

Companies House
Annual Report and Accounts
2007/08

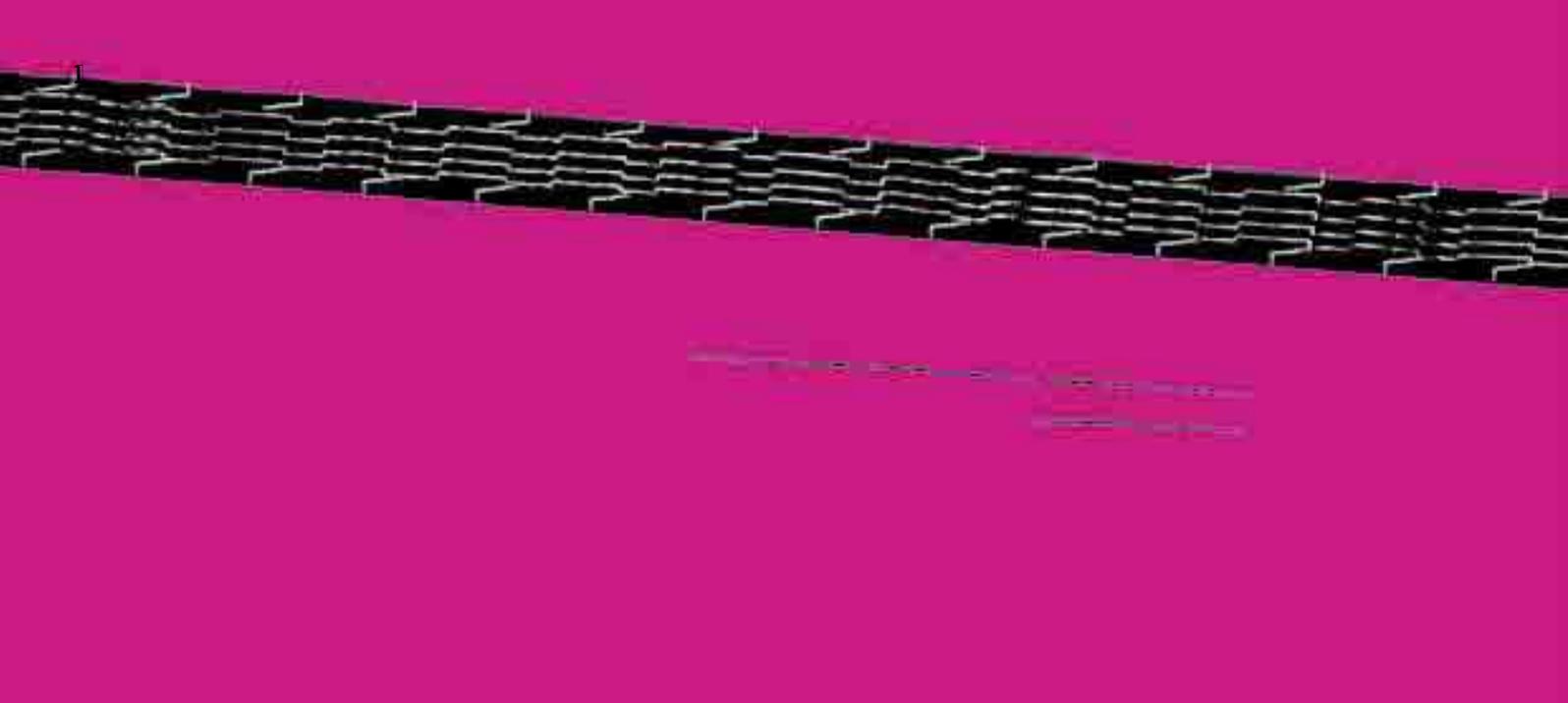


All geared up





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The world is moving faster than ever: the economy, environment, legislation and customer expectation. We will face many challenges and opportunities as we move forward and with our new internal processing system, CHIPS, and our growing e-filing system, Companies House is all geared up and ready to go.

Companies House
Annual Report and Accounts 2007/08

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Companies House is an Executive Agency of the Department for Business Enterprise & Regulatory Reform

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Our mission

Our mission is to be the foundation of company information exchange in the UK: helping business, informing the public, benefiting the economy.

Registering information

Companies make their data public in return for limited liability. We are helping them to do this by developing efficient electronic services, which make filing data with us simpler and safer.

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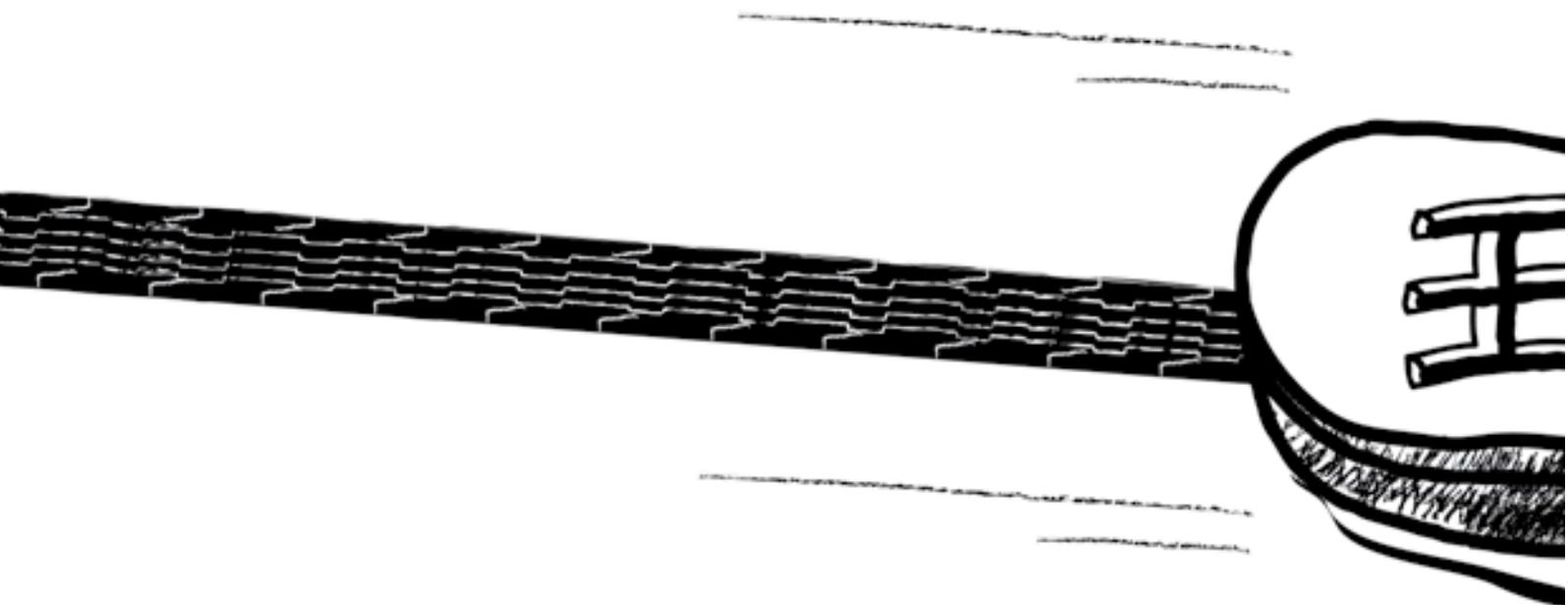
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Our vision

Our vision is to be a world-class information provider – accessible, easy to use and customer focused: exchanging information; creating benefits.

Providing information

We provide quick access to information filed by companies; this ensures the register is seen as a valuable tool in the economy.



Joint statement



From the Chief Executive and
Chair of the Steering Board

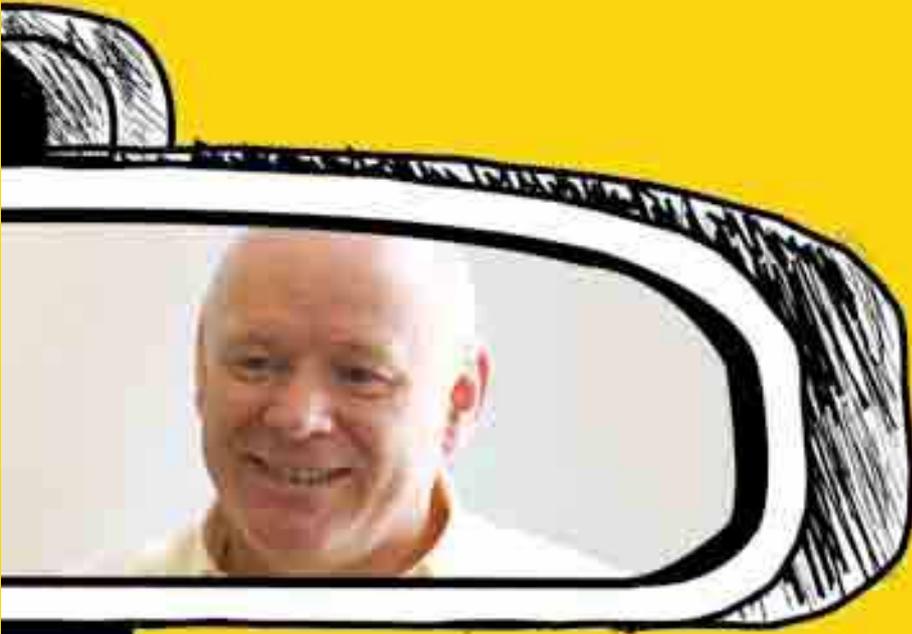
With the majority of our contact with customers now being electronic, with new computer systems and a new Companies Act, we are all geared up to provide the highest level of service and security expected of the key provider of UK company information. And we are all geared up to enhance our contribution to an efficient UK economy.

2007/08 has been a busy and exciting year for Companies House. The companies register has grown at a rate of 8%, 5.6 million company searches have been made, and our electronic services have received more than 40 million hits per month. These statistics point very firmly to growth in the use of the companies register and its continued use as a tool, informing the public and companies, and supporting confident decision making among the business community.

We have been able to manage the increased pressure this growth represents and to meet or exceed eight out of the ten targets agreed with Ministers by using modern technology to deliver our services. We can now accept electronically 80% by volume of the documents due to be filed. We lead the world in the use of XBRL

for the electronic filing of accounts, and this year we have seen the number of accounts filed via this method grow by 123% to 176,000. Over 90% of companies are incorporated and more than 80% of them file their Annual Returns electronically. There is a clear movement among customers to make use of the benefits technology brings, in terms of greater security and certainty of filing, integrity of the register, faster availability of filed information, and longer hours of service availability.

One of our strategic aims is to be a fully electronic organisation, and our efforts to support customer expectations are underpinned by the most significant achievement of this year; the implementation of our new Companies House Information Processing System (CHIPS) in February 2008. Although largely invisible to most of our customers, CHIPS provides the heart of the register and is vital to provide the technological framework for future development of our services. This once-in-a-generation system replacement is a great achievement and a tribute to the hard work of the staff at Companies House.



Having implemented CHIPS fully, we are now in great shape to take forward two further pieces of work, which are key to improving our services for customers.

