%	n/a
Other Documents	3,922,069	828,832	3,093,237	21.1%	78.9%
Total Documents	8,879,422	2,798,387	6,081,035	31.5%	68.5%

GOVERNMENT AGENCY PERFORMANCE

Key Ministerial Targets for 2010/11

	2007/08		2008/09		2009/10		2010/11	
	Target	Out-turn	Target	Out-turn	Target	Out-turn	Target	Out-turn
Customer Targets								
Reply to CEO cases within 10 days	100%	100%	100%	100%	100%	100%	100%	100%
Accounts Compliance rate	95.3%	95.3%	95.3%	94.9%	95.3%	97.9%	96%	98.5%
Respond to complaints within 5 days	97%	98.4%	97%	98.5%	97%	98.1%	97%	98.3%
To achieve an electronic filing target for accounts by year end	-	-	-	-	20%	20.4%	30%	35.5%
To achieve an electronic filing target for all transactions apart from accounts by year end	-	-	-	-	67%	73.2%	73%	78.7%
Search customers can access requested documents in 60 seconds	-	-	95%	94%	95%	98.4%	97.5%	98.8%
To increase the proportion of transactions that can be filed electronically (by March 2011)	-	-	-	-	-	-	90%	90.7%
Customer satisfaction	86%	86.6%	86%	85.4%	86%	80.7%	86%	79.9%
People Targets								
Average work days lost per person	-	-	-	-	<10	11.2	<10	10.8
Process Targets								
Electronic transactions received are available to view on public record within 72 hours	-	-	95%	98.6%	95%	98.4%	96%	98%
Paper transactions received are available to view on public record within 8 days	-	-	95%	96.2%	95%	95.4%	95%	96.6%
Images placed on CH image system are legible and complete	99.5%	99.7%	99.5%	99.2%	99.5%	99.2%	99.5%	99.6%
Service availability of Web filing	-	-	-	-	99%	98.4%	99%	99.9%
Service availability of WebCheck and CHD	-	-	-	-	99%	99.1%	99%	99.9%
Finance Targets								
Payment of invoices within 10 days	-	-	100%	97.5%	100%	98.9%	100%	98.9%
Payment of invoices within 5 days—government target from Dec'10	-	-	-	-	-	-	80%	95.3%

COMPANIES HOUSE
Accounts 2010/11



COMPANIES HOUSE

FOREWORD TO THE ACCOUNTS

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

History

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

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

Statutory Background

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

Principal Activities

Companies House has two main areas of activity:

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

Financial Background

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

The largest source of finance during the year continues to be the surpluses accumulated since commencing trading fund status in October 1991. Land and buildings have been revalued to £19.1m, and the main database supporting the registration activity of Companies House (Companies House Information Processing System (CHIPS)), which was capitalised on 1 March 2008, and which has been further enhanced during the year, which has been subject to an impairment review under IAS 36. No impairment was made during 2010/11.

Results and appropriations

The operating surplus before interest was £7.7m (2009/10: £1.7m). After charging interest payable of £30,000 (2009/10: £85,000) and declaring dividends payable of £2.1m (2009/10: £2.0m), a net surplus for the year of £5.7m (2009/10: £0.3m deficit) remained and was added to the General Fund which at 31 March 2011 was £38.3m.

Business Review

The number of companies on the active Register rose by 100,000 (4.3%) during the year to 2.5m companies. Dissolutions returned to more normal levels of around 350,000 from the high point in 2009/10 when over 509,000 companies were dissolved. The number of companies being formed during 2010/11, however, rose by 38,218 to 400,555 (2009/10: 362,337). Mortgage registrations fell by 1.8% compared to 2009/10.

Income from registration activities (excluding late filing penalty (LFP) fees) was £45.2m, the same as reported in 2009/10. Income from incorporations rose by 9% to £6.7m as over 400,000 companies were added to the Register, of which 91.4% were received electronically. Increased take-up for electronic annual returns continued, with 93.5% of all returns filed during the year received via this channel (2009/10: 89.8%).

Total expenditure, including the cost of running the LFP scheme, was £58.9m, a reduction of £5.9m compared to 2009/10. We were required to cut planned expenditure by £3.8m during the year, but further cuts and efficiencies were delivered as the year progressed which contributed towards the funding of an AER/ Voluntary Exit Scheme, the commencement of the closure of the Nantgarw site, the payment of obligations towards staff pay, and also improvements to the working environment in Crown Way. The cost of running the LFP scheme, including the issuing, collection and enforcement of the penalties, was £5.2m (2009/10: £5.3m) all of which was invoiced to BIS on a cost recovery basis. We are required to publish a Trust Statement in respect of the LFP scheme for the first time since its inception in 1992 (see pages 89 to 104).

The number of total documents filed was 8.9m, broadly the same as 2009/10 when 8.7m documents were filed at Companies House. However, improvements to operational processes, as well as enhancements to operational software and further growth in transactions processed electronically, have meant that overall productivity has increased during the year, allowing us to reduce the number of employees and contracted staff by 102.

Consequently, the average number of employees for the year was 1,165 compared to 1,202 in 2009/10. The associated full-time equivalent posts were 1,062 (2009/10: 1,088), 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 2010/11 was £3.2m (2009/10: £3m). Of this, £2.7m was spent on improving IT capability and capacity, such as replacing the main CHIPS servers and by further enhancing the main operational software. £0.5m was spent on improvements to the infrastructure and working environment.

Cash Balances

Net cash inflow for the year was £4.6m taking the cash balances at this year-end to £15.5m. 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.

On 17 May 2010, Companies House changed to the Government Banking Service (GBS) as the main provider for its banking transactions.

Days lost due to absence

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

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 £19.1m (2009/10: £19.1m). More information on this is provided in note 5.

Impairment

Following the impairment review under IAS 36 no impairment was necessary for this year.

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 (2009/10: £36,000) for the 2010/11 reporting period. An External Audit at a cost of £12,000 was also carried out for the Trust Statements.

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. 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

Donations were made to various local charities from the proceeds raised from the use of the Companies House estate for a Park and Ride Scheme at weekends. This was a joint initiative with Cardiff City Council which collected the fares from the public, and subsequently distributed the Companies House share to our staff's nominated charities. As a result of a review of their activities, Cardiff City Council withdrew the scheme on 31 July 2010. The value of these donations was £5,364 in 2010/11 (2009/10: £18,635).

There were no gifts of a political nature made during the year.

Executive Board

The Executive Directors of the Agency were:

Gareth Jones
Chief Executive

Tim Moss
Director of Corporate Strategy

Mike Nash
Director of Finance and Procurement

Tim Knighton
Director of Business Solutions Delivery

Phil Bushby
Director of Human Resources and Estates

Gwyneth Edwards
Head of Legal

Ann Lewis
Director of Customer Delivery

Steering Board

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

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

Bernadette Kelly
Director General of Market Frameworks, BIS

Richard Carter
Director of Business Environment, BIS

Nicky Alberry
Non-executive Board Member

Sheila Doyle
Non-executive Board Member

Peter Wyman
Non-executive Board Member
(Appointed 1 January 2011)

Rodger Hughes
Non-executive Board Member
(Term expired on 31 December 2010)

Alex Jablonowski
Non-executive Board Member
(Term expired on 31 December 2010)



Gareth Jones
Chief Executive and Registrar

28 June 2011

COMPANIES HOUSE

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.

