

It's been a year of change, and a year of progress

Operational cost per company

reduced by 10.3%
over 2 years



Search documents accessed within 60 seconds

98.41%



209 Companies Act courses for employees
1,243 employees completed courses
34 NVQ graduates

2008/9 – 17 hours
2009/10 – 24 hours
Online service availability

Companies House

Annual Report and Accounts

2009/10

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

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

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We're changing to a fully electronic information exchange. And we're helping customers along the journey. It's paying off, but we'll let the facts speak for themselves.



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Joint statement

From the Chief Executive and Chair of the Steering Board

We are on a journey from being a place where information is registered to being a fully electronic information exchange providing information that customers value. The facts and figures in this report reflect the progress we have made on that journey, the benefits these will deliver to customers and the important role Companies House continues to play in underpinning business confidence in the UK.

The major event of 2009/10 has been the final implementation of the Companies Act 2006 in October 2009. The last Companies Act was implemented over 20 years ago so the recent implementation was a big event for Companies House and presented challenges for our customers and staff. The new Act brings together and simplifies many of the legislative changes of previous years and adds new benefits for business. It has required significant changes to the way in which businesses use Companies House's services, as well as for all our operating systems. In this report we will let the facts speak for themselves; they show how we have built a solid foundation that is already paying dividends and which will continue delivering benefits for customers in the years ahead.

Our staff have put considerable effort into ensuring that business and services have continued to operate throughout this period of major change. In the month following implementation of the Companies Act we successfully processed over three quarters of a million transactions – which was then by far the highest level ever in a single month. This figure has continued to rise and in March 2010 we processed over 900,000 transactions. In October 2009 we also received over 170,000 calls in our Contact Centre, compared to our monthly average of 120,000 calls. We are already seeing customers taking advantage of the new features of the Act, such as using service addresses for directors and applying for us to use our increased flexibility to remove and replace documents in certain circumstances. We are acutely aware that some of our customers have felt the impact of these new requirements and some have experienced difficulties since the Act's implementation. We have worked hard to keep disruption to a minimum and we are grateful to all our customers for their continued support and patience.

Another significant change during the year has been the integration of the Northern Ireland Company Registry. On 1 October 2009 all the information from the Northern Ireland company database was transferred to the Companies House database. This has provided for the first time a UK-wide registry of company information. As a result, customers in Northern Ireland benefited from extended electronic services and increased service availability.

We are pleased to welcome the staff from the Northern Ireland office and will continue to work closely with them to ensure a smooth transition and improved services for Northern Ireland companies.

In this report we let the facts speak for themselves; they show how we have built a solid foundation that will continue delivering benefits for customers.

As always, customers remain at the heart of everything we do and in July 2009 we were able to extend the availability of our online services to 24 hours a day, 7 days a week. This means that customers in the UK and worldwide can now file documents, or search for company information at any time convenient to them. The Government's White Paper "Putting the Frontline First: Smarter Government" published in December 2009 focussed on improving service delivery (especially via electronic channels), and making government more efficient. Key to this is the move to digital services, where Companies House is a leader within government, with all our search services and the majority of filings being submitted electronically. This year Companies House registered 5.3 million e-filed documents and by the end of March 2010 we were receiving 93% of all annual returns and incorporations electronically. This tells us that companies recognise that doing business with us electronically is cheaper, faster and more secure.

We continue to improve the register's integrity and completeness, to enable our search customers to make confident decisions.

We are committed to looking at the Government's delivery of services from a customer perspective and have worked in conjunction with other government organisations, such as HMRC and Businesslink.gov.uk on the joint filing of accounts and the development of a web incorporation service, both of which will significantly reduce the regulatory burden on business when they are introduced in the next 12 months.

We recognise that, as the way we do business changes with increased efficiencies and the growth in e-filing, business processes and interactions with our customers will also change. This change is supported by goals and activities that are monitored through a Strategic Plan. All this is underpinned by an organisation that will continue to have the right structures and skills to meet the needs of our customers. Our staff have remained highly committed to providing good quality services and we have delivered a strong performance in 2009/10. We will continue to look forward, make significant efficiencies and work closely with our customers to improve services even further in the months and years to come.

In June 2009, as part of our continuing contribution to the fight against financial crime, we replaced the paper application process for our PROOF (PROtected Online Filing) service with an online opt-in mechanism. This new option makes it easier for companies to sign up to the PROOF anti-fraud scheme to prevent unauthorised paper filings being made against protected companies. We have experienced record levels of take-up with over 700,000 customers signing up for the scheme by the end of the year. This is nearly 10 times the number of customers that had signed up to PROOF before the online opt-in was introduced.



Andrew Summers CMG

Chair of Companies House Steering Board



Gareth Jones OBE

Chief Executive



While the implementation of the new Act has been a priority, Companies House has remained committed to driving forward other key objectives. We know that when we analysed a single, random day during the year, there were over 500,000 searches on company details, and over 400,000 companies' details were accessed. During a random two-day period 22% of the entire register was searched. This reinforces the need for customers to provide accurate and up-to-date information for the register, to enable our search customers to make confident decisions. We continue to improve the register's integrity and completeness and this year we have seen the impact of an increase in late filing penalties, and a change to Companies House processes which means that defunct companies have been removed from the register more swiftly. These changes have resulted in record compliance rates – 97.9% of companies now have up-to-date accounts on the register compared with 94.9% in 2008/09. A far cry from the compliance levels of around 40% that we used to see before penalties were introduced.

Public targets 2009/10

These were the targets recommended by the Executive Board for 2009/10 and approved by Ministers as the formal, public targets for the year.



Target

Out-turn 2009/10

Historical performance

Customer

To achieve an electronic filing target for accounts of 20%



Target

Out-turn 2009/10

Historical performance

Customer

To achieve an electronic filing target for other transactions of 67%



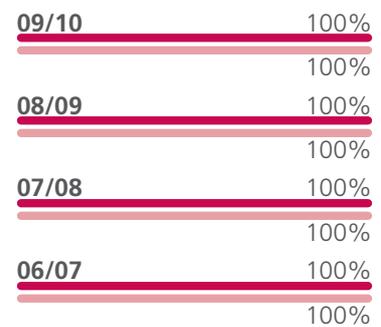
Target

Out-turn 2009/10

Historical performance

Customer

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



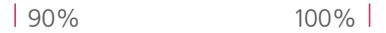
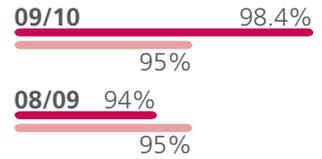
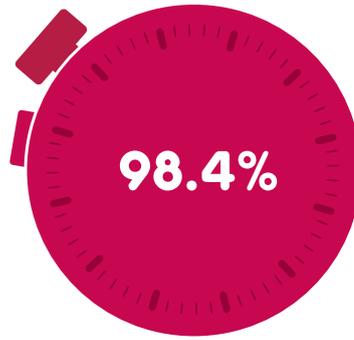
Target

Out-turn 2009/10

Historical performance

Customer

To ensure that 95% of electronic documents can be accessed within 60 seconds by search customers from the Companies House Direct download area



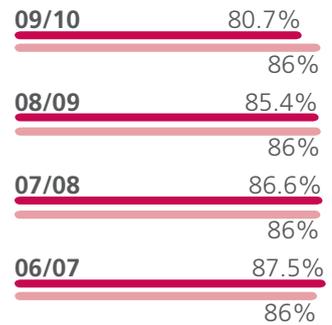
Target

Out-turn 2009/10

Historical performance

Customer

To achieve a score of more than 86% in each quarterly Companies House customer satisfaction survey



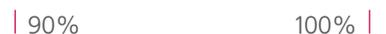
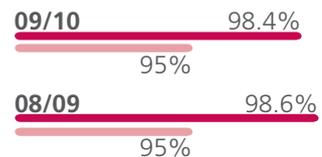
Target

Out-turn 2009/10

Historical performance

Process

To ensure that 95% of electronic transactions received are available to view on the public record within 72 hours

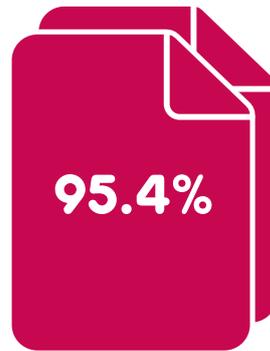


Target

Process

To ensure that 95% of paper transactions received are available to view on the public record within 8 working days

Out-turn 2009/10



Historical performance

09/10	95.4%
	95%
08/09	96.2%
	95%



Target

Process

To ensure that 99.5% of images placed on the Companies House image system are legible and complete

Out-turn 2009/10



Historical performance

09/10	99.2%
	99.5%
08/09	99.2%
	99.5%
07/08	99.7%
	99.5%
06/07	99.1%
	99.5%



Target

Process

To ensure that Companies House Direct, WebCheck and WebFiling are available 99% of the time between the hours of 7am and midnight

Out-turn 2009/10



Historical performance

09/10	98.2%
	99%
08/09	98.7%
	99%
07/08	95.8%
	99%
06/07	99.6%
	99%



Target

Out-turn 2009/10

Historical performance

People

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



Target

Out-turn 2009/10

Historical performance

People

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



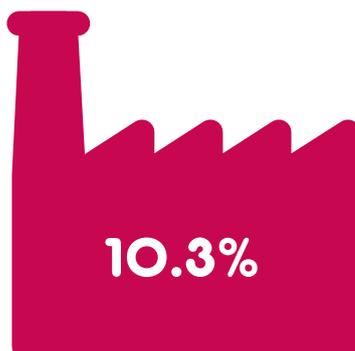
Target

Out-turn 2009/10

Historical performance

Financial

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)



Target

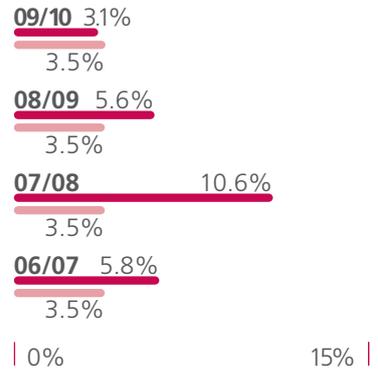
Out-turn 2009/10

Historical performance

Financial

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



Target

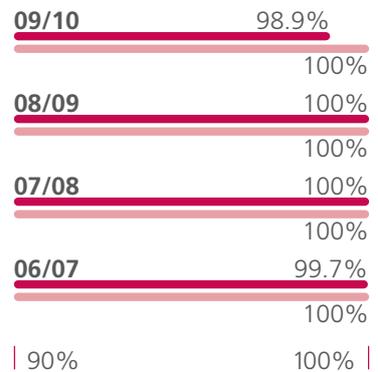
Out-turn 2009/10

Historical performance

Financial

To pay invoices within 10 days or other agreed terms

For previous years this was a 30 day target



Customers

Customers are at the heart of our business.