- Completion of implementation of the Companies Act 2006 by October 2009

The Companies Act 2006 provides a new structure for corporate governance in the UK bringing greater simplicity particularly for smaller companies who make up the majority of the register. Private companies will have a choice about whether to hold an AGM or appoint a company secretary. Directors will be able to file a service address and withhold their home address from the public record, and the companies register in Northern Ireland will be brought under UK wide company law.

- Development of a wider range of electronic services

Before completing the implementation of the Companies Act 2006 in October 2009 we will develop both our filing and search services. Enhancements to our WebFiling and software filing services will take place early in 2008 as will the next stage of development of our WebCHeck information service, which will incorporate our Monitor product for the first time. This is a key part of our work against fraud and will be followed by developing enhancements to our PROtected Online Filing service, PROOF.

Our financial position remains strong, and tight control over underlying operational costs has enabled us to manage the business despite a £2.5m fall in income resulting from a reduction in company formations compared to the previous year, and from increased take-up of annual returns filed electronically. In the coming year, we expect income to remain at similar levels; increased expenditure associated with delivering the Companies Act programme will be funded by efficiency savings throughout our operations and a BERR loan which has recently been agreed.

We have managed considerable growth and achieved significant successes through the tremendous efforts of our staff. During the year we have refreshed our core values and our staff have clearly demonstrated them in their daily work. Our values are:

- Doing it right
- Making a difference
- Working together

These are already helping us to develop and concentrate the skills we need to deliver excellent services, to implement parts of the Companies Act and to continue preparation for full implementation of the Act in October 2009.

Looking further ahead, we are committed to being a world-class information provider and to steering Companies House to achieve that vision.



Finely tuned

We have successfully implemented our Companies House Information Processing System (CHIPS) programme, a vital platform to transform many of our services to customers. This complete overhaul of our internal systems represents a fundamental change and gives us a vital platform to transform many of the services we provide to customers.

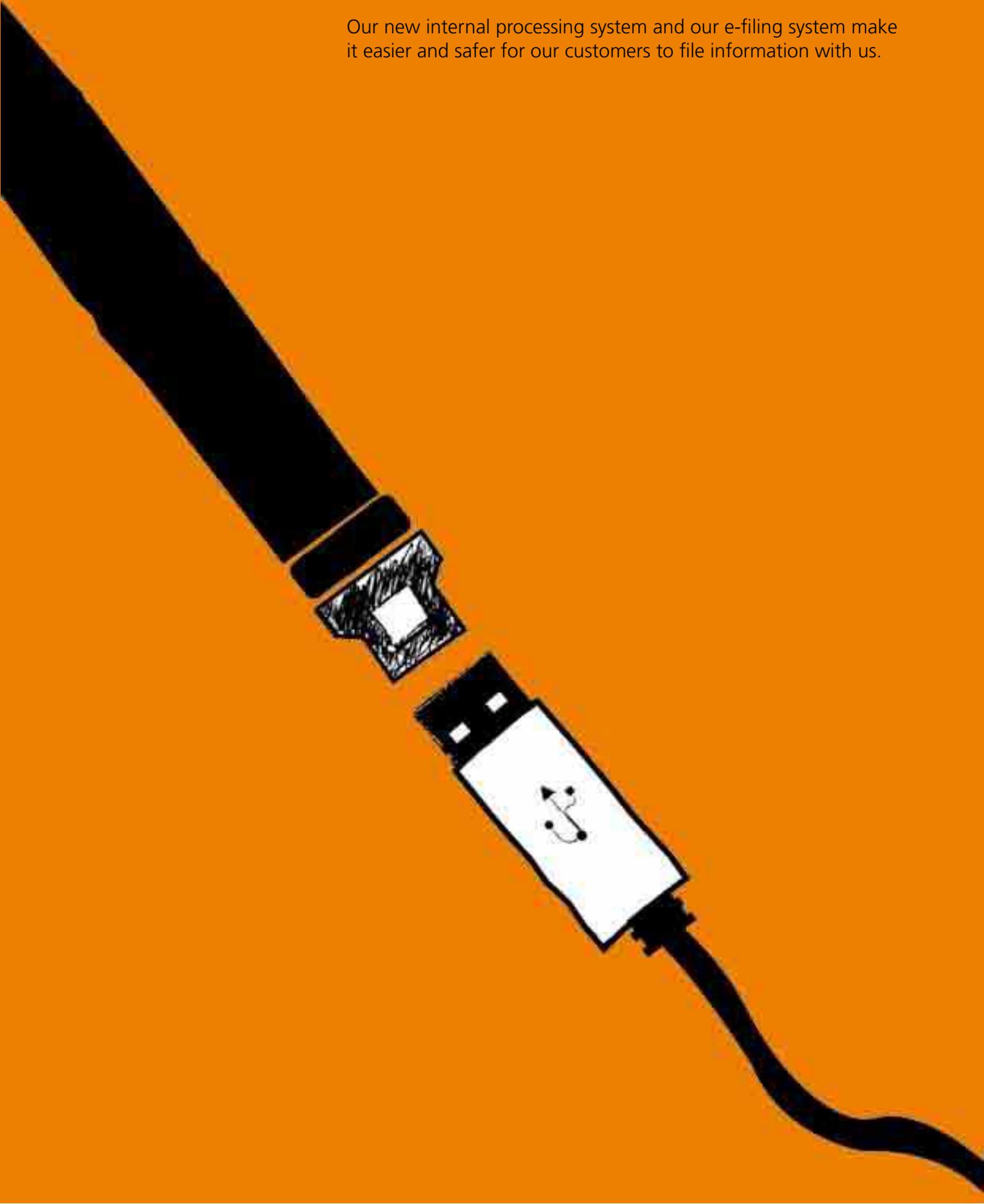


Driving forward

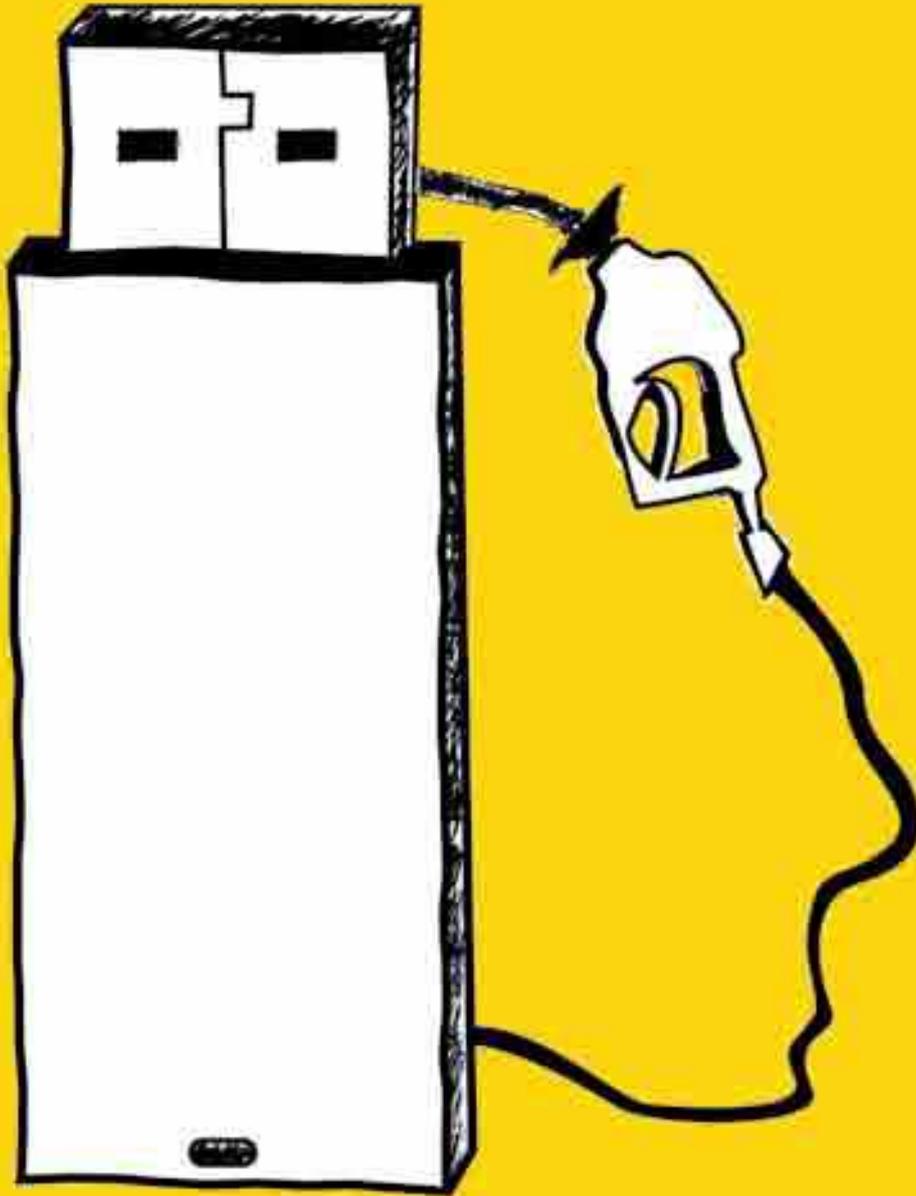
Over 80% of companies now file their Annual Returns electronically; this is a significant step forward in moving towards our goal of a fully electronic register.

Safety-lock

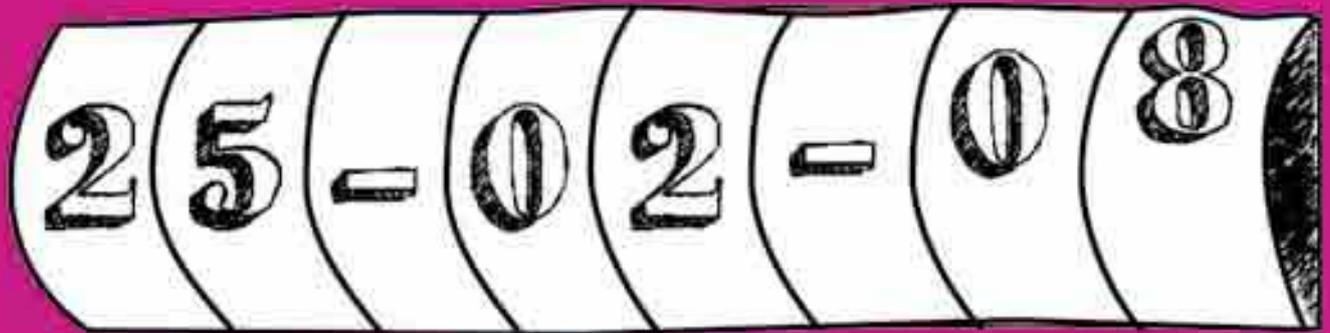
Our new internal processing system and our e-filing system make it easier and safer for our customers to file information with us.



Efficient performance



We have achieved our target to reduce unit cost by 10% over 3 years reflecting our consistently efficient performance.



**CHIPS successful
implementation
25 February 2008**

Shifting to the next gear

In February 2008 we saw the implementation of our Companies House Information Processing System (CHIPS).