COMPANIES HOUSE

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound System of Internal Control (SIC) that supports the achievement of Companies House policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. In addition, I am also responsible under section 453(3) of the Companies Act 2006 for collecting late filing penalties. The Trust Statement for late filing penalties can be found between pages 89 to 104.

I meet regularly with the Director General of Market Frameworks, Departmental Ministers and I am a member of the Market Frameworks Management Board. I have also been appointed as operations delivery champion for the Department for Business, Innovation and Skills (BIS).

During 2010/2011 I was advised by:

The Companies House Steering Board

Membership of the Steering Board included a Non-executive Chairman, 4 Non-executive Board Members (NEBMs) and 2 senior officials from BIS, and all of the Agency's Executive Directors. The Steering Board met quarterly to advise on strategic direction and to provide strategic challenge on the business and corporate plans.

During the reporting year 2 members concluded their term in office. On the 1 January the board's membership was reviewed to reduce the non-executive board membership from 5 members to 4.

A review of the Steering Board was held in November/December 2010. Results showed that the Steering Board was successful in achieving its objectives, added value and members were confident that they worked well together to provide value for money and a commitment to the success of Companies House. A number of recommendations were agreed to improve the engagement of Steering Board members outside the normal cycle of Steering Board meetings. For instance, during the year the NEBMs assisted in providing advice on the streamlining of processes: reviewing internal controls and assisting our approach to implement a new HR strategy.

The Audit Committee

A sub-committee of the Steering Board whose role it is to assist the Accounting Officer, by providing a forum for discussion on matters of audit, corporate governance, risk management and internal controls issues. Membership of the Audit Committee included a non-executive chair and 2 other non-executive members. Meetings were also attended by me, the Finance Director of Companies House, Companies House Head of Assurance Risk and Consultancy and BIS 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. Steering Board members receive the minutes of each Audit Committee meeting and activities and findings are reported to the Steering Board where appropriate.

During December the Chief Executive, Steering Board Chair and the Non-executive Members carried out a performance review of the Audit Committee to determine whether the Committee met the requirements of their terms of reference and provided the appropriate support to Companies House. The overall conclusions were positive and discussions were held to establish how to make further improvements.

During the year the Audit Committee activity included:

- Providing an independent element and guidance on financial and other internal controls;
- Approving the self-assessment against Her Majesty's Treasury (HM Treasury) 'Managing Risk of Financial Loss' toolkit;
- Providing an objective assessment of year-end financial statements and related reports;
- Providing independent guidance and assurance on the organisation's capacity and effectiveness to manage risk; and approving the Companies House Risk Management Policy and Strategy;
- Receiving quarterly reports of the management and progress against the organisations corporate risks;
- Approving the Internal Audit plan and receiving progress reports against the plan on a quarterly basis;
- Receiving reports from Internal Audit and advising on the implications for the overall control framework as well as management responses;
- Liaising with external audit when appropriate.

The Executive Directors of Companies House

Directors met as an Executive Board on a monthly basis to set the direction for Companies House, take strategic and other major decisions, maintain overall stewardship and governance, and ensure the Agency's organisational capacity to deliver. The Board also benefited from the attendance of 2 associate members from the broader Senior Leadership Team. Each associate member attends for a 6 month period. An open

invitation to attend as observers is extended to all Companies House staff. A rota system, allowing 2 people to attend each month is in place so that all members of staff wishing to attend as observers are given the opportunity. The Board carries out a self assessment of its performance, effectiveness and behaviour against the Companies House values at the close of each monthly meeting; Board observers are also asked to comment on its performance.

An effectiveness review was carried out during January 2011. Responses were collated from the Agency's Executive Board and from the associate members and observers that attended during the reporting year. Results were positive and members felt that the Executive Board were effective in setting the strategic direction for the Agency and overall was achieving its purpose, added value and addressed the right issues.

Some actions for further improvement were also identified, such as: implementing measures to ensure the next level of management were as fully engaged as possible by allocating ownership of specific activities and to regularly review the most appropriate way to communicate key messages/core communications to the business.

We have had no changes to the Executive Board during the period. The Executive Board continued to have the support of the broader leadership team of senior managers, whom we have been actively developing to provide broader direction and guidance for the organisation.

The Agency Business Board

Included 2 members of the Executive Board, Companies House Senior Leadership Team, associate members and observers. 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);
- Formed the Customer Satisfaction Group to identify requirements of customers and improve the customer journey. A series of initiatives managed by ABB has assisted in the increase in Customer Satisfaction to 85.3%;
- Managed 'business as usual' risks which affected Companies House processes;
- Owned the results of the annual staff survey and commissioned actions for improvement from the Senior Leadership Team;
- Managed the organisational delivery against government environmental targets;
- Was responsible for the management of sick absence.

The Purpose of the System of Internal Control (SIC)

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Companies House's policies, aims and objectives, to evaluate the likelihood of those risks being realised, and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Companies House for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The system is designed to be proportionate to the risk exposures faced by the organisation.

Capacity to handle risk

Management has taken a lead in embedding risk management throughout the organisation. A risk management policy that forms part of Companies House's internal control and corporate governance arrangements has been designed to be consistent with best practice to ensure:

- effective risk management takes place in the corporate, operational and support functions and projects;
- all management and staff are aware of risk management and their responsibilities for managing risks;
- Companies House complies with the requirements of HM Treasury and BIS in operating a sound risk management framework as part of its internal control environment.

During the year the Risk Management Policy has been reviewed to incorporate the Risk Management Strategy condensing the 2 documents into 1; introducing the practice of identifying a Target risk (i.e. identifying the level at which a risk would be considered acceptable); introducing the Risk Management Group, formed to increase assurance and a joined up approach to risk management; and the annual review of the risk appetite.

A new Risk Management System was built in-house during the year. By planning and building ourselves, we ensured we had a system that was fit for purpose and produced at low cost. Use of the system will enable Risk Owners to take better ownership, management and accountability for their risks as well as improving the embedment of risk throughout the organisation.

In addition, we have recently tested our systems and processes via the Treasury's new 'Managing Risk of Financial Loss Toolkit'. This offers a suite of measures designed to assess the organisation's maturity in managing these risks; it documents the best-practice controls and challenges that they are in place. I am pleased to say that we performed very well in the assessments, with a minimal number of actions to drive further improvement. These actions will be tracked through the year in anticipation of next year's re-assessment.

The assessment was run by the Assurance, Risk and Consultancy Team (ARC). ARC provides ongoing support, training and facilitation on the risk management process and specific advice and guidance on the management of risk.

The Risk and Control Framework

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

Additionally, a framework of formal risk management operates:

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

The key risk managed during the year was the challenge to raise our customer satisfaction rates whilst realising significant organisational efficiencies. During the year 42 customer focus groups, working party and director seminars were held in major UK cities as well as a Companies House presence at key business exhibitions.