Companies Act 2006

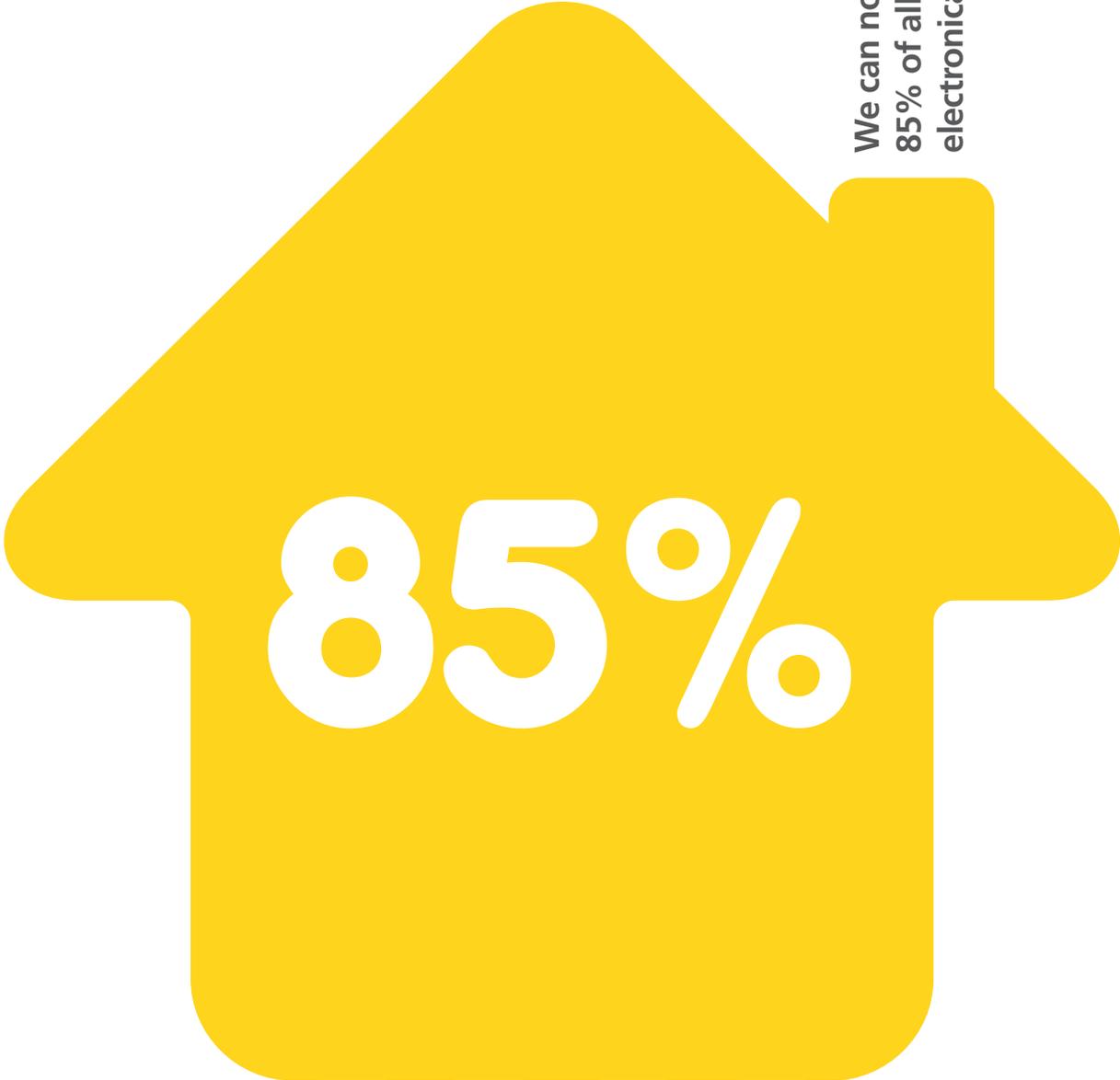
The foundation for the improvements we are making is now in place, with final implementation of the Companies Act 2006 on 1 October 2009 meaning customers are now able to realise all the benefits of the new Act, which has been designed to simplify regulation and make it easier to run a small company.

We are very pleased that customers can now take advantage of many benefits, for example:

- 1.** The removal of the requirement for a private limited company to have a company secretary.
- 2.** Companies that have been dissolved by the Registrar for non-compliance can now apply to Companies House to administratively restore their company. In the past this would have only been possible through an application to the Courts.
- 3.** A simplified incorporation process by having the prescribed Memorandum on one page and a single form for the incorporation process. Companies also now have the option of adopting a standard set of Model Articles.
- 4.** The provision of a service address for a company director on the public record, with their usual residential address only made available to specified public authorities and credit reference agencies.
- 5.** The facility for directors to request that their residential address (disclosed in pre-October 2009 filings) should be suppressed from the public record.
- 6.** The Registrar now has the power to rectify documents in certain circumstances, for example, where a company has been a victim of a fraudulent filing. Previously the company would have had to apply to the Court to amend the register.



73% of all documents submitted to Companies House electronically.



We can now receive
85% of all documents
electronically.

Companies are already taking advantage of these benefits; by 31 March 2010 out of 362,317 incorporations, 229,147 companies opted to incorporate a company without having to appoint a company secretary, and 590 companies have opted to have their company administratively restored rather than having to go to court. Both of these have gone a long way to reducing the regulatory administrative burden on companies. We are aware that the implementation of the Act did have a significant impact on some customers' experiences of Companies House, especially in the first few days following implementation. The sheer scale of the changes was very challenging and some of our areas were put under particular pressure. Our main area of concern was new incorporation requirements which together with one or two technical issues resulted in short delays for some customers.

Despite these problems we were able to process 81% of incorporations within 3 working days and from 12 October 2009 onwards (only 7 days after implementation) we had returned to incorporating 98% of new companies within 3 working days. By working closely with our registration customers and representative stakeholder groups, we have been able to identify issues and address them promptly.

Z-cards, working with stakeholder groups, and information online have helped ensure that customers understand the new Act requirements.

Inevitably there was some effect on customers' perception of their contact with Companies House and as a result of the difficulties we faced, we missed one of our public targets – 'to achieve a score of more than 86% in each quarterly Companies House customer satisfaction survey' achieving an average of 80.7% over the course of the year.

During this time we recognised the importance of ensuring that our customers understood the new Act requirements. Our website was and still is the primary source of information on the Act. We also issued letters to over 2 million companies enclosing a Z-card highlighting the major changes in the Act.

Throughout the UK we held specific Companies Act Working Group meetings alongside 44 regional Customer Focus Groups and are continuing to engage with our customers to ensure that the new changes are working effectively.

Service availability

Although our main focus has been on implementation of the Act we have continued to develop our systems to meet customer expectations. Our service levels have continued to remain high throughout the year:

our search customers were able to access requested documents within 60 seconds in 98.4% of cases;

the service availability of our WebFiling, WebCheck and Companies House Direct services, remained consistently high at over 98%.

Electronic filing

Electronic filing provides a fast, efficient and safe means for customers to register documents with Companies House and we are pleased to see its continued growth. This year Companies House saw 5.3 million documents being registered electronically, and in March 2010 73% of all documents received by Companies House were submitted electronically – an increase of 64% over the year. We are now able to receive 85% of all Companies House documents electronically and we will continue to expand this capability.

Northern Ireland

On 1 October 2009 the Northern Ireland Company Register was integrated with Companies House. In the run up to implementation, Companies House held open days in Belfast to highlight the change and introduce new products and services that would be made available to our customers in Northern Ireland. Northern Ireland customers can now use all Companies House's electronic systems and in March 2010 had filed 56.8% of all documents electronically. This is especially impressive, given that no electronic filing services were available to customers before 1 October 2009.



EU

Fraud

Companies House has continued to work with law enforcement bodies informing them of fraudulent filing notifications and suspicious activities brought to our attention by customers. Over the last year we have referred approximately 50 cases each month to law enforcement bodies.

We have worked closely with the City of London Police, supporting its efforts to develop the National Fraud Reporting Centre and the National Fraud Intelligence Bureau (NFIB) under the direction of the National Fraud Authority. We provided them with two separate sets of pilot data to help in their development which will be amalgamated with data from other public and private sector organisations. This NFIB data hub is expected to provide nationwide law enforcement bodies with refined intelligence to help tackle fraud.

We're taking steps to help companies do business across Europe.

Europe

Throughout the year Companies House has continued to contribute to work on European policy and were well aware of legislative amendments that could impact on Companies House and our customers.

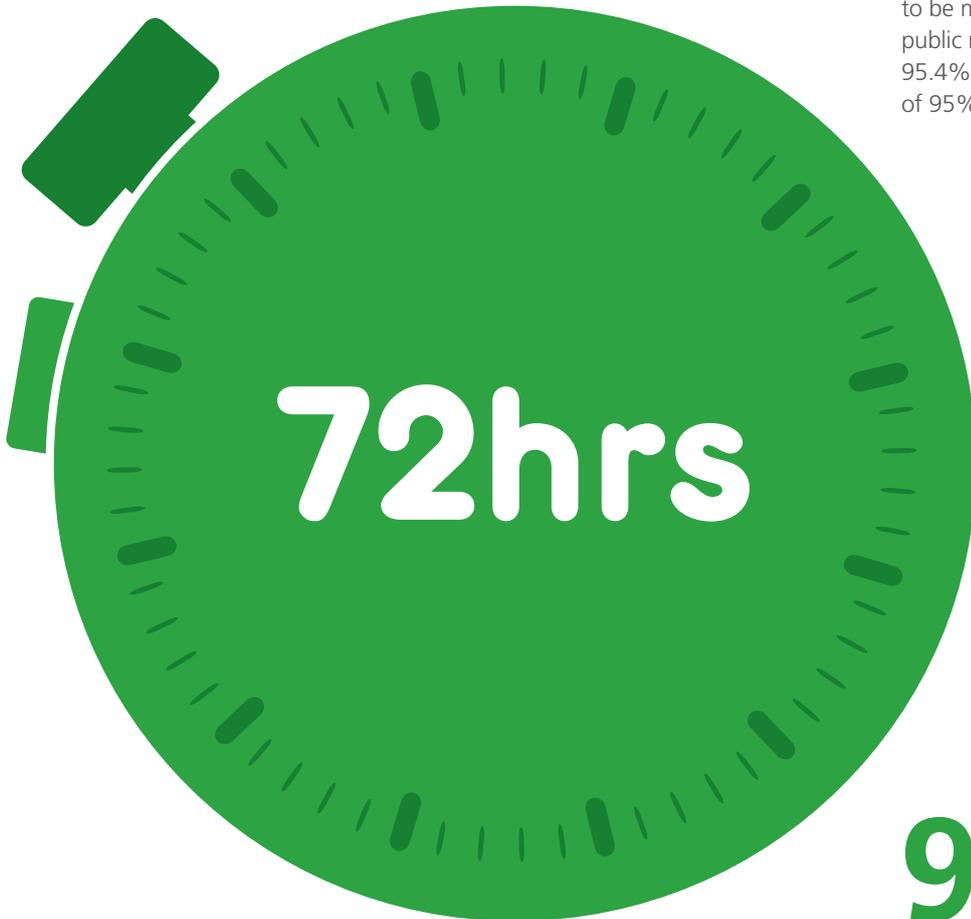
We contributed significantly to discussions in Europe on how the interoperability of business registers could help companies do business across Europe, particularly through the use of the European Business Register.