A central part of delivering our strategy is having modern, flexible systems. Without these we cannot deliver the future legislative framework or continue to provide the high-quality services our customers deserve. A major achievement for us this year has been the successful implementation of our Companies House Information Processing System (CHIPS) programme in February. This complete overhaul of our internal processing systems represents a fundamental infrastructure change; replacing the existing 20-year-old system and providing a vital platform to transform many of the services we provide to customers:

- We are able to load information sent to us for inclusion in the companies register in real time, so that it is immediately available to searchers
- We have a solid base for introducing the processing changes which will be needed as a result of implementing the Companies Act 2006
- We have the flexibility, based on up-to-date technology, to deliver new services to customers in the future
- We will be able to increase the availability of our services, and expect to move to seven days a week by December 2008

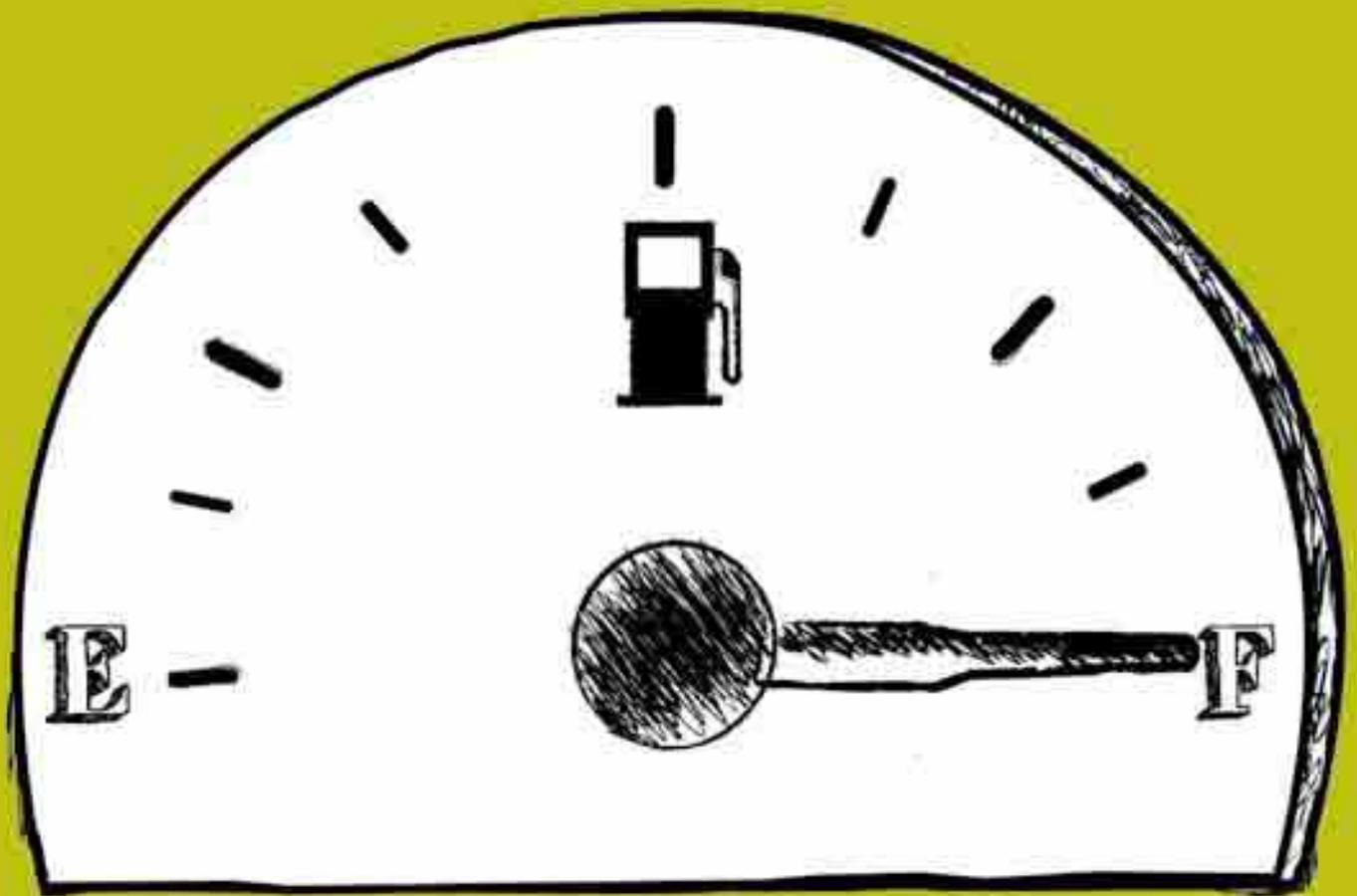
We originally started work on CHIPS in 2001 and, as with any major technology programme, we made revisions to our plans and expectations as time moved on. Originally, we worked with private sector partners, but in 2003, we became concerned at rising costs and changing requirements. We took the tough decision to bring management of the programme in-house. We further revised our plans in February 2005 and January 2007. Clearly, we have had to make difficult decisions and taking the extra time has increased our costs; but we implemented a system with successful data migration, which by day two was delivering service at pre-CHIPS levels. We had excellent buy-in from staff and our IT team responded exceptionally well to any problems encountered by staff operating the new system.

Although the incorporation, filing and on-line searching aspects of the new system worked well, and we were able to provide real time updates to the companies register for direct searches, we did have to meet some challenges in delivering aspects of customer services. We have worked hard with customers who take our bulk output products to overcome difficulties in the weeks immediately following implementation.

Our Operational and IT teams have worked extremely hard to ensure we delivered the best possible service.

In terms of the Registrar's main functions, CHIPS makes a key contribution to ensuring that he can keep pace with customers' expectations in the provision of fast and secure services around the registration of data, and that he can match this with efficient access to data for people searching the register.

The delivery of this critical IT-based programme has clearly demonstrated our ability to face up to challenges, take tough decisions and implement transformational change. The organisation has shown its determination to work as one team to achieve its goals. The implementation has been successfully managed with minimal disruption to our internal and external service standards. Moving forward, a major component in Companies House's business plan for 2008/09 is the delivery of efficiencies from CHIPS. These will result in further benefits for customers and a greater contribution from Companies House to provide confidence in the economy, through the integrity of the companies register.



**October 2009: full
implementation of
the Companies Act**

A clearer path

A journey towards full implementation of The Companies Act 2006.

The Companies Act 2006 is a fundamental reform of company law: to make it clearer to companies what is expected of them; to reduce the regulatory burden on them; and to make it easier for them to do business with Companies House. The Act represents a major programme of change for us. CHIPS has laid the foundations for the process changes we have to make, and 2007/08 has seen implementation of parts of the Act, with delivery of early benefits to customers.

Other parts of the Act which are not dependent on Companies House are also being implemented before the October 2009 full implementation deadline. Many of the benefits of reduced regulation will be available, while the extra time for full implementation will ensure smooth delivery for both Companies House and its customers and stakeholders.

Originally, the Act was due for full implementation in October 2008. However, implementation is dependent on CHIPS and, although our planning showed that it was possible to meet the October 2008 deadline, there was a risk this would not be achieved. We felt we could not take this risk because businesses would have to expend time, money and resources on preparing for the Act, and it would be better for them to have certainty. We agreed with Ministers to bring in parts of the Act during 2007/08 and to delay the bulk of the Act until October 2009.

This does not mean that companies have to wait for all the benefits the new Act will deliver. October 2007 saw the implementation of measures to relieve the regulatory burden on small companies. These included:

- A standard set of Articles of Association for small companies
- The ability to apply to the courts to dispense with the requirement to allow inspection of their register of members
- The removal of the requirement for private companies to:
 - Hold AGMs
 - Lay their accounts before the members
 - Re-appoint auditors annually

During 2007/08 we prepared for:

- Changes to the requirements for filing accounts, which included shortening the period between the year-end and the filing of the accounts
- Removal of the need for private companies to appoint a secretary

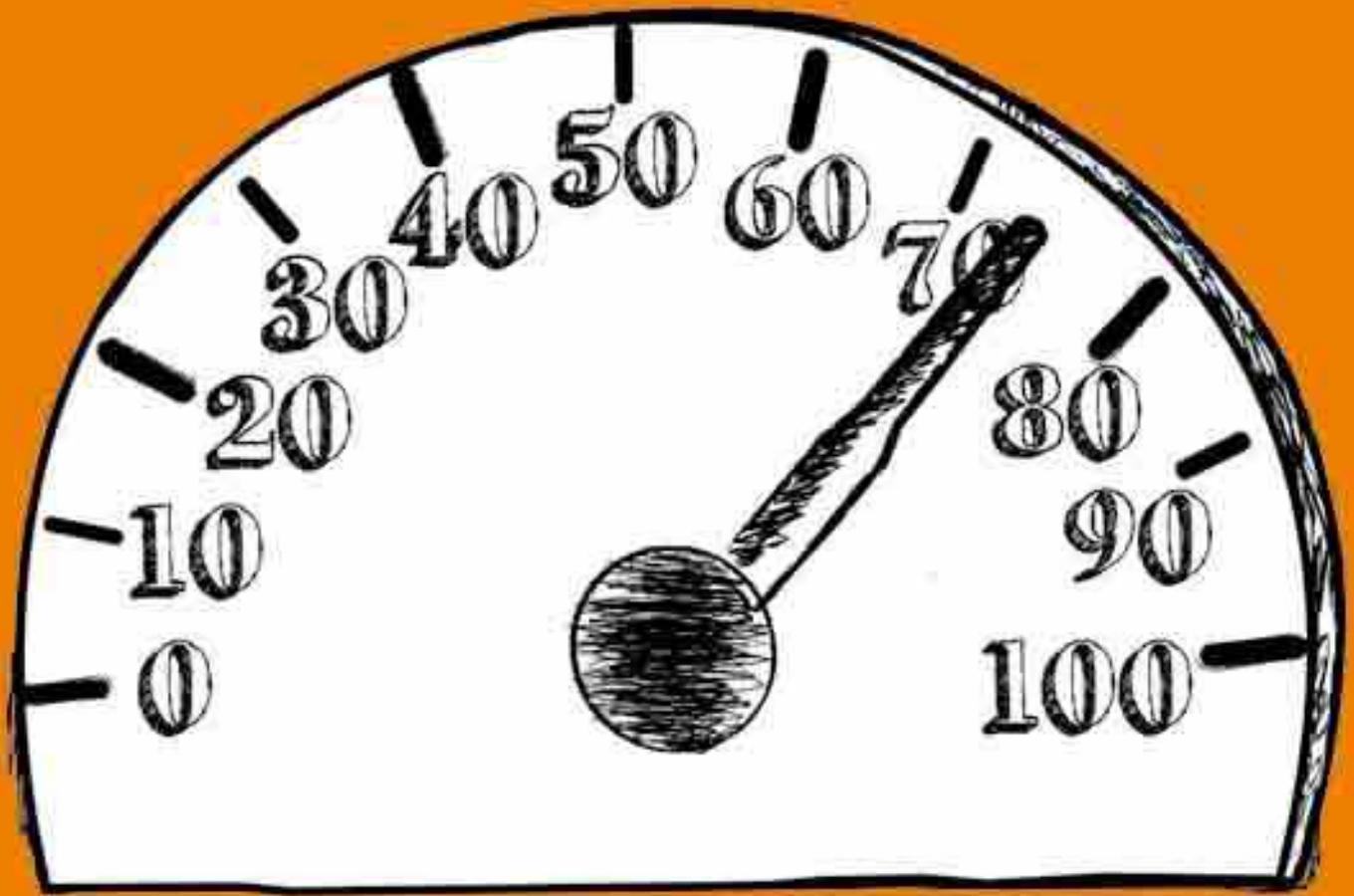
These changes were implemented in April 2008.