Our Customer Satisfaction Group set in motion a series of activities to address the main issues. Where possible some improvements were implemented quickly resulting in an increase in satisfaction levels in the last quarter of the year. Further improvements requiring greater resource or systems change will be implemented during the next year utilising project governance procedures.

Both the Executive Board and the Agency Business Board have responsibility for managing key risks within their scope. These may be identified from within the business and escalated to the relevant Board via the ARC Team and the relevant Director, or may be originated by the Board itself if identified at that level.

The Executive Board is further required to:

- Be responsible for the oversight and management of risk at Companies House;
- Review and update the Companies House Risk Register at each meeting;
- Seek evidence on matters related to the management of risk so that there is formal assurance that appropriate measures are in place;
- Provide guidance on risk management, financial management and control in accordance with best practice;
- Ensure that risk management is embedded at all levels within Companies House;
- Consider any resource implications; and advise on sources of audit services and consulting;
- Carry out recommendations agreed with Internal Audit and the National Audit Office in relation to risk;
- Agree any changes to the Companies House Risk Appetite annually;
- Provide quarterly updates on the movement of risks to the Audit Committee.

The risk management policy encourages the taking of controlled risks designed to maximise new opportunities and to promote the use of innovative approaches to achieve corporate objectives and further the interests of Companies House, provided the resultant exposures are within our documented risk appetite range.

Examples of risks identified and effectively managed off the corporate register during the year include:

- Migration of the information from the Northern Ireland Register system to Companies House system;
- Closure of the Staff Counselling Consortium and the redeployment of Consortium members;
- Issues around legislation changes and its effect on Companies House processes and customers.

Companies House ARC works in partnership with BIS Internal Audit Unit to deliver the internal audit service, operating to Government Internal Audit Standards. The work of Internal Audit is informed by an analysis 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 me. At each financial year-end the Head of Internal Audit provides me with a report on the internal audit activity at Companies House. This report contains an opinion on the overall adequacy and effectiveness of the organisation's: risk management; control; and governance processes.

Internal Audit

Internal Audit reviewed a number of areas within Companies House during the course of the year. These included some of our key changes such as the new processes adopted following the new Companies Act and major risk areas such as our handling of personal data, budgeting and efficiency efforts. Assurance was also provided over the delivery of significant corporate support activities such as payroll and financial systems. Positive opinions were given on the main controls over all the above, with only minor issues raised across the programme of work on the control framework.

The Head of Internal Audit expressed a 'Satisfactory' opinion in his annual assessment, i.e. overall the systems of internal control, governance and risk management that have operated within the organisation are judged to have been generally effective. Instances of control failure have been isolated and are not judged to have arisen from major systemic weakness. Management's actions should focus on those areas of relative weakness identified through a process of continuous improvement.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Executive Directors within Companies House who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Executive Board, the Audit Committee and the Agency Business Board, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Executive Directors and I discuss, and then provide a year-end written formal statement, measured against good practice, covering the internal controls in Companies House. These statements were reviewed at a meeting of all the Directors, the Head of BIS Internal Audit and chaired by the Audit Committee Chairman. This provides strong assurance that appropriate mechanisms are in place throughout Companies House. The process identifies and documents any actions required for improvement. Those actions are then reviewed at a meeting of the Executive Board toward the end of quarter 2 in each year.

Information Security

Information security risks are reviewed quarterly by the identified Information Asset Owners. Our plans to improve Information Security are based on the application of the Cabinet Office's Information Assurance Maturity Model and the Security Policy Framework. The main improvement activities identified through these models are overseen by the Information Management Security Forum, chaired by our Senior Information Security Owner; these were concerned with staff training and awareness and the information we receive from our 3rd party suppliers on their security processes. These actions have been delivered with the improvements demonstrated through this year's assessments against the models. Additionally, during February 2011 we successfully completed the comprehensive 3 yearly re-accreditation processes for the information security standard ISO 27001.

Companies House is also PCI / DSS (Payment Card Industry / Data Security Standard) compliant through self assessment. This gives an assurance to customers that payments made by credit/debit cards are handled in line with the Payment Card Industry's standards.

Health and Safety

Companies House is committed to its statutory obligations on health and safety and ensuring the health, safety and welfare of its employees, contractors and visitors. Continuous improvement of our Occupational Health and Safety Management System in accordance with BS OHSAS 18001: 2007 requirements resulted in us achieving accreditation during July 2010. The British Standards Institute (BSI) carried out a 6 month follow up assessment in January 2011 to establish whether standards were still being upheld, the assessment returned a satisfactory report. The accreditation requires annual assessments by the BSI these will be carried out during January—the next one therefore due in January 2012. In addition, all senior managers have received refresher training during the course of the year.

Sustainability

Effective environmental management has always been extremely important to the Companies House Executive Board and its stakeholders; our previous and future performance will continue to evidence this.

During the period 2010/11 we continued to maintain the international standard ISO 14001 and were twice audited by British Standard Institute, who continued our accreditation.

Carbon Reduction Measures and the Prime Minister's 10% Target.

The Executive Board took the decision to replace our gas heating boilers with a biomass and gas mix; this work will be completed during 2011. It is anticipated that this will achieve a substantial carbon saving in the future.

Other major energy saving activities during the year included:

- Energy saving lights continued to be rolled out;
- Five passenger lifts were refurbished with higher energy efficiency running gear;
- A number of IT servers were consolidated/replaced in both Crown Way and Nantgarw sites leading to a substantial carbon saving.

The whole government estate was requested to reduce its carbon emissions (from energy) in May 2010. The requirement is to reduce our emissions by 10% by 14 May 2011. Over the last few years Companies House has already implemented the recommendations that BIS and Office of Government Commerce (OGC) are currently making. Consequently, having made substantial savings already we are not going to be in a position to meet this 10% target; although current data suggests that by May 2011 we will still be on course to reduce our carbon emissions by over 5%.

Summary

In summary, my review indicates that there were no significant control weaknesses during the year, and this is consistent with the internal audit opinion for 2010/11. I am therefore confident that control activity has been appropriate for our level of risk exposure.

Going forward Companies House faces a number of challenges as we endeavour to continue to improve our efficiency while safeguarding the customer experience in an age of government austerity. I believe the flexible, well-embedded systems described above will enable the organisation to meet these challenges successfully.