In December 2009 we worked closely with the Department for Business, Innovation and Skills (BIS) to support the implementation of the Services Directive, helping to build on the UK's single point of contact, which is based on Businesslink.gov.uk. We are also members of other fora such as the European Commerce Registers Forum (ECRF) and the Company Registrars Forum (CRF) which gives us the opportunity to learn about other registries and share good working practice.

Processes

On our journey to become a fully electronic information exchange, it is essential that we make it easy for customers to file data with us.

Customers are clearly coming with us on this part of the journey, filing 73% of the documents we received in March 2010 electronically (54% in March 2009), with an annual average of 61% filed electronically this year (48% in 2008/09). For our part, we have continued with our e-filing agenda to process this data efficiently, achieving 98.4% against a target of 95% for electronic transactions to be made available to view on the public record within 72 hours, and 95.4% within 8 days, against a target of 95% for paper transactions.



98.4%
of electronic transactions
made available to view
on public record within
72 hours.



Our rejection rate for electronic incorporations was high at 11.1% which was due in part to the implementation of the Companies Act which brought in new forms, as well as new legislation on the use of company names and applying new “same as” rules for company names.

Compliance rates for accounts are 97.9%

We reported last year on two changes which would affect our Enforcement work – the increase in late filing penalties and the quicker process to remove from the register companies that appeared to be defunct.

We are now seeing the results of these changes with compliance rates for accounts increasing to 97.9% and a decrease in the number of companies filing late. In 2009/10, 229,008 companies filed late compared with 263,457 the previous year, resulting in fewer penalties being levied and a more up-to-date register for our search customers.

Work with our partners across government is making processes easier and quicker for our customers.

Service Availability

Our service availability has remained high throughout the busy period of the Companies Act implementation.

Following the planned downtime for the implementation of the Act in October 2009 we consistently hit our 99% service availability targets for our electronic services. We had a near-perfect record of 99.8% availability from November 2009 to March 2010, with only 48 minutes downtime in November. During October, when the Act was being implemented, the planned downtime resulted in an availability figure of 93.4%.

The implementation of the Act occurred in parallel with a trial to move services from being available 17 hours, 7 days a week to 24/7. This increase in service levels was achieved without any significant investment and built on the design principles incorporated into our new mainframe database Companies House Information Processing System (CHIPS) and operational techniques devised by our in-house technical support teams.

Processing

The extensive changes to both our systems and our business processes during the year resulted in some early service delivery problems, most significantly affecting the processing of electronic incorporations, although we had recovered the position from mid-October.

Service Transformation

Companies House is fully committed to the Government's Service Transformation agenda, and is pleased to work with partners across government to make processes easier and quicker for our customers. All our website services are available on Businesslink.gov.uk and we are now preparing to integrate all our company guidance onto the site. This is part of a wider piece of work across government to ensure that guidance is in one place making it easier for customers to access and find the information they need. Companies House is a member of the Businesslink.gov.uk programme which means we are able pro-actively to manage the areas where our content appears.

We are also working closely with Her Majesty's Revenue & Customs (HMRC) and have established a HMRC/Companies House Steering Group that provides high level engagement to govern joint initiatives in areas where we have common customers. On 1 September 2009 Companies House and HMRC issued a joint statement announcing the development of a common approach to the online filing of accounts. This will reduce the regulatory burden on business by allowing accounts to be produced once and sent to each Agency through a single point – creating the data once and using it twice. This service is due to go live in autumn 2010. We are also working with HMRC and Businesslink.gov.uk on a new one-stop-shop for customers wishing to start a company; this work is due to be completed within the next 12 months.

Better Regulation

In June 2009 Companies House was reviewed by the Better Regulation Executive (BRE) to assess our regulatory performance against the Hampton principles and Macrory characteristics of effective inspection and enforcement. The reviewer's report found that 'Companies House has set a good standard of Hampton compliance, and offers examples of best practice in a number of areas'. We value the importance of customer communications and were particularly pleased to be cited as a 'leader in terms of the provision of clear, accessible, authoritative and user-friendly advice and guidance'.



Service availability from
November 2009
to March 2010 was **99.8%**



People

Companies House has implemented significant change this year and the completion of our strategic journey will demand more change and greater efficiency.

Staff

Our staff are critical to achieving this and the investment we have made in them during this year is paying dividends in their ability to respond to the changing needs of customers. On 31 March 2010, Companies House employed 1,063 full time equivalent (FTE) staff across 5 different sites – Cardiff, Nantgarw, London, Edinburgh, and since 1 October 2009, Belfast. During the year we employed 16 Fixed Term Appointed staff to help prepare and support the implementation of the final phase of the Companies Act 2006 in October 2009; these contracts concluded in December 2009. We also began the year with 53 IT contractors to help with process and system changes for the 2006 Companies Act. By the end of the year we had reduced the number of IT contractors to 2.

Companies Act

Our staff have shown great focus and determination in responding to the challenges during the year. We have very much appreciated their positive and confident approach and have supported this with a comprehensive training programme in relation to the Companies Act 2006, including a total of 209 courses delivered to 1,243 people across five locations. Our Human Resources team has also worked hard to ensure the smooth integration of the Northern Ireland Company Register into Companies House, including running a comprehensive exercise to recruit new staff into vacant posts, and we also completed an efficient project to relocate our Edinburgh office.

‡ The investment we have made in our people is helping them respond to the changing needs of our customers.

Staff Survey Training

In 2009 the Civil Service conducted a survey of its entire staff to which 54% of Companies House staff responded. The survey focussed on the extent to which employees felt engaged within their organisation. 65% of our staff felt that they were engaged with Companies House which was 6% above the Civil Service average. The results showed that 71% of Companies House respondents would recommend Companies House as a good place to work, which is 23% above the average Civil Service score. Staff at Companies House are key to driving forward our strategy and it is rewarding to know that 91% of the respondents have a clear understanding of the purpose of Companies House and 92% understand how their work contributes to Companies House objectives – both these figures are above the average Civil Service score. We will continue to build on information from the survey, particularly through ‘HR business partnering’, which will tailor specific action plans for each Directorate in Companies House.

Alongside the training and development programme delivered for the new Companies Act we continued to encourage personal development for all our staff, 38 of whom have taken advantage of the opportunity to attend and observe the Management Boards. 24 staff embarked on a leadership development programme. Complementing our existing training services, we provided workshops on diversity in the workplace and e-learning modules on both diversity and data security. During the year we launched our Talent Management and Development Strategy which has resulted in a review of our competency framework and the launch of a 360° appraisal process for our Leadership team.

We have continued to encourage the take-up of NVQ's and have seen 34 people successfully completing their NVQ this year.

Upon completion candidates benefited from obtaining a recognised qualification as well as a Modern Apprenticeship. Companies House is pleased to be able to contribute to the Government's wider agenda of increasing the number of people taking modern apprenticeships to drive up rates of literacy and promote lifelong learning.

Staff involvement

We have continued to use Companies House's Values (Doing it Right, Making a Difference and Working Together) to guide our attitude towards performance and achievement. We have just completed the first year of a peer nomination scheme which encouraged staff to identify colleagues who had demonstrated the Companies House values whilst carrying out their duties.

The scheme has been a success and saw over 300 members of staff involved either as a nominator or as a recipient of a nomination.

Continuing the theme of staff involvement, in January 2010 we introduced 'CHConnect' – an organisation-wide communication forum designed to promote a greater understanding of the business and positively affect decision making, using our internal expertise and common business 'values'.

We introduced a forum designed to promote a greater understanding of the business.

Investors in People

We continue to embed Investors in People (IiP) into the organisation helped by an awareness campaign undertaken by an internal IiP network group. The result of the campaign, which involved senior managers and the Head of HR, is a strategy to take us forward to reassessment in 2011. Under the 'Working in Partnership Agreement' we have maintained good relations with the trade unions which ensures co-operative working to resolve potential disputes as we continue to implement change.

Staff Absence

Companies House has a corporate public target in relation to sickness absence, 'to ensure that our average work days lost per person is no more than 10 days'. Our figure for average working days lost for the year as a whole was 11.2, which reflects a number of situations beyond our control, including swine flu which affected a number of our staff. Despite this figure we have made a lot of progress in rehabilitating a number of staff who have been on long term sick leave back into the workplace. We will continue to address sickness absence and undertake detailed analysis to ensure we are able to achieve the target next year.



209 Companies Act 2006
courses delivered to
1243 people across
5 locations

Finance

Underpinning achievement of our strategy is a strong financial position. The extensive changes seen throughout the year did not affect unduly our underlying financial performance.

We continued to work hard to understand our costs to deliver further savings on normal business activity, although certain one-off costs associated with the implementation of the Companies Act 2006, as well as increased costs associated with the changes to the Late Filing Penalties (LFP) scheme meant that overall our costs were £0.1m higher than last year.

Income from registration activities, excluding LFP activity, fell by £1.5m compared to 2008/09. This was due to further increased take-up for electronic annual returns (90.6% of all returns filed during the year) and a fall in the number of mortgages registered, which accounted for a combined reduction of £1.9m. This was offset by an increase in new companies registered which realised £0.4m more than last year.

Even though total expenditure rose by £0.1m compared to last year, costs associated with normal activity were down by £1.7m as managers continued to improve their control and awareness of costs, and looked to drive efficiency and change for the benefit of customers. However, this was negated by one-off costs of £1.4m associated with the implementation of the Companies Act 2006, which was £0.5m more than 2008/9, and an increase of £1.4m to administer the Late Filing Penalty scheme. However it should be noted that the penalties collected and remitted to the Consolidated Fund also rose sharply from £52.9m in 2008/09 to £85m this year.

The operating surplus on ordinary activities was £1.7m. After charging interest of £0.1m and declaring a dividend of £2.0m on public dividend capital, a net deficit for the year of £0.3m arose, and was transferred to reserves.

This was the second year of our three-year efficiency target, set to achieve, by March 2011, a reduction in real terms of 15% in the operational monetary cost per company on the register compared to the 2007/8 base year. This year we achieved 1.9%, which gives a cumulative reduction over the last two years of 10.3%.

We were also targeted 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, for the 5-year period from 1 April 2009 to 31 March 2014. This was the first year of that target period, in which we achieved a return of 3.1%. We are forecasting to achieve a rate of return in excess of 3.5% in future years.

This was also the first year that the Annual Accounts have been prepared on an IFRS basis, providing added disclosure and transparency for users.



10.3%

10.3% reduction in the operational cost per company achieved over 2 years.

Looking forward

We are on a journey from being a place where information is registered to being a fully electronic information exchange, providing information that customers value.

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

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

Our strategic plan outlines the activities that will move us towards these goals over the next three years and at the heart of this plan is improving services for customers and driving efficiency.