The journey towards full implementation of the new Act is not one which Companies House is making alone. Our stakeholders are deeply involved. Customer groups are helping us in areas such as the design of statutory forms.

We have been working closely with colleagues in the Department for Business Enterprise and Regulatory Reform (BERR) to develop the secondary legislation needed to achieve implementation. This work is largely invisible to our customers, but it represents a very significant effort on our part in terms of the skills and resource it demands.

Full implementation in October 2009 will include a new incorporation procedure, and filing of service addresses for all directors, with a secure register for their residential addresses which will only be available to competent authorities and credit reference agencies. It will be possible, in some circumstances, for the Registrar to restore a company to the register administratively, rather than by the company applying for an order of court. This will be simpler and cheaper for companies. The new Companies Act will extend to Northern Ireland, so that companies legislation will then be truly UK-wide.

As part of our programme to implement the Act we are planning comprehensive communications to ensure that customers are engaged with the changes the Act will bring, so that they have the information and guidance they need to comply with its requirements.



**72% of accountants
have filed at least
one document
electronically**

Gaining customer insight

We're constantly working towards making it easier for customers to do business with us, and ensuring a high level of customer satisfaction.

Customers continue to be the focus for all the work we do. This is recognised in very high customer satisfaction rates, of 86.6% in 2007/08, and in our winning two national awards:

- The Business Britain Award for Business Services Provider of the Year
- The CBI's Financial Director Government Agency of the Year

Use of the companies register and the benefits it delivers to the economy has continued to grow, with a clear trend to doing business with us electronically. In 2004/05 0.6m documents were filed electronically, in 2005/06 it was 1.6m, in 2006/7 it was 2.3m, and this year the figure has increased to 3.1m. The significance of this is the ease and security with which companies can file their data with us, and the speed with which we can then update the companies register, ensuring its integrity and its usefulness as a tool for data exchange across the business world. In terms of transactional hits, our web services are the fourth largest in government. In 2007/08 they received on average over 40m hits per month and customers bought over 5.6m electronic company searches.

We had targets for service availability of 99% for WebFiling, Companies House Direct (CHD) and WebCheck, our electronic search services. We narrowly missed these, achieving 98.7% for WebFiling and 98.5% for WebCheck and CHD. This was largely because we took a decision to suspend these services to accommodate critical work on CHIPS; for one day when we did a parallel run of CHIPS and our existing service, and for three days during the cut-over period to CHIPS.

We have continued our work on customer insight and improving our engagement with customers. We have begun a stakeholder strategy and mapping exercise, and are developing customer journey mapping as part of our work to understand our customers and our services. To ensure we harness input from customers we held 15 Customer Information Days and 8 WebFiling Seminars, meeting representatives of more than 20,000 companies. We took part in 16 exhibitions, speaking to 6,000 customers and we held 21 focus groups across the UK.

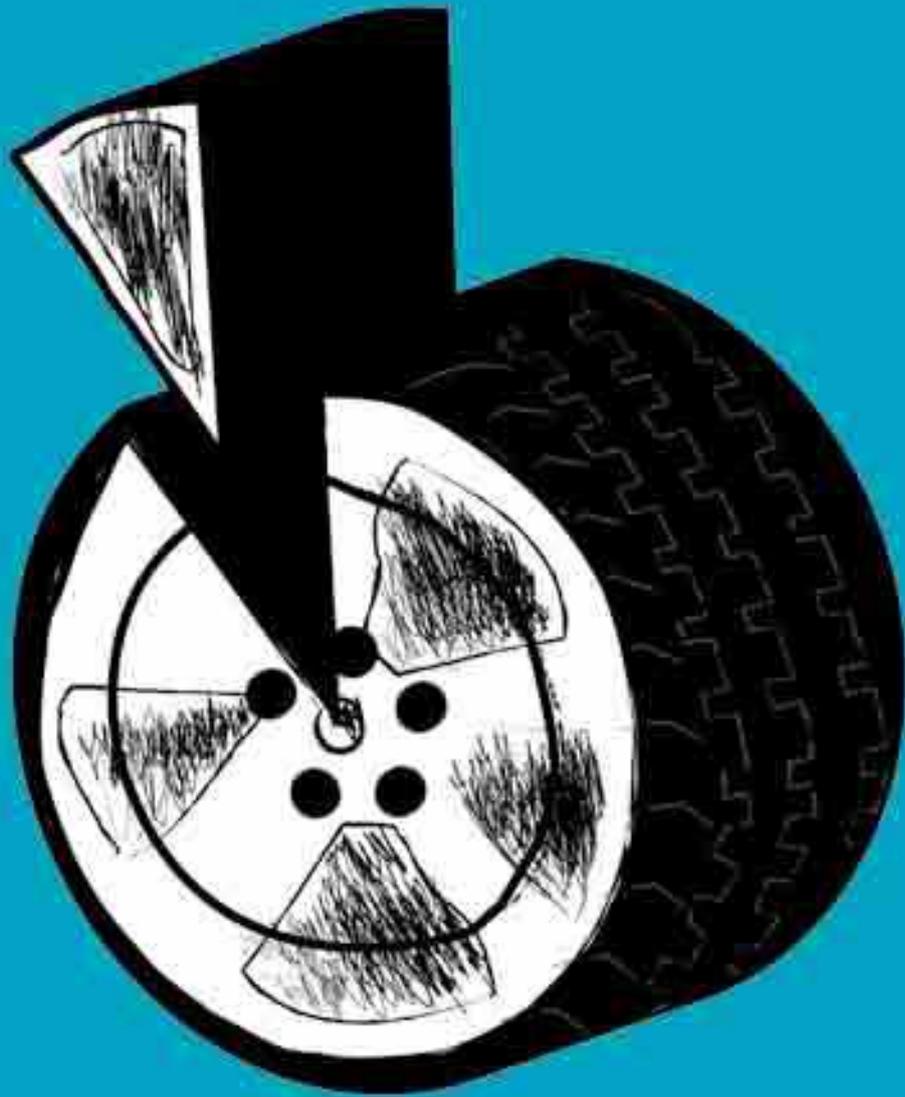
We have run marketing campaigns to support growth in electronic filing and take-up of our three-point plan to help companies protect themselves against fraud. We conducted market research among accountants, who make up a large percentage of our customer base, to gauge their attitude to e-filing. This is helping us to focus our efforts to improve electronic delivery of services and to meet customers' needs.

All of this will help us to manage actively our relations with key customers, improve our ability to meet customer needs, and play an important part in helping us to grow the electronic submission of documents, which was one of the targets we missed this year. At 55% the target was too ambitious and we have managed a creditable 47.9% by the end of the year, with 3.1 million documents filed electronically, an increase of 30% over the previous year. From independent research, we know that 95% of WebFilers are satisfied with the service and that 80% of accountants are registered to use the Government Gateway. 72% of accountants have already filed at least one document electronically. This gives us a strong base on which to grow electronic filing further and to look at helping customers to switch to electronic filing more quickly. This still presents a significant challenge but one we are gearing up to tackle.

Across government we have worked with BERR, HMRC and Businesslink on the Transformational Government agenda. We have agreed plans to make our web-based filing and search services available on businesslink.gov.uk, which will mean that 80% of the documents filed by companies could be received through the Businesslink website. We have also worked with Businesslink to provide a company name search service on businesslink.gov.uk, which will be combined in 2008/09 with a trademark search service, providing real service transformation for customers.

The use of the companies register to commit financial crime continues to be a major concern for us. During the year we have worked closely with colleagues in the Serious Organised Crime Agency and the Metropolitan Police to ensure availability of data from the register to law enforcement agencies. In line with delivery of the National Fraud Strategy, we have discussed use of the register with colleagues in the National Fraud Strategic Authority and the City of London Police, which is now the country's lead force for combating fraud. We continue to be a member of the Home Office's Identity Fraud Forum and to work with the private sector through the Credit Industry Fraud Avoidance System and the British Banking Association.

We know that our Protected Online Filing (PROOF) system has been effective in preventing fraud taking place, and we have continued to promote our three-point plan to help companies protect themselves against fraud, using advertising campaigns as well as customer contact and written communication.



**Reduced unit
costs by 11%
since 2004/05**

Running efficiently

By maintaining business levels and lowering our unit costs we can increase our financial performance and raise our efficiency levels.

We achieved all our financial and efficiency targets in 2007/8 (as can be seen in key statistics section).

Income for the year was £69.7m which was down by £2.5m on the previous year, due in part to a reduction in incorporation activity, and in part to the switch by companies to filing their annual returns electronically.

The underlying cost of running Companies House core activities has remained at the same level as the previous year, despite a 8% growth in the size in the register, and a 1.6% growth in the number of documents filed.

The operating surplus on ordinary activities was £6.3m. After charging interest of £0.1m and declaring a dividend of £2.1m on public dividend capital, a net surplus for the year of £4.1m remained. The latter has been transferred to reserves.

From 2005 to 2008 we had an efficiency target to reduce unit costs by 10% on a range of transactions at 2004/05 levels; we are very pleased to have achieved this significant target reaching 11%; particularly in a year when we have delivered CHIPS and devoted considerable resource to

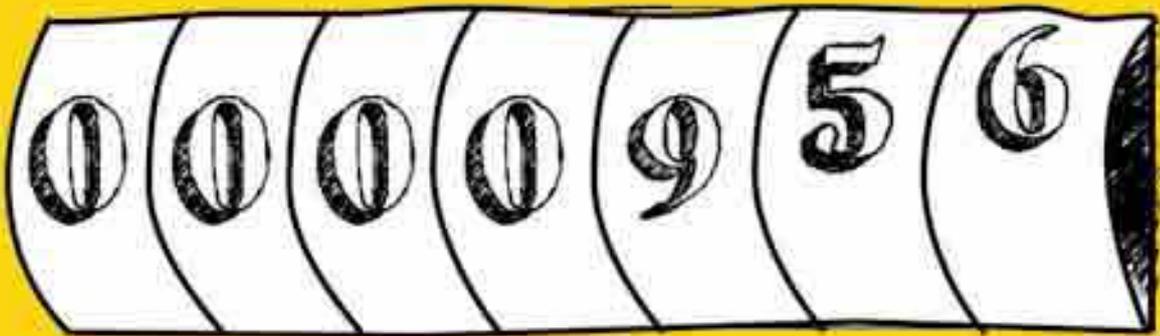
preparing for the new Companies Act. Combined with high levels of customer satisfaction, record levels of use of our website and online search services, and increased take-up of our on-line filing offerings, this points to our efficiency in maintaining the companies register. A key measure to preserve efficiency has been the development of flexibility in the deployment of staff. Multi-skilling means that, as peaks of work move through the office, staff are able to follow, ensuring we don't experience backlogs. This was particularly important during the switchover to CHIPS.