Gareth Jones

Chief Executive and Registrar

28 June 2011

COMPANIES HOUSE

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 2011 under the Government Trading Funds Act 1973. These comprise the Statement of Comprehensive Income and Statement of Changes in Taxpayers' Equity, 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. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of Companies House Accounting Officer and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of Companies House's affairs as at 31 March 2011 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 "Customers", "Process", "Finance", "Responsible Business" and "Foreword to the Accounts" for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse

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

29 June 2011

COMPANIES HOUSE

Statement of Comprehensive Income for the year ended 31 March 2011

	Note	2010/11 £'000	2009/10 £'000
Operating income	2	66,562	66,401
Administration costs:			
Staff costs	3	(31,882)	(34,344)
Non-staff administration costs	7	(26,939)	(30,339)
Gross administration costs		(58,821)	(64,683)
Operating surplus before interest		7,741	1,718
Interest Receivable	8	57	55
Interest Payable & Finance Costs	8	(30)	(85)
Net operating surplus before dividend		7,768	1,688
Dividend	9	(2,069)	(1,976)
Net operating surplus/(deficit)		5,699	(288)
Other Comprehensive Income			
Net Gain on Revaluation of Land and Buildings	5	304	1,609
Comprehensive income for the Year Ended 31 March 2011		6,003	1,321

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

The notes on Pages 68 – 85 form part of these accounts

COMPANIES HOUSE

Statement of Financial Position as at 31 March 2011

	Note	31 March 2011 £'000	31 March 2010 £'000
Non-current assets			
Property, plant and equipment	5	21,433	20,717
Intangible assets	6	26,203	28,462
Total non-current assets		47,636	49,179
Current assets			
Trade and other receivables	11	6,053	7,406
Cash and cash equivalents	12	15,513	10,893
Total current assets		21,566	18,299
Total assets		69,202	67,478
Current liabilities			
Trade and other payables	13	(7,357)	(11,762)
Total current liabilities		(7,357)	(11,762)
Non-current assets plus net assets		61,845	55,716
Non-current liabilities			
Provisions	15	(750)	(624)
Total non-current liabilities		(750)	(624)
Assets less liabilities		61,095	55,092
Taxpayers' equity			
Public dividend capital		15,889	15,889
General Fund		38,310	32,611
Revaluation reserve	10	6,896	6,592
Total		61,095	55,092



Gareth Jones

Chief Executive and Registrar

28 June 2011

The notes on Pages 68 – 85 form part of these accounts

COMPANIES HOUSE

Statement of Cash Flows for the year ended 31 March 2011

	Note	2010/11 £'000	2009/10 £'000
Cash flows from operating activities			
Net operating surplus/(deficit)		5,699	(288)
Adjustment for non-cash transactions	7	5,034	5,372
Decrease/(Increase) in trade and other receivables	11	1,353	(2,142)
(Decrease)/Increase in trade payables	13	(237)	1,086
Increase/(Decrease) in provisions	15	126	(185)
Net cash inflow from operating activities		11,975	3,843
Cash flows from investing activities			
Dividend Paid	9	(1,976)	(1,971)
Purchase of property, plant and equipment	5	(1,553)	(358)
Purchase of intangible assets	6	(1,326)	(2,608)
Net cash outflow from investing activities		(4,855)	(4,937)
Cash flows from financing activities			
Repayment of Loan		(2,500)	(2,000)
Net financing		(2,500)	(2,000)
Net increase/(decrease) in cash and cash equivalents in the period		4,620	(3,094)
Cash and cash equivalents at the start of the period	12	10,893	13,987
Cash and cash equivalents at the end of the period	12	15,513	10,893

The notes on Pages 68 – 85 form part of these accounts

COMPANIES HOUSE

Statement of changes in taxpayers' equity for the year ended 31 March 2011

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

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.

COMPANIES HOUSE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

1. Principal Accounting Policies

(a) Statement of accounting policies

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

(b) Property, plant and equipment

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

All research expenditure is written off as incurred.

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

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

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

(c) Intangible assets

In accordance with IAS 38, the policy on expenditure incurred on the replacement of the core information processing system 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 3rd 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 the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are charged to income statement on recognition.

(g) Leases

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

(h) Financial instruments

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

(i) Income

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

(j) Taxation

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

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

(k) Pension costs

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

(l) Provisions

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

Where the time value of money is material, Companies House discounts the provision to its present value using a discount rate of 2.9% per cent, the Government standard rate, (2009/10: 1.8%). 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) Standards issued but not yet effective

The following standards have been issued but have not been adopted in these financial statements as they are not yet effective:

- Interpretations that are not predicted to have an impact on the company:
- IFRIC 9 'Reassessment of embedded derivatives'—Amendment
- IFRIC 13 'Customer loyalty programmes'
- IFRIC 14 'Prepayments of a Minimum Funding Requirement'
- IFRIC 15 'Agreements for the construction of real estate'
- IFRIC 16 'Hedges of a net investment in a foreign operation'
- IFRIC 17 'Distribution of non-cash assets to owners'
- IFRIC 18 'Transfers of assets from customers'
- IFRIC 19 'Extinguishing Financial liabilities with Equity Instruments'
- IFRS 2 'Share based payment'—Amendments. The amendments related to vesting conditions and cancellations and cash-settled share based payment transactions. As we do not have share schemes these amendments are not predicted to have any impact on Companies House.
- IFRS 3 'Business combinations'—Revision. The revision is part of the second phase of the business combinations project between the International Accounting Standards Board and the US Financial Accounting Standards Board. The main changes include the scope, accounting for acquisition costs and post acquisition changes to continent consideration, accounting for goodwill and accounting for business combinations achieved in stages. There is additional guidance on recognition and measurement of fair values and on determining what is part of the business combination transaction. There are also a number of changes to disclosure requirements. The revision is effective for periods commencing on or after 1 July 2009. The Executive Board will consider the requirements of the revision on any future business acquisitions. As we do not have any business combinations these amendments are not predicted to have any impact on Companies House.
- IFRS 7 'Financial instruments: Disclosures'—Amendments. The amendments improve financial instrument disclosures about fair value measurements and reinforce existing principles for disclosure about the liquidity risk associated with financial instruments. The amendments are aimed at improving transparency and accounting guidance in response to the financial crisis. The amendments are effective for periods commencing on or after 1 January 2009. As the company's financial instruments are relatively simple we do not believe that the current disclosures will require significant updating.

- IAS 1 'Presentation of financial statements'—Amendment. This amendment deals with the puttable financial instruments and obligations arising on liquidation. The amendment is effective for periods commencing on or after 1 January 2009. We do not believe the adoption of this amendment will have any impact on Companies House.
- IAS 23 'Borrowing costs'—Revision. This revision eliminates the option to expense borrowing costs to the Statement of Comprehensive Income as incurred and is effective for periods commencing on or after 1 January 2009. We do not believe this revision will have any impact on Companies House.
- IAS 27 'Consolidated and separate financial statements'—Amendments. The amendments are part of the second phase of the business combinations project between the International Accounting Standards Board and the US Financial Accounting Standards Board. The main amendments relate to the accounting for minority interests and the loss of control of a subsidiary. The amendments are effective for periods commencing on or after 1 January 2009 and 1 July 2009. We do not believe the adoption of these amendments will have any impact on Companies House.
- IAS 28 'Investments in associates'—Amendment. The amendment is part of the second phase of the business combinations project between the International Accounting Standards Board and the US Financial Accounting Standards Board. The amendment is effective for periods commencing on or after 1 July 2009. As Companies House has no investments in associates the adoption of this standard is not predicted to have any impact.
- IAS 31 'Investments in joint ventures'—Amendment. The amendment is part of the second phase of the business combinations project between the International Accounting Standards Board and the US Financial Accounting Standards Board. The amendment is effective for periods commencing on or after 1 July 2009. As Companies House has no investments in joint ventures the adoption of this standard is not predicted to have any impact.
- IAS 32 'Financial Instruments: Presentation'—Amendment. This amendment deals with puttable financial instruments and obligations arising on liquidation. The amendment is effective for periods commencing on or after 1 January 2009. We do not believe the adoption of this amendment will have any impact on Companies House.
- IAS 39 'Financial Instruments: Recognition and measurement'—Amendment. These amendments relate to eligible hedged items and embedded derivatives. The amendments are effective for periods commencing on or after 1 July 2009. We do not believe the adoption of these amendments will have a little or no impact on Companies House.