In the next year we will deliver the following changes to move us towards our strategic goals:

Customer Experience

- Redesigning our website and the Annual Return transaction
- Implementing new electronic transactions for accounts, Limited Liability Partnerships (LLPs), change of name and a number of lower volume transactions
- Delivering joint filing of accounts information with Her Majesty's Revenue & Customs (HMRC)
- Implementing a one stop shop for incorporation with Businesslink.gov.uk and HMRC
- Achieving record levels of electronic filing

Trusted Information

- Improving quality by developing our paper and electronic validation checks
- Improving compliance through better insight and targeted action
- Driving the take up of PROOF to over 1 million companies

Develop Our Capability

- Improving communication through a new staff Intranet
- Developing staff through our Talent Management Programme

Develop Our Capacity

- Improving our processes by reducing query handling rates, processing times and rejects
- Improving process quality through better training
- Delivering our efficiency plan

As a means of measuring our success, ministers have approved the following targets for 2010/11:

Customer Targets

- To achieve a score of more than 86% in each quarterly Companies House Customer Satisfaction Survey
- To achieve on average a monthly compliance rate for accounts submitted of 96%
- To achieve an electronic filing target for accounts averaging at least 30% in quarter 4
- To achieve an electronic filing target for other transactions averaging 73% in quarter 4
- To increase the proportion of transactions that can be filed electronically to 90% by March 2011
- To ensure that 97.5% of electronic documents can be accessed within 60 seconds by search customers from the Companies House download area
- To resolve 97% of all complaints within 5 days
- The Chief Executive to reply within 10 days to all letters from Members of Parliament delegated to him for reply

Process Targets

- To ensure that 96% of electronic transactions received are available to view on the public record within 72 hours
- To ensure that 95% of paper transactions received are available to view on the public record within 8 days
- To ensure that 99.5% of images placed on the Companies House image system are legible and complete
- To ensure that Companies House Direct, WebCheck and WebFiling are available 99% of the time

People Targets

- To ensure that our average work days lost per person is no more than 10
- To improve the operational energy efficiency rating of Companies House's headquarters building by 10%

Finance Targets

- To achieve by 2010/11 a reduction, in real terms, of 15% compared to 2007/8 in the operational monetary cost of the registry per company on the register (3 year target)
- 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
- To pay invoices within 10 days of receipt

In doing all of this, we will need to be mindful of general economic conditions. Although Companies House is a Trading Fund and does not receive any finance from general taxation, it and its staff are part of the Civil Service and we will all be expected to make a full contribution to the Government's strategy for economic recovery.

On 24 May 2010, the Government announced its plan to reduce costs by £6bn in 2010/11. As part of this, BIS needs to reduce its costs by £836m and one of the measures it is implementing is an 11% reduction in running costs across the Department, including Trading Funds. This means that Companies House will need to cut expenditure by £6.4m over and above the expenditure included in its 2010/11 Business Plan.

To deliver this, our principles will be to minimise the impact on customers, and to manage any staff issues in line with our values. However we cannot achieve this level of reduction without significant impact and we are committed to finding the best way to achieve this and do it in a fair manner. We will need to consider any longer term impact on fees as a result of these savings.



Responsible business

**Companies House
is committed
to sustainable
development to
continually reduce
the impact 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.

Environmental Management System
Companies House has been certified to the international Environmental Management System ISO14001 since 2002. Over 95% of our employees work within a certified office. The system has proved to be a robust management tool and is integral to our current and future environmental performance.

Waste

Companies House has continued to see a significant reduction in the amount of waste we send to landfill. During the financial year 2009/10 our consumption has reduced by 12.5%. This has been achieved through the introduction of a bin-less office project in our Cardiff and Nantgarw sites. 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 are continuing to endeavour to make significant progress towards these governmental targets and to date we are optimistic that the majority of these targets will be achieved through effective business planning and our Environmental Management System.

Carbon Management

Over the last financial year Companies House has produced 3,355 tonnes of carbon dioxide from our utilities at Cardiff and Nantgarw offices. Despite the introduction of a mainframe server and one of the coldest winters for a long period of time, the amount of carbon we produced during the last financial year has only increased by 0.42% (14 tonnes).

During the year the Companies House Cardiff office has improved the operational rating of its Display Energy Certificate by over 10%. Our previous energy rating of 'E' has been improved to a 'D' rating due to better utility monitoring and management.

Comprehensive sub metering has been installed which helps Companies House monitor, target and then reduce the carbon we produce in the future.

Health and Wellbeing

Companies House has continued its commitment to promote health and safety, in order to provide a safe environment for both staff and visitors.

All policies and procedures are in place to ensure compliance with statutory requirements. These are contained within the Health and Safety Management Control System, which over the year has become more embedded. This system provides a more robust mechanism for reviewing and developing the policies and procedures and enables easy access for staff, ensuring all individuals are aware of their own health and safety responsibilities.

Work is currently being undertaken in order to demonstrate that Companies House meets the criteria for accreditation against the international Occupational Health and Safety Assessment Series (OHSAS) 18001 standard. A pre-assessment was completed and a full formal assessment, by the British Standards Institute took place in April 2010.

In addition to its commitment to health and safety, Companies House also promotes the wellbeing of all staff through campaigns on specific health and wellbeing related topics and access to both an Occupational Health Adviser and Staff Counsellor. The work of the team has enabled Companies House to retain the Welsh Assembly Government's Corporate Health Standard Silver Award.



Our Park and Ride scheme helps ease congestion, as well as raising £18,635 for local charities.

Diversity

It has been a busy year in terms of activity around our corporate social responsibility activities, training and policy development.

We have continued to work closely with other organisations such as the Employers Business Partnership (EBP) and Careers Wales. We have attended no fewer than 34 school events attended by 29 volunteers from across the organisation. We have also had pupils from 14 local schools visit our workplace.

Park and Ride

– Working with the Community

Companies House, in conjunction with Cardiff Council, operates a park and ride scheme at our Cardiff office. The scheme reduces congestion and carbon emissions in the city centre. All the income Companies House receives from the scheme is donated to local registered charities. During 2009/10 we donated £18,635 to 12 different local charities.

Our work logging and assessing all of our services and policies in terms of equality Impact Assessments has continued throughout the year and will be a major focus for the year ahead with over 320 policies and procedures to assess.

Our diversity training programme continued to roll out during 2009 and will be updated to accommodate the changes due to be implemented shortly as part of the Equality Bill. We also provided staff with 3 e-learning modules via our Intranet site – 'UK Diversity in the Workplace', 'UK Discrimination in the Workplace' and 'Age Discrimination in the UK'.

An Access Audit was commissioned by a consultant from Freeney Williams Ltd as part of our ongoing commitment to meet obligations under the Disability Discrimination Act (DDA) to improve access for staff and visitors to Companies House premises throughout the UK.

Our Diversity Forum Group set up a programme of events to raise awareness, including World AIDS Day, World Religion Day and Lesbian Gay Bisexual Transgender History Month, which were the start of a programme of events that will continue during 2010.

Companies House is represented on the Public Sector Equality Forum and has also been involved with the Cross Government Connections conference.

Recruitment

Companies House has policies and procedures in place to ensure that recruitment is carried out on the basis of fair and open competition. 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.

We select candidates on merit in accordance with principles laid down by the Civil Service Recruitment Code.

All procedures are subject to internal and external audit and we are required to publish statistics on recruitment undertaken during the year.

Risks and Uncertainties

This year the Companies House Risk Strategy and Risk Policy have been updated to incorporate aspects of BS31100:2008; the British Standards 'Risk Management Code of Practice.' We have also included information to aid understanding of the positive side of risk. These have been agreed by the Executive Board and Audit Committee.

Category	Applied	Invited to Interview	Appointed
Male	797	90	26
Female	705	81	25
Disabled	19	1	0
Ethnic Origin			
Ethnic origin declared	90	8	1
White	794	139	47
Not stated	618	24	3

The policy sets out clear guidelines and routes of escalation based on set risk appetite levels using a common language. As a result we consider risk management to be well embedded at both senior and middle management level. The strategic action plan includes further work to embed risk awareness at a lower level.

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

Data protection issues are high on the Government's agenda and as such the secure handling of data is a priority.

The major risk for us during 2009/10 was once again the implementation of the Companies Act 2006 in October 2009. The risks to implementation were actively managed by the weekly Programme Board, with a further level of scrutiny by the Executive Board. Preparing for implementation was only half the story. We continue to manage the risks around how we best engage with our customers on the application of the Act and the new powers it gives us.

To assist in putting in place an effective change programme to improve Information Risk Management, an Information Assurance (IA) Maturity Model has been created. This Model incorporates the mandatory information and related requirements of the Security Policy Framework. As part of these requirements the National School of Government has devised Information Security Awareness on-line training, which has been rolled out to all staff. Companies House will be assessed against the Information Assurance Maturity Model by the Information Assurance arm of GCHQ.

In February 2010 Companies House was re-certified to the ISO 27001 Information Security Standard.

Information Security
Data protection issues are high on the Government's agenda and as such the secure handling of data is a priority. Companies House is assessed both internally and externally to ensure we have adequate protection measures in place for collecting, processing and storing information.

We follow controls in the Security Policy Framework which sets out universal mandatory standards, as well as offering guidance on risk management and defining new compliance and assurance arrangements.

Information is a key asset within government and we ensure that the Accounting Officers (AOs), through the Senior Information Risk Owners (SIROs) and their Information Asset Owners (IAO) are accountable for the adequate protection of information which is collected, processed and stored within Companies House. To do this we have put in place effective Information Risk Management (IRM) processes and procedures.

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	12
V	Other	0

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

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 deal with decisions 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 is driving us in the right direction

Overall stewardship and governance

- Ensure 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
- Right people with the right skills in the right place

Executive Board Membership

Seven executive directors currently sit on the Agency's Executive Board, of which four members are Senior Civil Servants (SCS). During the reporting year, there has been one change, where Ann Lewis replaced Tom Smith as the Director of Customer Services and Delivery.

Chair	Chief Executive and Accounting Officer for Companies House
Members	Director of Corporate Strategy Director of Business Solutions Delivery Director of Customer Services and Delivery Director of Finance Director of Legal Services Director of People, Property and Procurement

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, several improvements have been implemented and the Board have reviewed their communications approach by introducing a monthly Board briefing for staff which provides valuable topical information about the issues being discussed at the monthly Executive Board meeting.

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

It 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

Composition of the Steering Board

During the reporting year, the Steering Board consisted of 14 members; five non-executive members, seven executive members and two representatives from the Department for Business, Innovation and Skills (BIS).

During the year, Sheila Doyle was appointed to succeed Dan Bernard who retired at the end of the year as a non-executive board member; Richard Carter (Director of Corporate Law & Governance within BIS) replaced Geoff Dart and Bernadette Kelly (Director General of Fair Markets within BIS) replaced John Alty.

Frequency and location of meetings

Four Steering Board meetings take place each year. These generally take place in Cardiff but are occasionally held at our other offices. In addition an annual strategic planning day is also held during the summer months. This year the meeting was held in Belfast, in order for members to meet the Northern Ireland team members (following their re-location from the Department of Enterprise, Trade and Investment (DETINI)), and some of the customers that use the Northern Ireland office. Steering Board Members are also expected to participate in occasional senior interview boards and seminars at a senior level.