Even with an increasing workload we have managed to reduce our staff costs by £1m through careful control and multi-skilling.

To ensure the register's integrity we must achieve high levels of compliance. This is recognised in the target agreed with ministers. We support this target through communication to customers and active education of company directors (advertising, reminder letters, guidance notes and information on our website, seminars).

Our efforts to maintain high levels of compliance in the filing of accounts are supported by the Late Filing Penalties (LFP) regime, but the levels of penalties have not changed since the regime started in 1992. Although we have met our target for compliance with the requirement to file accounts, at 95.3%, we have been concerned that the number of companies filing on time has been falling slightly, by about 0.5% per year for the last three years. Following a consultation exercise, Parliament has approved changes to LFPs, which increase the basic rates of penalties and shorten the intervals between increases. The new regime comes into effect on 1 February 2009.

We were targeted to achieve a rate of return as a percentage of average net assets of 3.5%, year on year. We have exceeded this target for this individual year, reaching 10.6%. We expect this to reduce in the coming year, so that we are nearer to the target rate of return when taking the two years together.



**956 people trained
in the use of CHIPS
before it went live**

Connecting together

Equipping our staff with the skills they need to deliver our processes and systems is key to the smooth running of the business.

Our people have been key to our ability to deliver CHIPS, and we have had to focus a large training effort towards equipping them to meet the challenges of the new system. Our staff responded to the challenge of implementing CHIPS in a fantastic way, showing great dedication, commitment and, above all, teamwork.

They will continue to play a vital role in our preparations for implementation of the Companies Act 2006 and the changes to our internal processes needed to support this.

During 2007/08 we developed a human resource strategy which ensures that we have the right numbers of people and we have the right people in the right posts, with the skills they need to do their jobs.

Delivering major programmes which affect the work of the whole organisation demands a high level of commitment from the whole team. The basis for this commitment is a universal set of values which each member of staff can sign-up to and own in a way which makes the behaviours behind the values totally natural.

How we do our work is as important to us as what we do. This has been the driver in developing new values for Companies House. Deciding on the new values has been an inclusive process, resulting in three statements which all of us can embrace as defining our approach to work:

Doing It Right

- I listen to customers and colleagues and exceed their expectations
- I take pride in what I do
- I take personal responsibility for my actions

Working Together

- I seek to embrace and deliver change
- I look for new and better ways of doing things
- I take every opportunity to develop myself and others

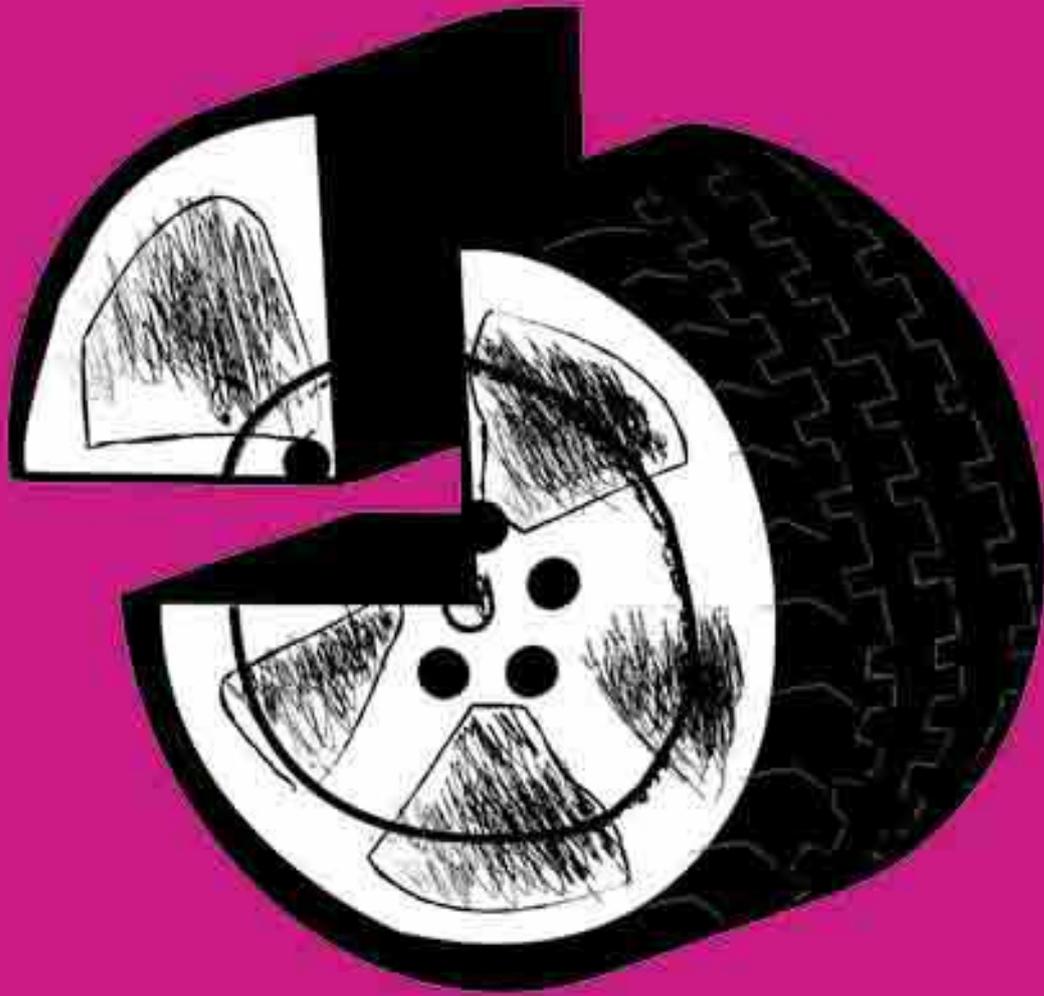
Making a Difference

- We respect each other
- We communicate openly and honestly
- We acknowledge and celebrate the success and achievement of others

As we look ahead to 2008/09, we are committed to ensuring that these values are at the heart of how we work.

Employee relations

Positive employee relations have continued during the year. This was sustained through the considerable periods of change we faced. Monthly meetings between the Chief Executive and the Agency Trade Union Side (ATUS) as well as with key departments ensure that issues are addressed early and progress is made on specific items. The relationship between the parties epitomises the new Companies House value of 'Working Together'.



**Moving to an
increase of 26%
in electronically
filed documents
(3.9 million documents)**

Moving forward

As we look ahead to 2008/09 we are committed to ensuring that we achieve our goals whilst ensuring that our values remain at the heart of our work.

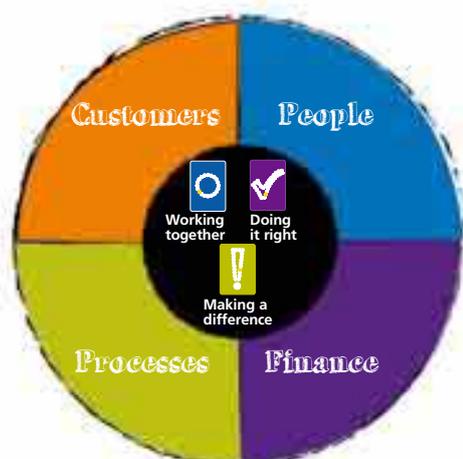
We have developed a roadmap for our Service Transformation and Restructuring (STAR) programme which in 2008/09 will deliver:

- Bilingual electronic filing (English and Welsh) of the Annual Return
- XML data filing
- Access to our WebFiling and search services through Businesslink
- A new WebCheck search service, incorporating an electronic Monitor service

The STAR programme will allow us to contribute to the Better Regulation and Transformational Government agendas by continuing development work with colleagues across government, preparing to implement WebFiling and WebCheck on Businesslink and working with HMRC to develop the taxonomy and style sheets for the joint filing of accounts by 2011.

We will be using a balanced scorecard to manage our performance in four key areas: Customers, People, Process, Finance.

Ministers have set us targets in each of these areas and we will report on performance against these in a revised agency performance grid.



Companies House targets

Customer targets

Target	2008/09
Customer satisfaction	86%
Increase in e-filing, by volume (New Target)	26%
WebFiling, WebCheck and CHD availability	99%
Search customers can access their requested document on our systems within 60 seconds (New Target)	average
Complaints resolution within 5 days	97.5%
Accounts compliance	95.3%
CEO case responses within 10 days	100%

People targets

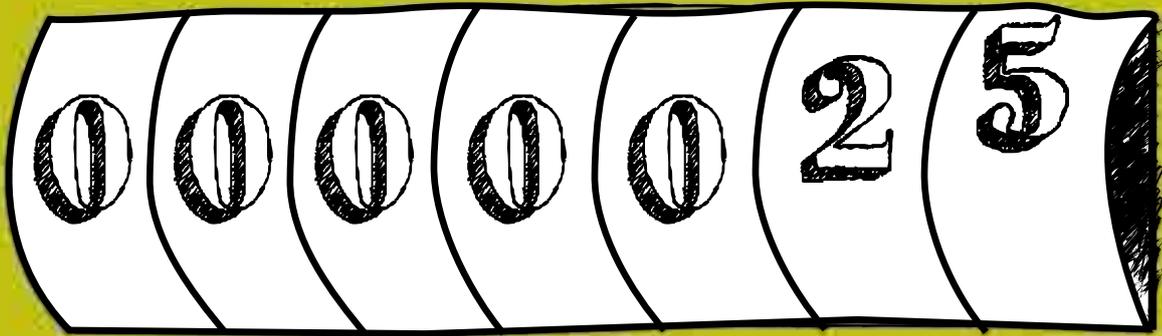
Target	2008/09
Staff satisfaction – Staff consider that Companies House is a good place to work (New Target)	90%
Staff attendance	95.5%
Reduce CO ₂ emissions from gas and electricity use by (New Target)	1.5%
Decrease the level of non-recycled office waste by (New Target)	15%

Process targets

Target	2008/09
Image quality	99.5%
Electronic transactions available to the public within 72 hours (New Target)	average
Paper documents available to the public within 8 days (New Target)	average

Finance targets

Target	2008/09
Invoices paid within 30 days	100%
Average rate of return	3.5%
Reduction in operating cost per company	15% over 3 years



**25 work experience
placements for
school pupils**

Responsible business

How we are taking the environment, corporate social responsibility, health and safety, risk and uncertainties seriously.

The environment

Companies House is certified to the international environmental management standard ISO14001:2004, which covers more than 95% of our employees. The standard enables us to monitor and reduce all our major environmental impacts, such as use of water, gas and electricity.

The environmental management system we have developed under that standard has helped us to:

- Introduce recycling for kitchen food waste, which now goes to compost, saving 10 tonnes of waste from landfill
- Upgrade the energy efficiency of our multi-storey car park, saving 10 tonnes per year of CO₂ emissions
- Successfully piloting a 'bin less' scheme, which removes desk bins, encouraging staff to recycle their waste. This will be rolled out to 50% of our staff during the next financial year

We are continuing to work towards the Sustainable Office Government Estate targets.

Corporate social responsibility

Companies House is one of the larger employers within the Cardiff area. We take great pride in this fact and continue to enhance our status by working together with the local community.