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		Surplus/ (Deficit)	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
	£m	£m	£m	£m	£m	£m
Registration activities (i)	50.4	50.5	46.6	52.7	3.8	(2.2)
Dissemination activities (ii)	14.3	13.8	12.7	12.7	1.6	1.1
Other Services (iii)	1.9	2.1	1.6	1.3	0.3	0.8
Total as per operating account	66.6	66.4	60.9	66.7	5.7	(0.3)

- i. 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.
- ii. Dissemination activities—includes searches delivered on paper, electronically, magnetic tape and to bulk users.
- iii. Other services—includes income from rentals and surplus office space.
- iv. 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".
- v. Support costs are apportioned based on the usage made by the main service providers; otherwise by floor areas.

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 2010/11 was £99.4m (2009/10: £68.6m).

Included in Companies House income is £5.2m recovered from BIS for the running costs incurred in the charging administration and collection of late filing penalties raised (2009/10: £5.3m).

3. Staff costs

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

	2010/11	Full Time	2009/10	Full Time
	Total	Equivalent	Total	Equivalent
	Employees	Posts	Employees	Posts
3(a) Staff numbers by location				
Cardiff	1,107	1,005	1,152	1,041
Belfast	18	18	10	9
Edinburgh	32	31	32	30
London	8	8	8	8
	1,165	1,062	1,202	1,088

3(b) Staff numbers by activity

Central Operations, Customer Support & Late Filing Penalties	762	682	773	688
IT Services	170	163	171	164
Finance, HR, Legal, Policy & Marketing	223	207	248	226
Senior Managers	10	10	10	10
	1,165	1,062	1,202	1,088
Staff on Capital projects (included above)	68	68	76	76

In addition, there were a total number of contract staff of 4 (2009/10: 58) of which 2 (2009/10: 27) were included on projects.

Northern Ireland was integrated with Companies House on 1 October 2009 and employees have been based on the average over a full year. The full year equivalent would have been 20 employees (18 FTE)

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

	2010/11	2009/10
	£'000	£'000
Salaries	25,672	28,032
National Insurance	1,935	1,779
Voluntary Early Retirement (VER) costs	749	-
Pension costs	4,552	4,361
Income Seconded Staff	(110)	(100)
Contract staff	410	2,880
Capitalised staff costs (included above)	(1,280)	(1,155)
Capitalised contract staff project costs (included above)	(46)	(1,453)
Staff costs per operating account	31,882	34,344

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

Exit package cost band	Voluntary Exit Scheme
£10,000 – £25,000	2
£25,000 – £50,000	2
£50,000 – £100,000	2
£100,000 – £150,000	2
£200,000 – £250,000	1
Total number of exit packages	9
Total resource cost	749

Companies House ran a limited voluntary exit release scheme, which was announced in September 2010 and had phased exits through to end of March 2011.

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

4. Pensions

For 2010/11 the banded charges averaged 18.3% of pensionable pay for permanent staff (2009/10: 17.7%). This equates to a charge for the year of £4.5m (2009/10: £4.3m), at 1 of the 4 rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands. Employer contributions are to be reviewed every 4 years following a full scheme valuation by the Government Actuary. The date of the last actuarial valuation was 31 March 2010 (prior date was 31 March 2007); this was brought forward by a year to bring us more into line with other public sector schemes. The rates from 2009 will remain the same until March 2012, subject to the annual revaluation of the salary bands. Companies House has provided for certain redundancy and early retirement costs, which are disclosed more fully in note 15. All other liabilities incurred in the year were satisfied by the year-end. This is an unfunded multi-employer Defined Benefits Scheme but Companies House are unable to identify its share of the underlying assets and liabilities.

5. Property, plant and equipment

5(a) Property, plant and equipment (2010/11)	Land & Buildings £'000	Leasehold Improvement £'000	Plant and Machinery £'000	Computer Equipment £'000	Finance Leases £'000	Total £'000
Cost or Revaluation						
At 1 April 2010	19,100	1,074	3,799	10,011	449	34,433
Additions	-	109	358	1,394	-	1,861
Revaluation (Note 10)	-	-	-	-	-	-
Disposal/Assets written off	-	-	(956)	(2,933)	-	(3,889)
At 31 March 2011	19,100	1,183	3,201	8,472	449	32,405
Depreciation						
At 1 April 2010	-	830	2,988	9,514	384	13,716
Provided during year	304	153	327	610	55	1,449
Revaluation (Note 10)	(304)	-	-	-	-	(304)
Disposal attributed to assets written off	-	-	(956)	(2,933)	-	(3,889)
At 31 March 2011	-	983	2,359	7,191	439	10,972
Net book value at 31 March 2011	19,100	200	842	1,281	10	21,433
Net book value at 31 March 2010	19,100	244	811	497	65	20,717

5(b) Property, plant and equipment (2009/10)	Land & Buildings	Leasehold Improvement	Plant and Machinery	Computer Equipment	Finance Leases	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Revaluation						
At 1 April 2009	17,775	989	3,680	9,874	449	32,767
Additions	-	85	136	137	-	358
Revaluation (Note 10)	1,325	-	-	-	-	1,325
Disposal	-	-	(17)	-	-	(17)
At 31 March 2010	19,100	1,074	3,799	10,011	449	34,433
Depreciation						
At 1 April 2009	-	719	2,634	8,773	216	12,342
Provided during year	284	111	371	741	168	1,675
Revaluation (Note 10)	(284)	-	-	-	-	(284)
Disposal	-	-	(17)	-	-	(17)
At 31 March 2010	-	830	2,988	9,514	384	13,716
Net book value at 31 March 2010	19,100	244	811	497	65	20,717
Net book value at 31 March 2009	17,775	270	1,046	1,101	233	20,425

The land and buildings were valued as at 31 March 2011 by Messrs DTZ Debenham Thorpe on the basis of existing use, as set out in the RICS Appraisal and Valuation Manual. This basis is appropriate for use when valuing, for financial statements, property that is occupied for the purpose of the business operating within it.

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

6,586m² of the 29,862m² net internal space of the Crown Way building was rented to other government departments.

This year, in line with an audit recommendation, we are clearing all zero value obsolete assets (mostly IT equipment) that have accumulated on our Register. This process is reflected above.