Steering Board Membership

Chair	Non-executive board member
Members	Four other non-executive board members Director General of Fair Markets, BIS Director of Company Law and Governance, 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 Services and Delivery, Companies House Director of Finance, Companies House Director of Legal Services, Companies House Director of People, Property and Procurement, Companies House

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

Board Effectiveness – performance evaluation

During the year a performance evaluation was conducted by an independent assessor. The evaluation was conducted against the background of a comprehensive checklist which ensured that there was an opportunity to gain assurances or comments for improvement. Overall, the outcome of the review was positive and firmly consolidated the opinion that the best interests/success of the organisation was uppermost in members' minds. The evaluation also confirmed that the executive team and non-executive members worked well together in achieving its objectives, provided value for money, were constructively challenging and shared a common agenda.

The review also highlighted some recommendations for improvement to further improve the Board's effectiveness. The Board concluded that future agendas/monthly briefings should take into account wider governmental policies and objectives. Further consideration should also be given as to how the executive team could make better use of the non-executive Board members' expertise and knowledge outside the meetings. In addition, a more comprehensive induction process would be introduced when new non-executive Board members are appointed.

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 three times a year with an additional meeting taking place in June in order for the Agency's accounts to be signed off following the audit.

Membership **Audit Committee Membership**

Members of the Audit Committee comprise of three non-executive board members of the Companies House Steering Board. The Committee is properly constituted when two or more of the non-executive board members are in attendance.

Chair	Non-executive board member
Members	Two other non-executive board members

In attendance by invitation

Chief Executive as Accounting Officer for the Agency, Companies House

Director of Finance, Companies House

Manager, Internal Audit, BIS

Director, National Audit Office and Audit Engagement Principal, National Audit Office

Others as appropriate

Committee Effectiveness – performance evaluation

On an annual basis the Audit Committee chair, non-executive board members and the Chief Executive carry out a performance review of the committee's effectiveness during the year. This exercise is carried out every November prior to the main Audit Committee meeting where the results of the review are cascaded to other members.

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.

Governance

Members of the Steering Board

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. 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.

Andrew Summers

Steering Board Chairman

Andrew works in a variety of non-executive chairman and board member roles including as Chairman of Design Partners, Director of Ramboll and Deputy President of the Royal Society of Arts. He was previously Chief Executive of the Design Council and Managing Director of Sharwoods and has been independent Chairman of the Steering Board since 2007.



Nicky Alberry

Non-executive member

Nicky was appointed to the Steering Board in January 2009. She started her career with HSBC but has worked extensively in the world of business support and economic development for the last 20 years. She is Joint 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 business support and skills development.

Tim Moss

Director of Corporate Strategy

Tim joined Companies House 8 years ago and spent his first 2 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 and cross government working.



Bernadette Kelly

Director General of Fair Market, BIS

Bernadette Kelly was appointed Director General of Fair Markets, BIS in March 2010. Bernadette joined BIS from the Department and Communities and Local Government, where she was Executive Director first of Planning and then Housing.

Members of the Steering Board

Tim Knighton

Director of Business Solutions Delivery

Tim joined Companies House in January 2007 and 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.

Alex Jablonowski

Non-executive member

Alex was appointed to the Steering Board in January 2004. He is a senior international banker who has gained a broad range of experience in UK and international banking, financial institutions, operational services, IT and project management. Alex also has extensive industrial and commercial experience gained through corporate banking and lending.



Gwyneth Edwards

Head of Legal

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.

Rodger Hughes

Non-executive member

Rodger is Chairman of the Audit Committee. He was a partner at PricewaterhouseCoopers for 25 years, latterly as Managing Partner, and is currently Senior Independent Director of Chime Communications plc and a member of the Board of Simmons & Simmons, the international law firm.



Phil Bushby

Director of People, Procurement and Property

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. As his job title suggests, Phil leads all aspects of the business that relate to our people and buildings. He also oversees Companies House Procurement activity.

Members of the Steering Board

Sheila Doyle

Non-executive member

Sheila was appointed to the Steering Board in January 2010. She has extensive experience in business, specialising in IT management, strategic alignment and complex programme delivery. She has held senior positions at Royal Mail, BP, IBM, Deutsche Bank and spent a number of years in Hong Kong, Singapore and Australia. Sheila completed her PhD in Australia before returning to London with her family.

Mike Nash

Director of Finance

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.



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.

Richard Carter

Corporate Law & Governance and Director – Europe

Richard Carter, a career civil servant, is currently BIS's Director for Corporate Law & Governance and Director for Europe where he has responsibility for company law, accounting and audit regulation and standards, Better Regulation, European Strategy and Single Market policy.

Organisation chart



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.

The remuneration of senior managers who are not members of the senior civil service is set as part of the Companies House pay negotiations.

Salary Benefits in kind

'Salary' includes gross salary, performance pay or bonuses, 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.

No senior manager received a benefit in kind in 2009/10.

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. The scheme is based on target and productivity elements and is a maximum of 7% of earnings for a senior manager. Senior civil servants' performance pay is determined by the senior pay committee of the Department for Business, Innovation and Skills.

The following table has been audited.

The salary and pension entitlements of the senior managers of Companies House in the year to 31 March 2010 are as follows:

	Salary including performance pay (2009/10)	Salary including performance pay (2008/09)	Real increase in pension and lump sum at age 60	Total accrued pension at age 60 at 31/03/10 and related lump sum	CETV at 31/03/09	CETV at 31/03/10	Real increase in CETV funded by employer
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gareth Jones	115-120	115-120	0-2.5 5-7.5	35-40 115-120	688	767	34
Tim Knighton	90-95	90-95	0-2.5	5-10	58	96	22
Tim Moss	85-90	85-90	0-2.5 2.5-5	5-10 20-25	85	105	13
Tom Smith Left 6 September 2009	45-50	70-75	0-2.5 0-2.5	10-15 40-45	178	198	6
Ann Lewis Joined 1 July 2009	45-50 (60-65 full year equivalent)	N/A	2.5-5 10-12.5	20-25 65-70	324	414	73
Phil Bushby	70-75	70-75	0-2.5	0-5	22	39	13
Mike Nash	65-70	60-65	0-2.5 2.5-5	5-10 20-25	122	151	19
Gwyneth Edwards	65-70	65-70	0-2.5 2.5-5	5-10 20-25	105	126	11

Senior managers have been defined using the definition of "key management" contained within IAS24 Related Party Disclosures, "Those persons in senior position having authority or responsibility for directing or controlling the major activities of the reporting entity".

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

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (Classic, Premium or Classic Plus); or a 'whole career' scheme (Nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

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 three 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

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

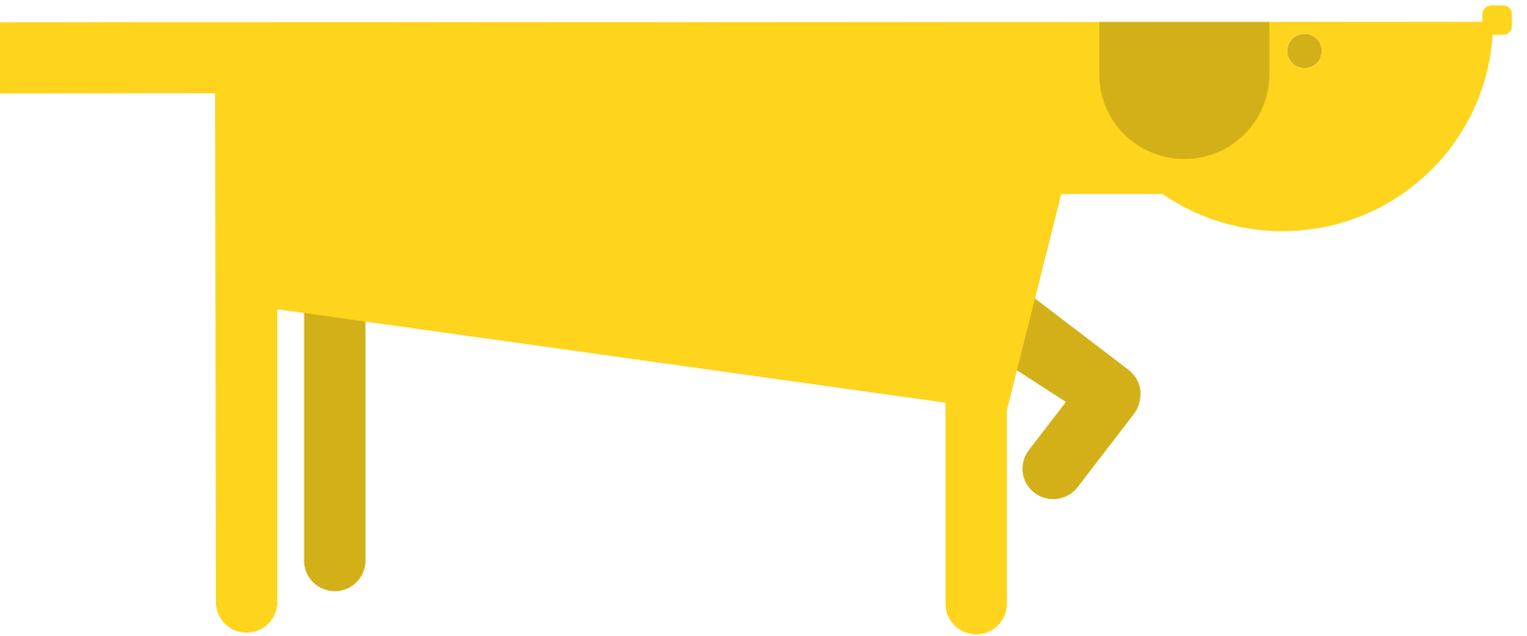
This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation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

Companies House Steering Board

In addition, independent members of Companies House Steering Board received fees totalling £50,023 (2008/09 £32,145). There were five independent members in 2009/10 (2008/09: five).



Gareth Jones
Chief Executive
2 July 2010

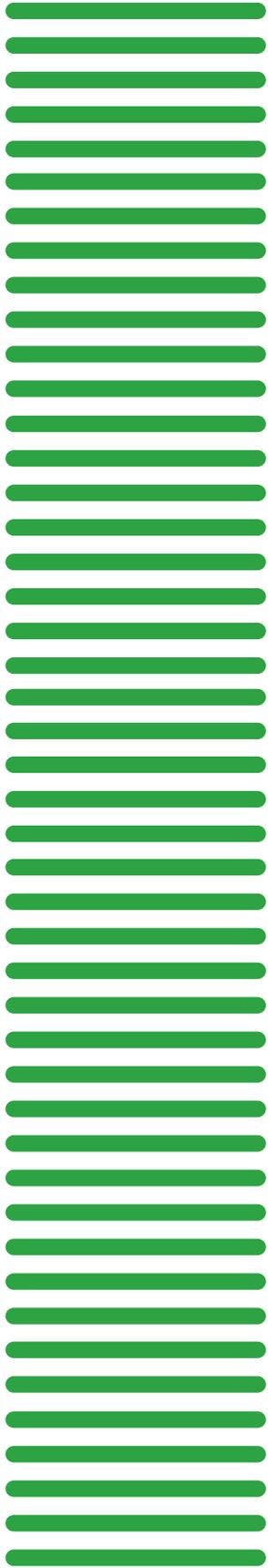


This year we registered **5.3 million** e-filed documents.