We have structured formal links with local schools in the authority and provided a wide range of support, such as, work experience placements, interviewing skills, and Business Days.

During the last financial year Companies House has organised 25 work experience placements for pupils from various schools within local authorities. The pupils that visit us gain a great deal of knowledge and the placement plays a key role in promoting young people's personal and social development, enhancing their maturity and helping them to develop an understanding of the world of work.

We continue to raise our organisation's profile through Career, Business and Enterprise and Industry days. The events are organised by local education authorities and through contacts with Careers Wales. The events are aimed at various different age groups and allow pupils to participate in interactive events which aim to test their problem-solving, communication, group-working, interpersonal and presentation skills.

Companies House has recently established further links within Careers Wales to provide placements for Teaching Staff to gain a greater understanding of how business operates so that they can prepare students for the world of work, allow teachers to update their own knowledge and for them to improve their teaching materials.

Companies House continues to raise money and support local charities by allowing use of its multi-storey car park for Cardiff City Council's Park & Ride scheme. During the last financial year the scheme has generated £16,638 for local charities including Parkinson's Disease (Cardiff), Special Baby Care Unit (Heath Hospital) and Diabetics UK (Pontypridd and District).

Health and safety

Companies House is committed to the promotion of a safety culture throughout the organisation, and of safety conscious attitudes among staff. A safe environment is provided for staff and visitors, and all staff receive relevant health and safety training. We promote health and safety awareness through:

- Regular training and communication
- Seminars to update staff on changes on legislation and procedures
- Participation in European Health and Safety Awareness Weeks
- Arranging external speakers on topics of particular interest

As an office based environment, we carry our risk assessments in line with the Management of Health and Safety at Work Regulations, CAW Regulations and the Display Screen Equipment Regulations. Managers are trained to carry our quarterly checks on health and safety issues.

Diversity

Companies House is an equal opportunities employer. We want to ensure that the workplace is a non-discriminatory and harassment-free working environment. During this period a diversity officer has been recruited and tasked with implementing a new diversity strategy which we are rolling out in the coming year. The strategy focuses on refreshing awareness among all our staff of diversity-related issues and of the latest legislation surrounding diversity.

Risks and uncertainties

We have a risk management policy and strategy agreed by the Board and formal processes to enable risk management. This includes a common language and routes for escalation, based on set risk appetite levels. As a result, risk management is embedded at all levels in Companies House.

The major risk for us during 2007/08 was the implementation of CHIPS. Significant risks which we continue to manage include the implementation of the Companies Act, service transformation and re-structuring, business continuity and data security.

We have addressed the need to safeguard personal data by appointing an Information Security Officer and by strengthening our Information Security Forum, so that we can meet new data security guidelines. We have not experienced any incidents relating to personal data. We are accredited with ISO27001.

Remuneration Report

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

Gareth Jones was appointed as the Chief Executive on the 10th April 2007. Phil Bushby was appointed on 16th April 2007.

Gwyneth Edwards joined the Board on 1st April 2007 and Mike Nash joined as the acting Finance Director on 16th July 2007.

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

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

Benefits in kind

No senior manager received a benefit in kind in 2007/08.

Performance pay

All staff, including senior managers, are eligible to participate in the corporate bonus 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 servant's performance pay is determined by the senior pay committee of the Business Enterprise Regulatory Reform.

Remuneration Report

The following table is subject to audit.

The salary and pension entitlements of the senior managers of Companies House in the year to 31 March 2008 are as follows:

	Salary including performance pay (2007/08)	Salary including performance pay (2006/07)	Real increase in pension and lump sum at age 60	Total accrued pension at age 60 at 31/03/08 and related lump sum	CETV at 31/03/07	CETV at 31/03/08	Real increase in CETV funded by employer
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gareth Jones Joined 10th April 2007	95-100	N/A	0-2.5 5-7.5	35-40 105-110	538	677	32
Tim Moss Acting Chief Executive to 9th April 2007	85-90	80-85	0-2.5 0-2.5	0-5 0-5	52	75	13
Tom Smith	60-65	60-65	0-2.5 0-2.5	10-15 35-40	141	177	8
Phil Bushby Joined 16th April 2007	55-60	N/A	0-2.5 0-2.5	0-5 0-5	0	12	9
Tim Knighton	65-70	10-15	0-2.5 0-2.5	0-5 0-5	3	25	17
Mike Nash Acting Finance Director Full Year Equivalent from 16th July 2007	55-60	N/A	0-2.5 0-2.5	5-10 15-20	67	99	14
Gwyneth Edwards joined Board 1st April 2007	60-65	N/A	0-2.5 0-2.5	5-10 15-20	76	99	10

Senior managers have been defined using the definition of 'key management' contained within FRS8 Related Party Transactions:
"Those persons in senior position having authority or responsibility for directing or controlling the major activities of the reporting entity"

Remuneration Report

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) their pension for a 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 £31,466 (2006/07: £31,400). There were five independent members in 2007/08 (2006/07: five).



Gareth Jones
Chief Executive
2 July 2008

Accounts 2007/08

Government Trading Funds Act 1973

Companies House Accounts 2008

The accounts for Companies House for the period 1 April 2007 to 31 March 2008, together with the report of the Comptroller and Auditor General thereon, prepared pursuant to Section 4(6) of the Government Trading Funds Act 1973, as amended by the Government Trading Act 1990.

In continuation of House of Commons Paper No. 803, Parliamentary Session 2007/2008

Presented pursuant to Government Trading Funds Act 1973, c.63, s4(6)

Ordered by the House of Commons to be printed 17 July 2008

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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 Department of Trade and Industry, 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 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 we enforce compliance 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. 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 £24.4m, and the main database supporting the registration activity of Companies House (CHIPS) was capitalised on 1st March 2008, following successful implementation in February 2008. The capitalised value on 1st March 2008 was £27m and is included in tangible fixed assets in accordance with FRS15.

Results and appropriations

The operating surplus on ordinary activities was £6.3m (2006/07: £3.3m). After charging interest payable of £27k (2006/7:£15k) and declaring dividends payable of £2.1m (2006/7: £2.0m), a net surplus for the year of £4.1m remained and was added to the retained surplus which at 31 March 2008 was £32.4m.

Business Review

Income from registration activities fell by £4.3m compared to 2006/7, due partly to lower company start-up activity (77k fewer incorporations than 2006/7), and partly to the switch to filing electronic annual returns, which accounted for 71.5% of all returns filed during the year (54% in 2006/7).

Overall underlying operating charges, excluding Companies Act project costs and depreciation/impairment costs, were £2.2m higher than last year, although much of this arose from an extension to the STEM mainframe contract caused by the delay in the implementation of the CHIPS programme until February 2008.

The Companies Act 2006 programme has commenced and expenditure of £2.1m was incurred in 2007/8 on analysis, development and project management, and will be the focus of in-house development activity through to full implementation on 1st October 2009.

The additional workload (1.6%), however, was delivered efficiently, with the headcount remaining generally unchanged throughout the year, only increasing slightly towards the end of the year when additional staff were introduced to handle the transition to CHIPS processing following implementation.

The three year target to reduce unit costs by 10% over the three year period 2005 – 2008 when compared with 2004/5 was achieved this year (see note 23).

The average number of employees for the year was 1,175 compared to 1,247 in 2006/7. The associated full-time equivalent posts were 1,074 (1,130 in 2006/7), 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.

Capital Expenditure for the year was £6.8m, of which £5.5m was incurred on the CHIPS project during the year. Other capital expenditure of £1.3m was incurred on several other capital projects, as Companies House progresses its programme of electronic transformation.

Cash Balances

Net cash inflow for the year was £1.1m taking the cash balances at this year-end to £13.4m. In 2007/8, through continued prudent management, we have ensured that sufficient funds have been available not only to carry out core activities, but also to finance other developments, such as the implementation of CHIPS, and commencement of the Companies Act 2006 programme of development and change. In future years we expect cash reserves to reduce as capital programmes are delivered, and a loan from The Department for Business Enterprise & Regulatory Reform (BERR) has been approved.

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 available on current commercial bank accounts.

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 a revaluation deficit of £2.2m. More information on this is provided in notes 5 and 9.

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 £40k for the 2007/8 reporting period.

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

Payment Policy

It is Companies House policy to pay all invoices not in dispute within 30 days or to the agreed contracted terms if otherwise specified. The out-turn (as reported in note 19) was 100% (2006/7: 100%)

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. The values of these donations was £17k in 2007/08.

Companies House Boards

The Executive Directors of the Agency were:

Gareth Jones
Chief Executive

Tim Moss
Corporate Strategy Director

Tom Smith
Customer Delivery Director

Mike Nash
Acting Finance Director
From 16th July 2007

Tim Knighton
Director of Business Solutions Delivery
From 16th July 2007

Director of Finance
to 15th July 2007

Phil Bushby
Human Resources Director

Gwyneth Edwards
Head of Legal

Steering Board

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

Andrew Summers
Independent Chairman

John Alty
BERR member

Geoff Dart
BERR member

Nigel Paul
Independent member

Rodger Hughes
Independent member
Appointed 1st January 2008

Dan Bernard
Independent member

Alex Jablonowski
Independent member

Mike Hathorn
Independent member
Resigned 31st December 2007



Gareth Jones
Chief Executive
2 July 2008

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 state of affairs at the year-end, and of its income and expenditure, recognised gains and losses, and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual 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 applicable accounting standards, as set out in the Government Financial Reporting Manual, 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, as agreed, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

During 2007-2008 the Accounting Officer was advised by:

The Companies House Steering Board. Membership of the Steering Board included an independent Chairman, four independent members, senior officials from BERR, and all of the Agency's Executive Directors. The Steering Board met quarterly to advise on strategic issues.

The Audit Committee, a sub committee of the Steering Board. Membership of the Audit Committee included three independent members (one of whom is the Chairman) and myself. It reported to each Steering Board meeting. Meetings were attended by the Finance Director of Companies House, BERR Internal Audit and our External Auditors. Other members of staff and external representatives were asked to attend where further specialist skills were required or to discuss specific topics. An additional member is invited to attend all audit committee meetings in a peer advisory role capacity. The Audit Committee met four times during the year.

The Executive Directors of Companies House. Directors met as a Main 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. There was one other Management Board, the Agency Business Board which:

- Took decisions about issues and policies with short and medium term impact (e.g. within a business planning annual cycle)
- Reviewed performance and initiated appropriate action
- Stimulated and considered new ideas and ensured that they were taken forward in the most effective way
- Engaged in the creation and implementation of strategy

A Strategy Panel also met to provide support to the Director of Corporate Strategy and the organisation as a whole by carrying out Horizon Scanning and scenario planning and preparatory thinking on the Strategic Plan.

A Recruitment Control Panel (RCP) supports the HR Director. It met on a fortnightly basis to review all proposed recruitment activity within Companies House. No recruitment continued without the authorisation of RCP. The role of the RCP ensures that any recruitment is subject to a level of scrutiny that makes managers 'think twice' about whether they really need the role or not.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to an acceptable level within the context of achieving Companies House's aims and objectives; it can therefore provide reasonable though 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 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. This system of internal control has been in place in Companies House for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts. It accords with Treasury guidance.