6. Intangible assets

Intangible assets are software and the associated implementation costs

6(a) Intangible assets (2010/11)

	Software £'000	Assets in the course of construction £'000	Total £'000
Cost			
At 1 April 2010	50,003	1,334	51,337
Additions	-	1,326	1,326
Disposals	(4)	-	(4)
Asset Transfer	1,957	(1,957)	-
As at 31 March 2011	51,956	703	52,659
Amortisation			
At 1 April 2010	22,875	-	22,875
Additions	3,585	-	3,585
Disposal	(4)	-	(4)
As at 31 March 2011	26,456	-	26,456
Net book value			
At 31 March 2011	25,500	703	26,203
At 31 March 2010	27,128	1,334	28,462

Intangible assets are software and the associated implementation costs

6(b) Intangible assets (2009/10)			
	Software	Assets in the	Total
	£'000	course of construction	£'000
	£'000	£'000	£'000
Cost			
At 1 April 2009	43,583	5,146	48,729
Additions	-	2,608	2,608
Asset Transfer	6,420	(6,420)	-
As at 31 March 2010	50,003	1,334	51,337
Amortisation			
At 1 April 2009	19,178	-	19,178
Additions	3,697	-	3,697
As at 31 March 2010	22,875	-	22,875
Net book value			
At 31 March 2010	27,128	1,334	28,462
At 31 March 2009	24,405	5,146	29,551

As at 1 October 2009 the Companies Act Programme (CAP) project has been capitalised and has been fully transferred and depreciated from this date from Assets in the course of construction to Software. (Its natural life runs in line with CHIPS and runs until February 2018).

£25.5m of Net Book Value relate to CHIPS and CAP projects (2009/10: £27m).

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

7. Operating surplus

	2010/11	2009/10
	£'000	£'000
Audit Remuneration (This is stated after charging the following)		
Audit Services	48	36
Other Services	-	10
Professional Services (including Contact Centre and Debt Recovery)	5,170	5,518
Travel, subsistence & hospitality		
Chief Executive and Senior Managers	19	33
Employees	207	432
Staff Related Costs	525	625
Recruitment & Training	181	392
Printing & Stationery	4,363	5,499
Marketing & Advertising	537	1,496
Maintenance Contracts/Leases	3,470	3,435
Repair & Maintenance—Buildings	1,127	1,403
Accommodation Cost	2,841	2,914
Property Rental	1,194	885
Office Equipment	596	715
Software	587	487
Other Administration Costs	1,040	1,087
	21,905	24,967
Non Cash Items		
Depreciation and amortisation	5,034	5,372
Total non-staff administration costs	26,939	30,339

Included in Audit Services is £12k for work carried out on LFP Trust Statements (2009/10: Nil).

Included in Other Services in 2009/10 work carried out for the transition to International Financial Reporting Standards (IFRS).

There were no programme costs to report in the year (2009/10: Nil).

8. Interest & finance costs

	2010/11	2009/10
	£'000	£'000
Short-term daily interest receivable from the GBS and National Loans Fund	57	55
Interest payable on unsecured loans from BIS repayable wholly or partly by installments	(20)	(45)
Unwind of discount of early retirement scheme	(10)	(40)
	(30)	(85)

9. Dividend

A dividend of £2.1m (2009/10: £2.0m) was payable to BIS. The dividend is calculated as 3.5% of average capital employed and reflects the average annual return required by the Treasury Minute dated 21 July 2009.

10. Revaluation reserve

	Land & Buildings	Plant and Machinery	Total
	£'000	£'000	£'000
Balance brought forward 1 April 2009	4,973	10	4,983
Revaluation of property, plant & equipment at 31 March 2010—Cost	1,325	-	1,325
Revaluation of property, plant & equipment at 31 March	284	-	284
Balance brought forward 1 April 2010	6,582	10	6,592
Revaluation of property, plant & equipment at 31 March	304	-	304
Balance carried forward 31 March 2011	6,886	10	6,896

11. Trade receivables and other current assets

	31 March 2011 £'000	31 March 2010 £'000
Trade receivables	3,705	4,537
Other receivables	914	1,474
Prepaid expenditure	838	777
Amounts due from BIS	596	618
Total	6,053	7,406

No amounts fall due after more than one year (2009/10: Nil).

12. Cash and Cash Equivalent

	31 March 2011 £'000	31 March 2010 £'000
Balance at 1 April 2010	10,893	13,987
Net change in cash and cash equivalent balances	4,620	(3,094)
Balance at 31 March 2011	15,513	10,893

	£'000	£'000
The following balances at 31 March 2011 were held at:		
Commercial banks and cash in hand	15,513	10,893
Balance at 31 March 2011	15,513	10,893

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

13. Trade payables and other current liabilities

	31 March 2011 £'000	31 March 2010 £'000
Amounts falling due within one year		
Loans from BIS	-	2,500
Trade payables	237	613
Accruals and customer prepayments	5,037	6,635
Other payables	14	38
Dividend payable	2,069	1,976
	7,357	11,762

All amounts due under Trade Payables are current (2009/10: current).
No amounts fall due after more than 1 year (2009/10: Nil).

In March 2009, a loan of £4.5m was received from BIS to support future capital expenditure programmes. The loan was repayable over 2 years with the final repayment made in February 2011. Interest was calculated using the Equal Installment Method (EIP) rate quoted by the Public Works Loan Board (PWLB) on the day of the advance, fixed for the duration of the loan, and applied to the balance outstanding at the start of each month. The fixed rate quoted at the date of the agreement (18 March 2009) was 1.18%.

14. Finance leases

There are no finance leases obligations to report in the period 2010/11 (2009/10: Nil).

15. Provisions for liabilities and charges

	2010/11			2009/10		
	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	219	624	843	249	809	1,058
provided in the year	236	309	545	-	-	-
Provisions utilised in the year	(227)	-	(227)	(249)	-	(249)
Transfer to current liabilities	193	(193)	-	219	(219)	-
Unwinding of discount	-	10	10	-	34	34
Balance at 31 March	421	750	1,171	219	624	843

Analysis of expected timings of provisions

Amounts due within 1 year	421	-	421	219	-	219
Amounts due within 2 – 5 years	-	624	624	-	522	522
Amounts due after 5 years	-	126	126	-	102	102
Total	421	750	1,171	219	624	843

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 2.9% (2009/10: 1.8%).

Amounts due within 1 year of £421,000 (2009/10: £219,00) are included within accruals and customer payments.

16. Operating lease commitments

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

	31 March	31 March
	2011	2010
	£'000	£'000
Operating leases which expire		
Within one year	239	259
In the second to fifth years inclusive	60	128
Over five years	8,100	8,975
	8,399	9,362

17. Payment policy

In 2010/11 Government Departments were set with new guidelines of paying 80% of supplier invoices within 5 days, this came into effect in May 2010. In 2010/11 95.3% of invoices have been paid within this 5 day target.

Prior to this the payment policy was to pay 100% of all invoices not in dispute within 10 days or the agreed contractual terms if otherwise specified. For 2010/11 98.9% of invoices paid were within these limits (2009/10: 98.9%).

18. Disclosure of intra-government balances

	31 March 2011		31 March 2010	
	Payables £'000	Receivables £'000	Payables £'000	Receivables £'000
Balances with other central government bodies	2,086	1,405	4,572	2,018
Balances with local authorities	-	-	-	-
Balances with NHS trusts	-	-	-	-
Balances with public corporations and other Trading Funds	-	-	-	-

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

19. Financial instruments

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

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

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

Except for the BIS loan, Companies House's financial liabilities are interest free and most mature within one year or less, or on demand. The provision for voluntary early redundancy has a 9 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	2010/11	2009/10
	£'000	£'000
Total Debt Outstanding	3,705	4,537
Overdue but not provided for yet in following periods:		
Not yet due	3,229	4,068
1 – 30 days	319	294
31 – 60 days	153	170
61 – 90 days	3	4
> 91 days	1	1

No amounts fall due after more than one year (2009/10: Nil).