Over **700,000** customers signed up for our anti-fraud scheme, **PROOF**.

On a single random day this year, over **half a million** searches on company details were conducted.



98.4% of electronically filed data is available for customers to view within 72 hours.



Key Statistics

Companies House efficiency is measured by a series of workload indicators. These compare the amount of work performed with the resources used to carry it out.

	2006/07	2007/08	2008/09	2009/10				
Registration Activity								
Active Register (Annual average '000)	2,213	2,390	2,404	2,304				
Active Register (Year End '000)	2,339	2,430	2,270	2,324				
Incorporations ('000)								
Removals from the Register (Dissolutions)	240	230	303	509				
Statutory Documents Filed '000	7,795	7,916	7,708	8,701				
Company Searches								
Company equivalent (Image '000)	3,655	4,000	4,700	4,999				
Individual Images (Image '000)	5,111	5,595	6,286	6,465				
Manpower								
Actual year-end full-time equivalents	1,085	1,098	1,064	1,063				
Performance Statistics								
	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn
Take-up for electronic submission of documents	40%	37%	55%	47.9%	n/a	53.9%	n/a	61.1%
Soft Compliance rate – Accounts	95.5	95.4	95.3	95.3	95.3	94.9	95.3	97.9
Image quality	99.5	99.1	99.5	99.7	99.5	99.2	99.5	99.2

Government Agency Performance Grid

Key Ministerial Targets for 2009/10

	Targets Out-turns & Achievements							
	2006/07		2007/08		2008/09		2009/10	
	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn
Efficiency and Reliability								
Take-up for electronic submission of documents	40%	37%	55%	47.9%	n/a	53.9%	n/a	61.1%
Image quality – legibility & completeness	99.5%	99.1%	99.5%	99.7%	99.5%	99.2%	99.5%	99.2%
Accounts Compliance rate	-	-	95.3%	95.3%	95.3%	94.9%	95.3%	97.9%
Reduction in operating costs per company by 15% over 3 years	-	-	-	-	5%	8.4%	10%	10.3%
Readily and freely accessible information								
WebCheck and CH Direct availability (Mon-Sat 7am – 12pm)	-	-	-	-	-	-	99%	99.1%
WebFiling availability (Mon-Sat 7am-12pm)	-	-	-	-	-	-	99%	98.4%
Customer Service								
Respond to complaints within 5 days	97%	98.6%	97%	98.4%	97%	98.5%	97%	98.1%
Customer Satisfaction	>85%	87.5%	>86%	86.6%	86%	85.4%	86%	80.7%
Central Government Targets								
Reply to CEO cases within 10 days	100%	100%	100%	100%	100%	100%	100%	100%
To pay all bills due within 10 days, or on other agreed terms, on receipt of goods, services or invoice (from December 2008)	-	-	-	-	100%	97.5%	100%	98.9%
Rate of return as a % of the average capital employed	3.5%	5.8%	3.5%	10.6%	3.5%	5.6%	3.5%	3.1%



Accounts

2009/10

Foreword to 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 the Department for Business, Innovation and Skills) 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 Acts.

Principal Activities

Companies House has two main areas of activity:

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

Financial Background

Companies House was established through the introduction of "public dividend capital", and three 15 year loans from the Department of Trade and Industry which were fully repaid in 2007. A further loan of £4.5m was obtained from the Department in March 2009 to enable further investment to take place in capital programmes in 2009/10 and 2010/11. This loan will be fully repaid by March 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 (CHIPS), which was capitalised on 1 March 2008, and which has been further enhanced during the year, has been subject to an impairment review under IAS 36.

Results and Appropriations

The operating surplus before interest was £1.7m (2008/09: £2.5m). After charging interest payable of £85,000 (2008/9: £77,866) and declaring dividends payable of £2.0m (2008/09: £2.0m), a net deficit for the year of £0.3m (2008/09: £0.9m surplus) remained and was transferred to the General Fund which at 31 March 2010 was £32.6m.

Business Review

The number of companies on the active register fell by almost 100,000 (4.2%) during the year. However, the main reason for this was a specific one-off compliance exercise resulting in over 150,000 non-compliant companies being removed from the register. Thus the underlying trend continued upwards, with over 362,000 companies being incorporated in 2009/10 (330,000 in 2008/09). Mortgage registrations were understandably lower than last year, but activity increased to more normal levels during the final quarter.

Income from registration activities was £45.2m, excluding Late Filing Penalty (LFP) activity, a fall of £1.5m compared to 2008/09. This was due to (a) further increased take-up for electronic annual returns (90.6% of all returns filed during the year) and a fall in the number of mortgages registered, which accounted for a combined reduction of £1.9m and (b) the growth in new companies registered which realised £0.4m more than last year. Search income was £0.6m lower than 2008/09, all of which can be attributed to one-off items arising in that year, but not repeated.

Total expenditure rose by £0.1m compared to last year, but the underlying trend on normal activity is down by £1.7m as managers continue to improve their control and awareness of costs, and look to drive efficiency and change for the benefit of customers. There was further expenditure incurred in respect of the Companies Act 2006 implementation, particularly direct communication with all companies advising them of the legislative changes. These one off costs totalled £1.4m in the year which was an increase of £0.5m over 2008/09. There was also a significant increase required to administer the LFP scheme as volumes rose by 30% following a revision of the penalty amounts charged, and also because of other changes introduced by the Companies Act 2006 such as the shortening of the filing deadline. The total cost of administering the scheme in 2009/10 was £5.3m, which was £1.4m more than in 2008/09. However, the penalties collected and remitted to the Consolidated Fund also rose sharply from £52.9m in 2008/09 to £85.0m this year.

The additional workload (documents filed was up by 12% on 2008/09) was handled efficiently, although productivity was affected during the period immediately following the implementation of the Companies Act in October 2009. Improvements to both operational processes and to in-house IT systems will ensure that productivity levels are restored and efficiencies realised from further electronic take-up.

The average number of employees for the year was 1,202 compared to 1,198 in 2008/9, mainly due to the new staff required in the Belfast office. The associated full-time equivalent posts were 1,088 (1,092 in 2008/9), 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 was £3.0m, of which £1.2m was incurred on the preparation for the implementation of the Companies Act 2006. Other capital expenditure of £1.4m was incurred on several other IT projects, as Companies House progresses its programme of electronic transformation.

Cash Balances

Net cash outflow for the year was £3.1m (2008/09: £0.6m inflow) taking the cash balances at this year-end to £10.9m (2008/09: £14.0m). 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.

Days lost due to absence

The average working days lost due to absence was 11.2%.

Value of Land and Buildings

The independent valuation of the freehold land and buildings at Crown Way, Cardiff as at the end of this financial year resulted in an upward revaluation of £1.6m. More information on this is provided in notes 6 and 11.

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 (2008/09: £36,000) for the 2009/10 reporting period. Other audit services are in respect of Trigger Point 4 reporting in preparation for the transition to International Financial Reporting Standards at a cost of £10,000.

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

Foreword to Accounts

Payment Policy

On the 8 October 2008 the Prime Minister committed Government organisations to speeding up the payment process, paying suppliers wherever possible within 10 days. All invoices not in dispute or to any agreed contracted terms otherwise specified are settled at Companies House within 10 days. The out-turn for the period was 98.9% (2008/09: 97.5%).

Political and Charitable Gifts

Donations are 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 is a joint initiative with Cardiff City Council which collects the fares from the public, and subsequently distributes the Companies House share to its nominated charities. The value of these donations was £18,635 in 2009/10 (2008/09: £18,800).

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

Companies House Boards

The Executive Directors of the Agency were:

Gareth Jones

Chief Executive

Tim Moss

Corporate Strategy Director

Mike Nash

Finance Director

Tim Knighton

Director of Business Solutions Delivery

Phil Bushby

Director of People, Property and Procurement

Gwyneth Edwards

Director of Legal Services

Ann Lewis

Director of Customer Delivery

Appointed 1 July 2009

Tom Smith

Director of Customer Services and Delivery

Resigned 6 September 2009

Steering Board

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

Andrew Summers

Independent Chairman

Bernadette Kelly

BIS Member

Appointed 15 March 2010

Richard Carter

BIS Member

Appointed 1 September 2009

Nicky Alberry

Non-Executive Member

Rodger Hughes

Non-Executive Member

Alex Jablonowski

Non-Executive Member

Sheila Doyle

Non-Executive Member

Appointed 1 January 2010

Dan Bernard

Non-Executive Member

Resigned 30 April 2010



Gareth Jones

Chief Executive

2 July 2010

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, the 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 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.

Statement on Internal Control

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control 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.

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

During 2009/2010 I was advised by:

The Companies House Steering Board. Membership of the Steering Board included an independent Chairman, four independent members and 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.

A review of the Steering Board was held in November/December 2009. Results showed that the Steering Board was successful in achieving its objectives 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.

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 two independent members. It reported to each Steering Board meeting. Meetings were also attended by myself, the Finance Director of Companies House and BIS Internal Audit. The National Audit Office (NAO) act as Companies House external auditors and a designated representative attends all Audit Committee meetings and has access to all financial and other information.

During November the Chief Executive, Audit Committee Chair and the non-executive members carried out a performance review of the Audit Committee. The results were discussed during the November meeting. Following this review it was agreed that a more detailed training programme for new members was required ensuring a better induction and familiarisation process.

During the year the Audit Committee activity included:

- approving the Internal Audit Plan;
- producing progress reports on the audit plan and summaries of internal audit findings and recommendations;
- approving the external audit approach and the regular reports on their work;
- monitoring progress against IFRS conversion trigger points;
- approving the Risk Management Strategy and Policy;
- updating the assessment and management of corporate risk on a quarterly basis; and
- monitoring progress against Government secure data handling standards.

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 two associate members from the broader Senior Leadership Team; associate members attend for 6 month periods. An open invitation to attend as observers is extended to Companies House staff. The Board carries out a self assessment at the close of each monthly meeting; board observers are also asked to comment on its performance.

An effectiveness review was carried out during August 2009. Results were positive with a few actions for further improvement including regular review of the terms of reference and communicating key/core messages to the business as well as making the minutes freely available.

Changes to the Executive Board during the period included the appointment of a new Customer Delivery Director, Ann Lewis being recruited in place of Tom Smith who left in September 2009. 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 members of the Executive Board, Companies House Senior Leadership Team, associate members and volunteer observers. During the year the Board:

- took decisions about issues and policies with short and medium term impact (e.g. within a business planning annual cycle, succession planning);
- reviewed performance and initiated appropriate action;
- detailed the implementation of the people strategy (e.g. recruitment, skills, training, sick absence and diversity etc.);
- stimulated and considered new ideas and ensured that they were taken forward in the most effective way;
- reviewed quarterly legislation compliance reports;
- engaged in the delivery of business plan; and
- took ownership of and set objectives based on the results of the Civil Service wide Employee Engagement Survey.