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 BERR in operating a sound risk management framework as part of its internal control environment

The Assurance, Risk and Consultancy Team provides ongoing support, training and facilitation to the risk management process and provides specific advice and guidance on the management of risk.

The Risk and Control Framework

A framework of formal risk management operates at the corporate level, led by the Companies House Main Board.

Additionally a framework of formal risk management operates:

- In all projects and programmes, with responsibility delegated to relevant project and programme boards
- In all operational and support departments. Management in each department has responsibility for ensuring risks are being managed effectively in accordance with Companies House policy
- In the Information Security Forum, chaired by the Senior Information Risk Owner, provides a framework for Information Risk assessment and control and a link between the corporate process and the technical risk management carried out as part of ISO27001

Both the Main 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 Main 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

Statement on Internal Control continued

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 BERR 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.

The new core processing system; Companies House Information Processing System (CHIPS) which holds the Companies Register went live on 25 February. The implementation was successfully accomplished with minimal disruption to our services. The project has been closed and the system designated as a low managed risk, reflecting both its operational and technical stability.

Companies House has a programme to deliver changes to its operations and systems to meet the requirements of the Companies Act 2006. The timescale for implementation is challenging and therefore controls over the programme need to be particularly effective in order to deliver successfully. 2008-2009 will be a key year for taking forward the programme with changes due to be delivered in April and October 2008 and preparations required for major changes in October 2009.

In response to the risks facing this programme, we have reviewed and improved its internal control and governance, increasing the frequency that the Programme Board meets, increasing Director level engagement, improving the quality of the information they receive including assurance reporting and ensuring the optimum membership of the Board.

During its reviews in the 2007-2008 financial year, Internal Audit gave "unsatisfactory" opinions on reviews of the Companies Act Programme (CAP)

and the security of specific aspects of the E-Filing System. In both areas, the need for improvement was identified during quarter 3 and steps were commenced to deliver this. Management recognised the risks within the Companies Act Programme which meant that CH could not be absolutely confident of successful delivery of the programme by the October 2008 deadline. This contributed to a decision by Ministers to move the main implementation date to 2009 to increase confidence in delivery. Actions on E-Filing security have also been progressed, and it remains for Audit to validate whether the successful delivery of CHIPS has addressed the outstanding issues.

In deciding an overall opinion, Internal Audit considered the results from all the reviews conducted during the year. All other reviews provided a "satisfactory" rating over the general control environment. Internal Audit acknowledged the strategic importance of E-Filing and the Companies Act Programme but recognised the mitigating actions noted above as reflecting positively on the control environment. Consequently, overall, an opinion of "satisfactory" was provided by Internal Audit on the design, adequacy and effectiveness of the system of internal control operating during the year.

Review of Effectiveness

I have responsibility for reviewing the effectiveness of the system of internal control. The 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 the review of the effectiveness of the system of internal control by the 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 comprehensively covering the internal controls in each of their Directorates. These statements are reviewed at a meeting of all the Directors and BERR Auditors. They are also reviewed by Internal Audit and the outcome of this review is reported to the Audit Committee. This provides strong assurance that appropriate mechanisms are in place throughout Companies House.

2007-2008 has been a year of continuing change for Companies House. We have had changes to the Executive Board with a new Business Solutions Director being recruited in year and a temporary Head of Finance in post. We have also appointed a new Chairman of the Audit Committee. The impact of this has been managed through 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.

We have reviewed our information risks during the year. Overall these are low as the vast majority of data we hold is on the Companies Register and as such is in the public domain. Our accreditation to ISO27001 was reviewed and renewed during the year. We further strengthened our adherence to best practice by designating a Main Board Director as Senior Information Risk Owner to have ownership for overall information risk management at Board level. We have also implemented the key principles and actions from the Cabinet Office guidance in respect of data security management, and there have been no breaches of data during the year.

Work continues on Companies House Business Continuity Plan; an Emergency Control Team plan and a Business Continuity Management file has been issued to all Directors. Further work on scenario testing is to be completed in the first half of 2008.

In summary, my review indicates that, subject to the issues above, there were no significant control weaknesses during the year and this is consistent with the internal audit opinion for 2007-2008.



Gareth Jones
Chief Executive
2 July 2008

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 2008 under the Government Trading Funds Act 1973. These comprise the Operating Account, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses 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

Companies House and its Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Trading Funds Act 1973 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Companies House's and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Foreword to the Accounts included in the Annual Report, is consistent with the financial statements. I also report whether, 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.

In addition, I report to you if Companies House has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects Companies House's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Companies House's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the remaining sections of the annual report and unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by Companies House and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Companies House's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- The financial statements give a true and fair view, in accordance with the Government Trading Fund Act 1973 and directions made thereunder by HM Treasury, of the state of Companies House's affairs as at 31 March 2008, and of its surplus for the year then ended
- The financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Government Trading Fund Act 1973 and HM Treasury directions made thereunder
- Information, which comprises the Foreword to the Accounts, included within the Annual Report, is consistent with the financial statements

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.

Report

I have no observations to make on these financial statements.

T J Burr
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London SW1W 9SS

9 July 2008

Companies House Trading Fund

Operating account for the year ended 31 March 2008

	Note	£'000	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Income				
Fees and charges		67,652		70,531
Other operating income		2,095		1,689
	2		69,747	72,220
Expenditure				
Staff costs	3	33,337		34,292
Depreciation and impairment	5	3,335		11,454
Other operating charges		27,663		23,704
			64,335	69,450
Operating surplus before interest	6		5,412	2,770
Interest receivable	7		839	553
Operating surplus on ordinary activities			6,251	3,323
Interest payable & finance costs	7		(27)	(15)
Surplus for the year			6,224	3,308
Dividend	8		(2,116)	(2,024)
Retained surplus for the year	16		4,108	1,284

All operations are classed as continuing

Statement of Total Recognised Gains and Losses

	Note	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Surplus on ordinary activities for the year after dividend		4,108	1,284
Net unrealised (deficit)/surplus on revaluation of fixed assets	9	(2,158)	1,913
Total gains and losses recognised since last Annual Report		1,950	3,197

Companies House Trading Fund

Balance sheet as at 31 March 2008

	Note	£'000	As at 31 March 2008 £'000	As at 31 March 2007 £'000
Fixed assets				
Tangible fixed assets	5	54,631		53,357
			54,631	53,357
Current assets				
Debtors	10	4,968		5,333
Bank balances and cash in hand	11a, 12	13,362		12,248
		18,330		17,581
Creditors				
Falling due within one year	13(a)	(11,390)		(11,238)
Net current assets			6,940	6,343
Total assets less current liabilities			61,571	59,700
Creditors				
Amounts falling due after more than one year	13(b)		(191)	–
Provisions for liabilities and charges	15		(1,001)	(1,271)
			60,379	58,429
Financed by:				
Capital and reserves (Government Funds)				
Public Dividend Capital	16	15,889		15,889
Revaluation reserve	9	12,099		14,833
Retained surplus	16	32,391		27,707
			60,379	58,429



Gareth Jones
Chief Executive
2 July 2008

Companies House Trading Fund

Cash flow statement for the year ended 31 March 2008

	Note	Year ended 31 March 2008		Year ended 31 March 2007	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	17(a)		8,995		15,377
Returns on investment and servicing of finance					
Interest received	17(c)	847		550	
Interest paid	17(d)	(27)		(29)	
Dividend paid	8	(2,024)		(1,747)	
Net cash outflow from returns on investment and servicing of finance			(1,204)		(1,226)
Capital expenditure and financial investments					
Payments to acquire tangible fixed assets	17(b)	(6,677)		(12,269)	
Net cash outflow from capital expenditure and financial investments			(6,677)		(12,269)
Net cash inflow before financing			1,114		1,882
Financing					
Long term loan repayments			–		(384)
Increase in bank balances and cash in hand	11(a)		1,114		1,498
Opening bank balance and cash in hand			12,248		10,750
Closing bank balance and cash in hand			13,362		12,248

Companies House Trading Fund

Notes to the accounts for the year ended 31 March 2008

1. Principal accounting policies

(a) Basis of accounting

The accounts have been prepared in accordance with the historical cost convention modified to include revaluation of tangible fixed assets (where material) in a form determined by HM Treasury in accordance with section 4(6) of the Government Trading Funds Act 1973. These accounts conform insofar as is practicable and appropriate with United Kingdom Accounting Standards, the Companies Act 1985 and Trading Funds Accounts Guidance, as issued by HM Treasury.

(b) Revaluation and depreciation of fixed assets

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

Other development project expenditure that delivers tangible benefits to our services to the public are capitalised where the direct costs exceed £250k.

All research expenditure is written off as incurred.

Fixed assets are revalued (where material) in accordance with HM Treasury requirements. Land and buildings are revalued annually by an independent external valuer, using the existing use method.

Other fixed assets are revalued annually, using appropriate indices supplied by the Office for National Statistics. Revaluation gains or losses are treated in accordance with FRS 15.

Depreciation is provided on a straight line basis on all tangible fixed assets (other than freehold land) at rates calculated to write down the cost or valuation of each asset to its residual value, evenly over its expected useful life, as follows:

Freehold buildings – over 50 years
Leasehold improvements – over 3 years
IT equipment – over 2 to 5 years
Plant and machinery – over 4 to 10 years
IT projects – over 4 to 10 years
CHIPS IT asset hardware – 4 years
CHIPS IT asset development costs – 10 years

(c) Replacement of the core information processing system (CHIPS)

In accordance with FRS 15, 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.

The labour costs of our own employees (note 3) arising directly from the construction of the specific tangible fixed asset along with contract and agency staff are capitalised as directly attributable costs.

Administration and other general overhead costs are excluded from the cost of the tangible fixed asset. Where costs are not treated as directly attributable, they are charged to the operating account.

(d) Review of capitalised costs

Capitalised costs are reviewed at each year-end based on our accounting policy and in the light of progress on delivery of the programme.

For development expenditure on a project/programme that spans more than one financial year, the expenditure is capitalised as an asset in the course of construction. An impairment review is undertaken at each year end to assess the carrying value of assets in the course of construction.

(e) Leases

Costs in respect of operating leases are charged on a straight-line basis over the term of the lease. Assets acquired under finance lease are capitalised and the outstanding future lease obligations are shown in creditors.

(f) Income

Income, which excludes value added tax, represents fees and charges in respect of services provided. Included in income is an amount recovered from BERR for running costs incurred by Companies House in respect of the charging, administration and collection of penalties raised on companies as the result of the late filing of accounts. Miscellaneous income, for example rent receivable, is accounted for as other operating income.

(g) Taxation

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

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

(h) 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.

2. Income

2(a) Segmental reporting

All significant activities of Companies House are derived from a single legislative requirement, the Companies Acts, and consequently are considered for segmental purposes to be one single class of business.

The following information on the main activities of Companies House is produced for fees and charges purposes and does not constitute segmental reporting under Statement of Standard Accounting Practice 25.