20. Subsequent events

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

The accounts were authorised for issue on 29 June 2011.

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 2011 was 13.4% and the return achieved since 1 April 2004 was 8.2%.

(b) Efficiency target

A new efficiency target was introduced in 2008. This was to achieve by 2010/11 a reduction, in real terms, of 15% compared to 2007/08 in the operational monetary cost of the registry per company on the Register.

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

2007/08 (base year)	£20.74
2008/09 (Year 1)	£18.99
2009/10 (Year 2)	£18.61
2010/11 (Year 3)	£16.18

This is a cumulative reduction of 22.0% (2009/10: 10.3%) over the base year cost per company.

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 2011 (2009/10: Nil).

COMPANIES HOUSE

SCHEDULE 1

Application of the Companies Act requirements

The disclosure exemptions permitted by the Companies Act in force for the financial period for which the statement of accounts is to be prepared shall not apply to Companies House unless specifically approved by the Treasury.

1. The Foreword shall contain the information required by the Companies Act to be disclosed in the Directors' Report to the extent that such requirements are appropriate to Companies House.
2. In preparing its Operating Accounts and Balance Sheet, Companies House shall adopt respectively format 2 and format 1 prescribed in Schedule 4 to the Companies Act 2006 to the extent that such requirements are appropriate to Companies House. Regard should be had to the examples in Annex C of the Trading Accounts booklet, in particular the need to strike the balance sheet totals at "Total Assets less Current Liabilities".
3. The Foreword and Balance Sheet shall be signed and dated.

COMPANIES HOUSE

SCHEDULE 2

Additional disclosure requirements

The Foreword shall state that the accounts have been prepared in accordance with the direction given by the Treasury in pursuance of section 4(6) of the Government Trading Funds Act 1973.

1. The Foreword shall include a brief history of Companies House and its statutory background. Regard should be had to Annexes B and C of the Trading accounts booklet.
2. The Notes to the accounts shall include, inter alia:
 - (a) details of the total income received from fees levied by Companies House and how these are divided between payments to the Consolidated Fund and payments to the Trading Fund;
 - (b) details of the further financial objectives set by the responsible Minister with Treasury concurrence in accordance with section 4(1)(b) of the Government Trading Funds Act 1973, together with an indication of the performance achieved. The Treasury Minute shall be reproduced as an appendix to the accounts.

COMPANIES HOUSE

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 per cent in the form of a surplus on ordinary activities before interest payable and dividends payable, expressed as a percentage of average capital employed. Capital employed shall consist of the capital (PDC and long-term element of loans) and reserves.
4. This Minute supersedes that dated 12 October 2004.
5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4(1) of the Government Trading Funds Act 1973.

TRUST STATEMENT
LATE FILING PENALTIES
2010/11

TRUST STATEMENT

ACCOUNTING OFFICER'S FOREWORD TO THE TRUST STATEMENT

First Time Reporting

This is the first year that a Trust Statement has been prepared by Companies House for the late filing penalty scheme, as required by HM Treasury, and is in line with the Accounts Direction set in December 2010. In prior years the amounts collected for HM Treasury under this scheme and the costs associated with the administration of the scheme have been reported as a note in the Annual Report & Accounts of Companies House.

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 that 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. The impact of double penalties is only shown in the last quarter of 2010/11, which is when the first double penalty notices were issued under the Act.

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

Business Review

During the financial year 229,315 penalties were levied, which was a decrease of 1,050 on the previous year. This resulted in a reduction in the value of the penalties issued to £94.4m (2009/10: £112.5m). The reduction of £18.1m was due to a change in behaviour of companies where the number of accounts filed over 6 months late reduced by 42%; filing late but closer to the due date incurs a lower penalty. This change in behaviour was due to an improved compliance effort by Companies House.

During 2010/11 a total of 3,679 double penalties were levied with a value of £1.6m against companies that had filed their accounts late in successive years. This should 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 will result in the penalty being doubled at the point of the second filing.

Performance

82% of the penalties levied in 2010/11 were collected in full, (2009/10: 77%). Those penalties of which either I or my fellow Registrars exercised our discretion not to collect are excluded from these figures. This increase of 5% on debt collection is an excellent performance when considering the nature of the majority of the companies who have incurred penalties, some of whom are unable to settle as they have no assets or are in the process of dissolution.

Penalties and any associated court costs that were written off during the financial year as uncollectable amounted to £18.8m (2009/10: £15.7m). The increase in the bad and doubtful debt provision of £5.9m has arisen mainly because of the increase in the value of penalties imposed since February 2009.

Results and Appropriations

The net revenue for the Consolidated Fund was £67.5m (2009/10: £83.3m). The transfer of receipts to the Consolidated Fund from the Trust in the year was £99.4m (2009/10: £68.6m) which left a balance due to the Consolidated Fund of £22.2m (2009/10: £54.1m) at 31 March 2011.

Case handling

During the financial year 46,453 (2009/10: 40,259) appeals were received against penalties levied. The increase is a result of the stricter penalty regime imposed from the 1 February 2009 when the penalty levels increased in value. Having levied a penalty under s453 I and my fellow Registrars have applied limited discretion not to collect 3.7% of these penalties (2009/10: 4.2%) 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 s441. Under s453 of the Act it is the company not the individual officers that 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 2010/11 the debt written off was £18.8m (2009/10: £15.7m) of which 98.6% related to dissolved companies. Companies House has been more active in removing defunct companies from the register during the year, this has in turn impacted on the level of write offs incurred.

The provision for bad debts for the year has increased by £5.9m to £40.1m (2009/10: £34.2m) and has been constructed in line with the accounting policy (note 1). The main reasons for the increase has been the higher value of penalties imposed since February 2009.

Independent Adjudicators

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

Court Costs

Court costs awarded are shown within income and in 2011 amounted to £2.7m (2009/10: £3.9m). 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. 2010/11: £1.0m (2009/10: £1.7m). 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 £72.3m (2009/10: £81.8m) taking cash balances at the year end to £2.3m. Cash balances are managed in accordance with Treasury guidelines. Companies House transfers to the Consolidated Fund, on a monthly basis, the penalty income received.

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, and during this financial year BIS transferred £27m relating to funds collected in 2009/10 (note 7).

Audit Service

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

Registrars

Gareth Jones

Registrar of England and Wales

Dorothy Blair

Registrar of Scotland

Helen Shilliday

Registrar of Northern Ireland



Gareth Jones

Accounting Officer

28 June 2011

TRUST STATEMENT

STATEMENT OF THE ACCOUNTING OFFICER'S RESPONSIBILITIES IN RESPECT OF THE TRUST STATEMENT

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

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

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

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

TRUST STATEMENT

STATEMENT ON INTERNAL CONTROL

The Agency's Statement on Internal Control, covering both the Trading Fund and the Trust Statement, is shown on pages 58 to 62.