The Purpose of the System of Internal Control

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 2010 and up to the date of approval of the annual report and accounts; it 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 updated to incorporate aspects of BS31100:2008; the British Standards "Risk Management Code of Practice".

The Assurance, Risk and Consultancy Team 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 organisation has evolved a highly effective Risk Management system to meet the challenges of CHIPS and the Companies Act implementation. The culture of risk identification and management has been well embedded. Examples of risk identified and effectively managed off the corporate register include Payment Card Industry (PCI) – Compliance and Health & Safety Legal Compliance.

The key risk during the year was the implementation of the Companies Act 2006 in October 2009. This was managed through a strict project and programme regime. Risks involving the impact on Companies House systems, processes and customers due to the implementation were carefully managed weekly by the Programme Board and reported to Executive Board regularly. The Executive Board also had a monthly update of the highlights/lowlights of the programme's progress and initiated remedial actions as appropriate.

Statement on Internal Control *continued*

This framework of formal risk management operates at the 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; and
- in the Information Security Forum, chaired by the Senior Information Risk Owner, 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 ISO27001.

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 Assurance, Risk and Consultancy (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; and
- 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 further the interests of Companies House and to achieve its objectives, provided the resultant exposures are within our documented risk appetite range. The risk appetite levels are set by combining the impact and probability levels of residual risk and defining a response for each.

Companies House works in partnership with BIS Internal Audit Unit, operating to Government Internal Audit Standards. The work of the Internal Audit Unit is informed by an analysis of risk to which Companies House is exposed and annual audit plans 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 to me a report on the internal audit activity at Companies House. This report contains an opinion on the adequacy and effectiveness of our internal controls and the management processes in place to control risk. External audits were carried out which test controls and governance, any deficiencies which they identify as part of that work are reported to me in management letters. HM Treasury and International Finance Reporting Standards (IFRS) trigger points are all met and a clean audit opinion has been received.

Internal Audit

Internal Audit reviewed a number of areas within Companies House during the course of the year. These included some of our key change initiatives such as the Companies Act Programme and major risk areas such as our handling of personal data. Assurance was also provided over the delivery of significant corporate support activities such as payroll, procurement 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 have been generally effective. Instances of control failure have been isolated and are not judged to have arisen from significant systemic weakness.

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.

Each of the Executive Directors considers the significant risks they manage directly and provides to me at the year-end a written formal statement covering the internal controls in each of their Directorates. These statements are reviewed at a meeting of all the Directors, BIS Internal Auditors and chaired by the Audit Committee chairman. This provides strong assurance that appropriate mechanisms are in place throughout Companies House and a drive for continuous improvement. This process identifies and documents any actions required for improvement. These actions are reviewed at a meeting of the Executive Board toward the end of quarter two in each year.

Information Security

Information security risks are regularly reviewed during the year including quarterly reports from each of Companies House Information Asset Owners. Our work on data handling is managed through our monthly Information Management and Security Forum which is chaired by our Senior Information Risk Owner. The Companies House Data Security risk is reviewed and updated by the forum prior to review by the Agency Business Board monthly. In order to improve Information Risk Management an Information Assurance Maturity Model has been created incorporating mandatory information related requirements of the Security Policy Framework. As part of these requirements Information Security Awareness on-line training devised by the National School of Government has been rolled out to all staff, completion is mandatory.

In February 2010 Companies House was re-certified to the ISO 27001 Information Security Standard.

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. Considerable work has been on going during the year to improve our Occupational Health and Safety Management System in accordance with BS OHSAS 18001:2007 requirements with the aim to achieving accreditation during 2010/11.

Sustainability

We also recognise the need to operate in a more sustainable fashion, addressing economic, social and environmental considerations. In October 2009 Companies House received re-certification to ISO 14001:2004 Environmental Management System Standard.

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 2009-2010. I am therefore satisfied that control activity has been appropriate for our level of risk exposure.



Gareth Jones

Chief Executive

2 July 2010

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 2010 under the Government Trading Funds Act 1973. These comprise the Income Statement and Statement of Changes in Capital and Reserves, 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 the Accounting Officer's Responsibilities, Companies House and its Chief Executive as Accounting Officer are 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 the financial statements in accordance with applicable law and 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 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 2010 and of its result, changes in capital and reserves and cash flows 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 Foreword to the Accounts and the Responsible Business section included within the Annual Report and Accounts 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

5 July 2010

Companies House

Income Statement for the year ended 31 March 2010

	Note	2009/10 £'000	2008/09 £'000
Operating income	3	66,401	67,075
Administration costs			
Staff costs	4	(34,344)	(32,885)
Non-staff administration costs	8	(30,339)	(31,688)
Gross administration costs		(64,683)	(64,573)
Operating surplus before interest		1,718	2,502
Interest Receivable	9	55	424
Interest Payable & Finance Costs	9	(85)	(78)
Net operating surplus before dividend		1,688	2,848
Dividend	10	(1,976)	(1,971)
Net operating (deficit)/surplus		(288)	877

All operations are continuing.

Companies House

Statement of Financial Position as at 31 March 2010

	Note	31 March 2010		31 March 2009		1 April 2008	
		£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets							
Property, plant and equipment	6	20,717		20,425		26,954	
Intangible assets	7	28,462		29,551		27,677	
Total non-current assets			49,179		49,976		54,631
Current assets							
Trade and other receivables	12	7,406		5,545		5,089	
Cash and cash equivalents	13	10,893		13,987		13,362	
Total current assets			18,299		19,532		18,451
Total assets			67,478		69,508		73,082
Current liabilities							
Trade and other payables	14(a)	(11,762)		(12,428)		(11,880)	
Total current liabilities			(11,762)		(12,428)		(11,880)
Total assets less current liabilities			55,716		57,080		61,202
Non-current liabilities							
Amounts falling due after more than one year	14(b)	–		(2,500)		(191)	
Provisions	16	(624)		(809)		(1,001)	
Total non-current liabilities			(624)		(3,309)		(1,192)
Assets less liabilities			55,092		53,771		60,010
Capital & reserves							
Public dividend capital		15,889		15,889		15,889	
General Fund		32,611		32,899		32,022	
Revaluation reserve		6,592		4,983		12,099	
Total capital & reserves			55,092		53,771		60,010



Gareth Jones

Chief Executive

2 July 2010

Companies House

Statement of Cash Flows for the year ended 31 March 2010

	Note	2009/10 £'000	2008/09 £'000
Cash flows from operating activities			
Net operating (deficit)/surplus		(288)	877
Adjustment for non-cash transactions	8	5,372	5,645
Increase in trade and other receivables		(2,142)	(456)
Decrease in trade payables		1,086	664
Decrease in trade payables more than 1 year		-	(191)
Use of provisions		(185)	(192)
Net cash inflow from operating activities		3,843	6,347
Cash flows from investing activities			
Dividend paid		(1,971)	(2,116)
Purchase of property, plant and equipment	6	(358)	(2,619)
Purchase of intangible assets	7	(2,608)	(5,487)
Net cash outflow from investing activities		(4,937)	(10,222)
Cash flows from financing activities			
From BIS – current year		-	4,500
Repayment of Loan		(2,000)	-
Net financing		(2,000)	4,500
Net (decrease)/ increase in cash and cash equivalents in the period		(3,094)	625
Cash and cash equivalents at the start of the period	13	13,987	13,362
Cash and cash equivalents at the end of the period	13	10,893	13,987

Companies House

Statement of changes in capital & reserves for the two years ended 31 March 2010

	Public Dividend £'000	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2008	15,889	32,022	12,099	60,010
Changes in capital & reserves for 2008-09				
Net loss on revaluation of property, plant and equipment	-	-	(7,116)	(7,116)
Net operating surplus for the year	-	877	-	877
Balance at 1 April 2009	15,889	32,899	4,983	53,771
Changes in capital & reserves for 2009-10				
Net gain on revaluation of property, plant and equipment	-	-	1,609	1,609
Net operating deficit for the year	-	(288)	-	(288)
Balance as at 31 March 2010	15,889	32,611	6,592	55,092

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 2010

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 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounts conform to, insofar as is practicable and appropriate, 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 this is not considered material to the accounts.

Any revaluation gains or losses are treated in accordance with IAS 16.

Land and buildings are externally valued on the basis of existing use in accordance with RICS 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 bring it into working condition.

Intangible assets acquired separately are measured on initial recognition at cost. For purchased application software, cost includes contractors' charges, materials, and 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 as follows:

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 and amortisation

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

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

(e) Software development

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

(f) Review of capitalised costs

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

(g) Leases

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

(h) Financial instruments

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

(i) Income

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

(j) Taxation

As a trading fund, Companies House is not liable for Corporation Tax.

Companies House is not registered separately for VAT, but falls within BIS'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 scheme and is unfunded. Companies House recognises the expected cost of providing pensions on a systematic basis over the period in which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. Further information is given in the Remuneration Report.

(l) Provisions

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

Where the time value of money is material, Companies House discounts the pensions provision to its present value using a discount rate of 1.8 per cent, the Government standard rate. Each year the financing charges in the income statement include the adjustment to amortise one 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 adopted early by Companies House

- IAS 1 'Presentation of financial statements' – Amendment. This amendment aims to assist users in their ability to analyse and compare the information given in the financial statements. These include changes to titles of some of the financial statements and changes to the components of financial statements. The amendment is effective for periods commencing on or after 1 January 2009.
- IFRS 8 'Operating segments'. This standard replaces IAS 14 'Segment reporting'. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in determining the allocation of resources and in assessing its performance. The standard is effective for periods commencing on or after 1 January 2009.

Companies House

Notes to the accounts for the year ended 31 March 2010 *continued*

(p) 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 Companies House:
 - 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 1 'First time adoption of IFRS' – Revision and amendments. As we have adopted IFRS in the period to 31 March 2010 these revisions and amendments are not predicted to have any impact on Companies House.
- 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 contingent 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 Companies House 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 any impact on Companies House.

2. First-Time adoption of IFRS

	Public Dividend £'000	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
(a) Capital & reserves				
Capital & reserves at 31st March 2008 under UK Generally Accepted Accounting Practice	15,889	32,391	12,099	60,379
Effect of changes under International Financial Reporting Standards – IAS19 Employee Benefits	–	(369)	–	(369)
Capital & reserves at 1st April 2008 under IFRS	15,889	32,022	12,099	60,010
(b) Net operating surplus				
Net operating surplus for 2008-09 under UK Generally Accepted Accounting Practice		1,167		1,167
Adjustments for unpaid Holiday Pay Accrued in 2008-09		(290)		(290)
Net operating surplus for 2008-09 under IFRS		877		877

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.

Effective of Changes under International Financial Reporting Standards are due to the adoption of IAS19 Employee Benefit.

Companies House

Notes to the accounts for the year ended 31 March 2010 *continued*

3. Income

3(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		(Deficit)/Surplus	
	2009/10 £m	2008/09 £m	2009/10 £m	2008/09 £m	2009/10 £m	2008/09 £m
Registration activities (i)	50.5	50.6	52.7	52.6	(2.2)	(2.0)
Dissemination activities (ii)	13.8	14.4	12.7	12.6	1.1	1.8
Other Services (iii)	2.1	2.1	1.3	1.0	0.8	1.1
Total as per operating account	66.4	67.1	66.7	66.2	(0.3)	0.9

- (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.

3(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.

3(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 amounts collected by Companies House in 2009/10 were £85.0m (2008/09: £52.9m).

Included in Companies House income is £5.3m recovered from BIS for the running costs incurred in the charging administration and collection of late filing penalties raised (2008/09: £3.9m).

4. Staff costs

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

	2009/10 Total Employees	Full Time Equivalent Posts	2008/09 Total Employees	Full Time Equivalent Posts
4(a) Staff numbers by location				
Cardiff	1,152	1,041	1,159	1,055
Belfast	10	9	-	-
Edinburgh	32	30	31	29
London	8	8	8	8
	1,202	1,088	1,198	1,092
4(b) Staff numbers by activity				
Central Operations, Customer Support & Late Filing Penalties	773	688	769	691
IT Services	171	164	172	166
Finance, HR, Legal, Policy & Marketing	248	226	247	225
Senior Managers	10	10	10	10
	1,202	1,088	1,198	1,092
Staff on Capital projects (included above)	76	76	48	48

In addition, there were a total number of contract staff of 58 (2008/09 – 50) of which 27 (2008/09 – 42) 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).

4(c) Staff costs (for the above persons)	2009/10 £'000	2008/09 £'000
Salaries	28,032	27,328
National insurance	1,779	1,772
Pension costs	4,361	4,351
Income seconded staff	(100)	(15)
Contract staff	2,880	4,935
Capitalised staff costs (included above)	(1,155)	(1,718)
Capitalised contract staff project costs (included above)	(1,453)	(3,768)
Staff costs per operating account	34,344	32,885

5. Pensions

For 2009/10, the banded charges averaged 17.7% of pensionable pay for permanent staff (2008/09: 17.7%) This equates to a charge for the year of £4.3m (2008/09: £4.3m), at one of the four 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 four 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 revalorisation of the salary bands. Companies House has prepaid certain redundancy and early retirement costs, which are disclosed more fully in note 16. All other liabilities incurred in the year were satisfied by the year-end. This is an unfunded multi-employer Defined Benefit scheme but Companies House are unable to identify its share of the underlying assets and liabilities.

Companies House

Notes to the accounts for the year ended 31 March 2010 *continued*

6. Property, plant and equipment

	Land & Buildings £'000	Leasehold Improvement £'000	Plant and Machinery £'000	Computer Equipment £'000	Finance Leases £'000	Total £'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 11)	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 11)	(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 2010 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.

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

	Land & Buildings £'000	Leasehold Improvement £'000	Plant and Machinery £'000	Computer Equipment £'000	Finance Leases £'000	Total £'000
Cost or Revaluation						
At 1 April 2008	24,400	723	3,187	10,088	449	38,847
Additions	888	266	435	1,030	-	2,619
Revaluation (Note 11)	(7,513)	-	58	(1,103)	-	(8,558)
Disposal	-	-	-	(141)	-	(141)
At 31 March 2009	17,775	989	3,680	9,874	449	32,767
Depreciation						
At 1 April 2008	-	695	2,238	8,874	86	11,893
Provided during year	392	24	343	1,016	130	1,905
Revaluation (Note 11)	(392)	-	53	(976)	-	(1,315)
Disposal	-	-	-	(141)	-	(141)
At 31 March 2009	-	719	2,634	8,773	216	12,342
Net book value at 31 March 2009	17,775	270	1,046	1,101	233	20,425
Net book value at 31 March 2008	24,400	28	949	1,214	363	26,954

The land and buildings were valued as at 31 March 2009 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 £3.6m relates to Land which has not been depreciated.

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

Companies House

Notes to the accounts for the year ended 31 March 2010 *continued*

7. Intangible assets

Intangible assets are software and the associated implementation costs.

	Software £'000	Assets in the course of construction £'000	Total £'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
Net book value 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.

£27m of Net Book Value relate to CHIPS and CAP projects.

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.

	Software £'000	Assets in the course of construction £'000	Total £'000
Cost			
At 1 April 2008	43,242	-	43,242
Additions	341	5,146	5,487
As at 31 March 2009	43,583	5,146	48,729
Amortisation			
At 1 April 2008	15,565	-	15,565
Additions	3,613	-	3,613
As at 31 March 2009	19,178	-	19,178
Net book value at 31 March 2009	24,405	5,146	29,551
Net book value at 31 March 2008	27,677	-	27,677

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.

8. Operating surplus

	2009/10 £'000	2008/09 £'000
This is stated after charging the following:		
Audit Remuneration		
- Audit Services	36	36
- Other Services	10	8
Professional Services (including Contact Centre and Debt Recovery)	5,518	4,666
Travel, subsistence & hospitality:		
Chief Executive and Senior Managers	33	50
Employees	432	391
Staff Related Costs	625	460
Recruitment & Training	392	507
Printing & Stationery	5,499	5,175
Marketing & Advertising	1,496	1,624
Maintenance Contracts/Leases	3,435	5,802
Repair & Maintenance – Buildings	1,403	1,059
Accommodation Cost	2,914	3,048
Property Rental	885	1,127
Office Equipment	1,067	1,100
Software	135	257
Other Administration Costs	1,087	733
Sub Total	24,967	26,043
Non Cash Items - Depreciation and amortisation	5,372	5,645
Total non-staff administration costs	30,339	31,688

Other audit services above are in respect of the Trigger Point 4 reporting in preparation for the transition to International Financial Reporting Standards.

9. Interest & finance costs

	2009/10 £'000	2008/09 £'000
Short-term daily interest receivable from the Paymaster General Office and National Loans Fund	55	424
Interest payable on unsecured loans from BIS repayable wholly or partly by instalments	(45)	(2)
Interest on finance leases/unwind of discount of early retirement scheme	(40)	(76)
	(85)	(78)

10. Dividend

A dividend of £2.0m (2008/09: £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.

Companies House

Notes to the accounts for the year ended 31 March 2010 *continued*

11. Revaluation reserve

	Land & Buildings £'000	Plant and Machinery £'000	Total £'000
Balance brought forward 1 April 2008	12,094	5	12,099
Revaluation of property, plant & equipment at 31 March 2009 – Cost	(7,513)	58	(7,455)
Revaluation of property, plant & equipment at 31 March 2009 – Depreciation	392	(53)	339
Balance carried forward 31 March 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 2010 – Depreciation	284	-	284
Balance carried forward 31 March 2010	6,582	10	6,592

12. Trade receivables and other current assets

	31 March 2010 £'000	31 March 2009 £'000	1 April 2008 £'000
Trade receivables	4,537	3,158	2,109
Other receivables	1,474	1,045	1,441
Prepaid expenditure	777	937	1,134
Amounts due from BIS	618	405	405
Total	7,406	5,545	5,089

No amounts fall due after more than one year (2008/09: nil).

13. Cash and Cash Equivalent

	31 March 2010 £'000	31 March 2009 £'000	1 April 2008 £'000
Balances with PGO	10,791	13,680	12,704
Balances with commercial banks	102	307	658
Total	10,893	13,987	13,362

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

14. Trade payables and other current liabilities**(a) Amounts falling due within one year**

	31 March 2010 £'000	31 March 2009 £'000	1 April 2008 £'000
Loans from BIS	2,500	2,000	-
Trade payables	613	440	1,289
Accruals and customer prepayments	6,635	7,116	7,943
Social Security	-	651	384
Obligations under finance leases (note 15)	-	191	137
Other payables	38	59	11
Dividend payable	1,976	1,971	2,116
Total	11,762	12,428	11,880

All amounts due under Trade Payables are current (2008/2009 current).

No amounts fall due after more than one year (2008/09: Nil).

(b) Amounts falling due after more than one year

	31 March 2010 £'000	31 March 2009 £'000
Loan from BIS	-	2,500

In March 2009 a loan of £4.5m was received from BIS to support future capital expenditure programmes. The loan is repayable over 2 years with the final repayment in February 2011. Interest will be calculated using the Equal Instalment 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%.

15. Finance leases

	31 March 2010 £'000	31 March 2009 £'000	1 April 2008 £'000
Obligations due within			
One year	-	191	137
One to two years	-	-	191
	-	191	328

Companies House

Notes to the accounts for the year ended 31 March 2010 *continued*

16. Provisions for liabilities and charges

	Early retirement £'000
Balance at 1 April 2008	1,001
Transferred to current liabilities	(249)
Charged to income statement	57
Balance at 31 March 2009	809
Transferred to current liabilities	(219)
Charged to income statement	34
Balance at 31 March 2010	624

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 income statement has accordingly been charged with the full liability of new decisions taken and a 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 2009 and 2016. In accordance with IAS 37, the provisions are net of the effect of discounting at a real rate of 1.8%.

17. 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 2010 £'000	31 March 2009 £'000
Operating leases which expire		
Within one year	259	216
In the second to fifth years inclusive	128	156
Over five years	8,975	9,092
Total	9,362	9,464

18. Payment policy

It is Companies House payment policy to pay all invoices not in dispute within 30 days or the agreed contractual terms if, otherwise specified. For 2009/10 100% of invoices paid were within these limits (2008/09: 100%). In the Prime Minister's statement on 8 October 2008 government departments were set the challenge of paying suppliers within 10 days. In 2009/10 98.9% of invoices have been paid within this target. (December 08 – to March 09: 97.5%)

19. Disclosure of intra-government balances

	31 March 2010		31 March 2009		1 April 2008	
	Payables £'000	Receivables £'000	Payables £'000	Receivables £'000	Payables £'000	Receivables £'000
Balances with other central government bodies	4,572	2,018	7,490	1,317	2,511	1,358
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.

20. 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 Office of Paymaster General 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 10 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.

	2009/10 £'000	2008/09 £'000	2007/08 £'000
Trade Receivables			
Total Debt Outstanding	4,537	3,158	2,109
Overdue but not provided for yet in following periods:			
Not yet due	4,068	2,772	1,876
1-30 days	294	258	127
31 – 60 days	170	100	90
61 – 90 days	4	25	13
> 91 days	1	3	3

No amounts fall due after more than one year (2008/09: Nil).

21. 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 5 July 2010.

22. 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 five 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 2010 was 3%. Against the previous Treasury Minute of 12 October 2004 Companies House gave a return of 7.1% for the five year period between 2004 and 2009 against the target of 3.5%.

Companies House

Notes to the accounts for the year ended 31 March 2010 *continued*

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

This is a cumulative reduction of 10.3% (2008/09 8.4%) over the base year cost per company.

23. 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.

24. 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 2010 (2008/09: Nil).

Schedule 1

Additional disclosure 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 to the Accounts shall contain the information required by the Companies Acts to be disclosed in the Directors' Report to the extent that such requirements are appropriate to Companies House.
2. In preparing its Statement of Financial Position and Income Statement, Companies House shall adopt formats prescribed in 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 Statement of Financial Position shall be signed and dated.

Schedule 2

Additional disclosure requirements

The Foreword to the Accounts 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 to the Accounts 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.

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.

Companies House

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