TRUST STATEMENT

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the Companies House Trust Statement for the year ended 31 March 2011 under the Government Trading Funds Act 1973. The Trust Statement comprises the Statement of Revenue, Other Income and Expenditure, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The Trust Statement has been prepared under the accounting policies set out within the notes to the Statement.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the Trust Statement

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

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

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of affairs relating to the collection of late filing penalties by Companies House as at 31 March 2011 and of the associated net revenue for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on other matters

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse

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

29 June 2011

TRUST STATEMENT

Statement of Revenue, Other Income and Expenditure for the Year Ended 31 March 2011

	Note	2010/11 £'000	2009/10 £'000
Revenue			
Penalties	2a	94,389	112,460
Discretion Applied Under s453(3) Companies Act 2006	2b	(3,865)	(4,209)
Total		90,524	108,251
Other Income			
Recoverable Court Costs	1c	2,718	3,901
Total Revenue		93,242	112,152
Expenditure			
Court Costs Transferred	1c	(1,030)	(1,657)
Bad and Doubtful Debts	4	(24,754)	(27,071)
Other Expenditure		-	(111)
Total Expenditure		(25,784)	(28,839)
Net Revenue for the Consolidated Fund	6	67,458	83,313

There were no recognised gains or losses accounted for outside the above Statement of Revenue and Expenditure.

The notes on Pages 99 – 103 form part of this statement.

TRUST STATEMENT

Statement of Financial Position as at 31 March 2011

	Note	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Debtors falling due after more than one year	3a	517	352	280
Current assets				
Trade and Other Debtors	3b	19,689	24,715	23,286
Cash and cash equivalents	7	2,329	29,389	16,206
Total current assets		22,018	54,104	39,492
Current liabilities				
Trade and Other Creditors	5	(382)	(390)	(432)
Net Current Assets		21,636	53,714	39,060
Total Assets less Current Liabilities		22,153	54,066	39,340
Balance on Consolidated Fund Account as at 31 March	6	22,153	54,066	39,340



Gareth Jones
Accounting Officer

28 June 2011

The notes on Pages 99 – 103 form part of this statement.

TRUST STATEMENT

Statement of Cash Flows for the year ended 31 March 2011

	Note	2010/11 £'000	2009/10 £'000
Net Cash Flow from Revenue Activities		72,311	81,770
Cash paid to Consolidated Fund	6	(99,371)	(68,587)
(Decrease)/Increase in cash and cash equivalent		(27,060)	13,183

Notes to the Statement of Cash Flows

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

Net Revenue for Consolidated Fund		67,458	83,313
Decrease/(Increase) in Non-cash Assets	3	4,861	(1,501)
Decrease in Liabilities	5	(8)	(42)
Net Cash Flow from Revenue Activities		72,311	81,770

(b) Analysis Of Changes in Net Funds

Decrease/(Increase) in Cash in this Period		(27,060)	13,183
Net Funds as at 1 April (Opening Cash at Bank)	7	29,389	16,206
Net Cash as at 31 March (Closing Cash at Bank)		2,329	29,389

The notes on Pages 99 – 103 form part of this statement.

TRUST STATEMENT

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

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) Debtors

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:

	2010/11		2009/10	
	Number of Penalties		Number of Penalties	
	'000	£'000	'000	£'000
England & Wales	211	85,589	214	103,380
Scotland	13	5,747	14	7,552
Northern Ireland	5	3,053	3	1,528
Total	229	94,389	231	112,460

The Northern Ireland Registry was integrated with Companies House on the 1 October 2009. This included responsibility for the collection of penalties relating to Northern Ireland companies.

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 that 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. Debtors

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

	2010/11	2009/10	2008/09
	£'000	£'000	£'000
Penalties levied and Court Costs	27,558	17,744	13,801
Provision of Doubtful Debts	(27,041)	(17,392)	(13,521)
Total	517	352	280

3(b) Trade and Other Debtors

	2010/11	2009/10	2008/09
	£'000	£'000	£'000
Penalties levied and Court Costs	32,755	41,492	32,533
Provision of Doubtful Debts	(13,066)	(16,777)	(9,247)
Total	19,689	24,715	23,286

3(c) Penalties levied and Court Costs

	2010/11	2009/10	2008/09
	£'000	£'000	£'000
Not Yet Due (Instalment agreements)	1,010	2,164	1,870
1 – 30 days	6,373	8,330	12,234
31 – 60 days	4,156	5,432	7,240
61 – 90 days	3,401	3,600	2,254
91 – 365 days	17,815	21,966	8,935
< 365 days	32,755	41,492	32,533
> 365 days	27,558	17,744	13,801
Total	60,313	59,236	46,334

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

	2010/11	2009/10
	£'000	£'000
Debt written off—dissolved companies	18,560	15,427
Other write offs	256	243
Revenue losses	18,816	15,670
Increase in provision for doubtful debt	5,938	11,401
Total	24,754	27,071

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

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

5. Creditors

	2010/11	2009/10	2008/09
	£'000	£'000	£'000
Other payables	291	291	292
Accrued & deferred income	91	99	140
Total	382	390	432

No amounts fall due after more than one year (2009/10: Nil).

6. Balance on Consolidated Fund

	2010/11	2009/10	2008/09
	£'000	£'000	£'000
Balance on the Consolidated Fund as at 1 April	54,066	39,340	11,104
Net Revenue for the Consolidated Fund	67,458	83,313	65,044
Less Amounts paid to Consolidated Fund	(99,371)	(68,587)	(36,808)
Balance on the Consolidated Fund as at 31 March	22,153	54,066	39,340

7. Cash and Cash Equivalents

	2010/11	2009/10	2008/09
	£'000	£'000	£'000
Balance with PGO/GBS	2,197	1,980	1,310
Balance with commercial banks	132	383	1,229
Balance held at BIS	-	27,026	13,667
Total	2,329	29,389	16,206

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.

On the 17 May 2010, banking arrangements were changed from the Paymaster General Office (PGO) to the Government Banking Service (GBS)

8. Expenditure

In managing the scheme Companies House incurred expenditure of £5.2m (2009/10: £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.

	2010/11	2009/10
	£'000	£'000
Appeal Administration		
Staff Costs	1,706	1,527
Overheads	902	669
Debt Collection		
Staff Costs	199	174
Overheads	2,438	2,927
Total	5,245	5,297
Average Employees FTE	65.2	61.4

On the 1 October 2009 the Northern Ireland Registry was integrated into Companies House with 6 months costs reflected in the 2009/10 numbers, and a full year's expenditure included in 2010/11.

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 29 June 2011.

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 2011 for the revenue and other income collected by the Trading Fund as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury (“FReM”) which is in force for 2010/11.
- 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 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 ensure compliance with the administrative deadline for laying the audited accounts before Parliament before the Summer Recess.
- 7 The Trust Statement, together with this direction (but with the exception of the related appendices) 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 have agreed that the Trust Statement may be laid at a later date.

Chris Wobschall

Head, Assurance and Financial Reporting Policy
HM Treasury

22 December 2010

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