	Turnover		Cost of services		Surplus/(Deficit)	
	2007/08 £m	2006/07 £m	2007/08 £m	2006/07 £m	2007/08 £m	2006/07 £m
Registration activities (i)	53.5	57.8	51.5	57.7	2.0	0.1
Dissemination activities (ii)	14.1	12.7	12.5	11.8	1.6	0.9
Other services (iii)	2.1	1.7	1.6	1.4	0.5	0.3
Total as per operating account	69.7	72.2	65.6	70.9	4.1	1.3

- (i) Registration activities – Includes incorporation, annual registration, change of name, mortgage registration, dissolution, liquidation and recharges of costs incurred in the administration of late filing penalties.
- (ii) Dissemination activities – Includes searches delivered on paper, electronically, magnetic tape and to bulk users.
- (iii) Other services – Includes income from rentals of 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 area.

2(b) 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 2007/08 were £42m (2006/07:£38.8m).

Included in income is £3.7m recovered from BERR for the running costs incurred in the charging, administration and collection of late filing penalties raised (2006/07:£3.7m).

3. Staff Costs

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

	2007/08 Total Employees	Full time Equivalent Posts	2006/07 Total Employees	Full time Equivalent Posts
3(a) Staff numbers by location				
Cardiff	1,133	1,033	1,199	1,086
Edinburgh	33	32	39	36
London	9	9	9	8
	1,175	1,074	1,247	1,130
3(b) Staff numbers by activity				
Central Operations, Customer Support & LFP	754	676	807	720
IT Services	181	177	193	186
Finance, HR, Policy & Marketing	233	214	242	219
Senior Management	7	7	5	5
	1,175	1,074	1,247	1,130
Staff on capital projects (included above)	46	46	60	57

In addition, there were a total number of contract staff of 47 (2006/07 – 81) of which 42(2006/07 – 66) were included on capital projects.

3(c) Staff costs (for the above persons)	2007/08 £'000	2006/07 £'000
Salaries	26,662	26,048
Voluntary Early Retirement Scheme	(166)	2,547
National insurance	1,750	1,726
Pension costs	4,263	4,348
Contract staff	5,536	9,112
Capitalised staff costs (included above)	(1,357)	(2,129)
Capitalised contract staff project costs (included above)	(3,351)	(7,360)
Staff costs per operating account	33,337	34,292

4. Pensions

For 2007/08, the banded charges averaged 18.5% of pensionable pay for permanent staff (2006/07:18.5%). This equates to a charge for the year of £4.3m (2006/07:£4.3m), at one of the four rates in the range 17.1 to 25.5 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 2007. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Companies House has prepaid certain redundancy and early retirement costs, which are disclosed more fully in note 15. All other liabilities incurred in the year were satisfied by the year-end.

5. Tangible fixed assets

	Land & Buildings	Improvement	Machinery	constructed & computer equipment	Course of construction	
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Revaluation						
At 1 April 2007	27,000	723	2,378	15,550	32,843	78,494
Additions	–	–	732	578	5,457	6,767
Revaluation (Note 9)	(2,600)	–	77	(621)	(28)	(3,172)
Asset transfer brought into use	–	–	–	38,272	(38,272)	–
At 31 March 2008	24,400	723	3,187	53,779	–	82,089
Depreciation						
At 1 April 2007	–	567	1,956	11,379	11,235	25,137
Provided during year	440	128	207	2,331	–	3,106
Prior years' impairment in respect of assets brought into use	–	–	–	11,235	(11,235)	–
Revaluation (Note 9)	(440)	–	75	(420)	–	(785)
At 31 March 2008	–	695	2,238	24,525	–	27,458
Net book value at 31 March 2008	24,400	28	949	29,254	–	54,631
Net book value at 31 March 2007	27,000	156	422	4,171	21,608	53,357

The land and buildings were valued as at 31 March 2008 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 purposes of the business operating within it.

Where appropriate assets have been revalued using relevant pricing indices.

Depreciation and impairment in the operating account, £3.3m, is made up of the in-year provision, £3.1m, and the diminution in the value of IT assets arising from indexation, £0.2m.

The Companies House Information Processing System (CHIPS) was implemented in February 2008, with a carrying value of £27.0m, and has been transferred from Assets in the course of construction to IT assets constructed and computer equipment.

Future releases of software development to the CHIPS system will be capitalised in accordance with the relevant accounting standards as per Companies House's accounting policies.

6. Operating surplus

	2007/08 £'000	2006/07 £'000
This is stated after charging the following:		
Audit Remuneration		
– Audit Services	40	36
– Other Services	–	–
Travel, subsistence & hospitality:		
Chief Executive and Senior Managers	40	30
Employees	491	484
Hire of assets (property rental)	1,063	1,190
And after crediting:		
Rental income	1,379	1,361

7. Interest

	2007/08 £'000	2006/07 £'000
Short-term daily interest receivable from the Paymaster General's Office and National Loans Fund	839	553
Interest payable on unsecured loans from BERR repayable wholly or partly in more than 5 years by installments	–	(15)
Interest on finance leases	(27)	–
	(27)	(15)

8. Dividend

A dividend of £2.1m (2006/07: £2.02m) was payable to the BERR. The dividend is calculated as 3.5% of average capital employed and reflects the average annual return required by the Treasury Minute dated 12 October 2004.

9. Revaluation reserve

	Land & buildings £'000	Plant and machinery £'000	Computer equipment £'000	Total £'000
Balance brought forward 1 April 2007	14,830	3	–	14,833
Revaluation of fixed assets at 31 March 2008 – Cost	(2,600)	77	–	(2,523)
Revaluation of fixed assets at 31 March 2008 – Depreciation	440	(75)	–	365
Transfer to retained surplus	(576)	–	–	(576)
Balance carried forward 31 March 2008	12,094	5	–	12,099

The amount transferred to retained surplus represents the realised element of depreciation of land and buildings.

10. Debtors

	31 March 2008 £'000	31 March 2007 £'000
Trade debtors	2,109	2,249
Other debtors	1,320	1,468
Prepaid expenditure	1,134	1,148
Amounts due from BERR	405	468
	4,968	5,333

No amounts fall due after more than one year (2006/07: nil).

11. Movement in net funds

(a) Reconciliation of Movement in Net Funds

	At 1 April 2007 £'000	Cash flows £'000	Other changes £'000	At 31 March 2008 £'000
Bank balance and cash in hand	12,248	1,114	–	13,362

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

	2007/08 £'000	2006/07 £'000
Increase in cash in the period	1,114	1,498
Movements in loans	–	384
Net funds at beginning of year	12,248	10,366
Net funds at end of year	13,362	12,248

12. Bank balances

	31 March 2008 £'000	31 March 2007 £'000
Balances with OPG	12,704	11,399
Balances with commercial banks	658	849
Total	13,362	12,248

13. Creditors:

(a) amount falling due within one year

	31 March 2008 £'000	31 March 2007 £'000
Trade creditors	1,289	373
Accruals and customer prepayments	7,453	7,823
Social Security	384	1,000
Obligations under finance leases (note 14)	137	–
Other creditors	11	18
Dividend payable	2,116	2,024
	11,390	11,238

(b) amount falling due after more than one year

	31 March 2008 £'000	31 March 2007 £'000
Obligations under finance leases (note 14)	191	–

14. Finance Leases

	31 March 2008 £'000	31 March 2007 £'000
Obligations due within		
One year	137	–
One to two years	191	–
	328	–

A lease was arranged during the year to acquire certain IT assets, and has been treated as a finance lease under IAS 17.

15. Provisions for liabilities and charges

	Early retirement £'000
Balance at 31 March 2007	1,271
Transferred to current liabilities	(328)
Charged to operating account	58
Balance at 31 March 2008	1,001

Treasury guidance requires that the full cost of early retirement and severance schemes should be recognised in the accounts when early departure decisions are made. The operating account has accordingly been charged with the full liability of new decisions taken and a balance sheet provision has been made which will be offset against the amount paid to retirees in respect of pension and related payments as they fall due between 2007 and 2016. In accordance with FRS 12, the provisions are net of the effect of discounting at a real rate of 2.2%.

16. Movement in capital and reserves (Government funds)

	Public dividend capital £'000	Long term loans £'000	Revaluation reserve £'000	Retained surplus £'000	Total £'000
Balance at 1 April 2007	15,889	–	14,833	27,707	58,429
Retained surplus for the year	–	–	–	4,108	4,108
Movement in revaluation reserve in the year	–	–	(2,158)	–	(2,158)
Transfer of realised depreciation between reserves	–	–	(576)	576	–
Balance at 31 March 2008	15,889	–	12,099	32,391	60,379

17. Notes to cash flow statement

(a) Reconciliation of operating surplus to net cash inflow from operating activities

	2007/08 £'000	2006/07 £'000
Operating surplus before interest	5,412	2,770
Depreciation and impairment charge	3,106	11,134
Reduction in value of IT assets	229	320
Net (Decrease)/Increase in provisions for liabilities and charges	(270)	301
Decrease/(Increase) in debtors	357	(812)
Increase in creditors	161	1,664
Net cash inflow from operating activities	8,995	15,377

(b) Cash outflow on capital expenditure

	2007/08 £'000	2006/07 £'000
Capital expenditure accrued at previous year-end	164	383
Additions to tangible fixed assets	6,767	12,050
Accrued capital expenditure not paid for at year-end	(254)	(164)
Payments to acquire tangible fixed assets	6,677	12,269

(c) Cash inflow from interest receivable

	2007/08 £'000	2006/07 £'000
Interest receivable accrued at previous year-end	16	13
Interest earned during the year	839	553
Interest receivable not received at year-end	(8)	(16)
Net cash inflow from interest receivable	847	550

d) Cash outflow from interest payable

	2007/08 £'000	2006/07 £'000
Interest payable accrued at previous year-end	–	14
Interest charged during the year	27	15
Interest payable not paid at year-end	–	–
Net cash outflow from interest payable	27	29

18. Operating lease commitments

Annual commitments under non-cancellable operating leases on leasehold premises are as follows:

	31 March 2008 £'000	31 March 2007 £'000
Operating leases which expire:		
Within one year	364	353
In the second to fifth years inclusive	106	137
Over five years	638	638
	1,108	1,128

19. 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 2007/08 100% of invoices paid were within these limits (2006/07:100%).

20. Disclosure of intra-government balances

	31 March 2008		31 March 2007	
	creditor £'000	debtor £'000	creditor £'000	debtor £'000
Balances with other central governmental bodies	2,511	1,358	3,032	1,602
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 debtor or creditor 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.

21. Financial instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks that Companies House faces in undertaking its activities. Financial instruments play a more limited role in creating or changing risk than would be typical of the listed companies and financial institutions to which FRS 13 mainly applies. Companies House has very limited powers to borrow or to invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks faced in undertaking normal activities.

All of the liabilities Companies House carries are at nil or fixed rates of interest. Interest-bearing financial assets comprise cash balances which are held at floating rates of interest as defined by FRS 13. As cash is available on demand or is placed on short term deposit at fixed rates, interest rate risk is limited.

Companies House is not exposed to any liquidity risk as at 31 March 2008, neither does it carry any exposure to foreign currency risk as all fees and charges are denominated in sterling, any payments made in foreign currency being immaterial in terms of foreign exchange risk on translation.

22. Events after the balance sheet date

The accounts were authorised for issue on 17 July 2008.

23. Performance indicators

a) Average rate of return

As defined in the Treasury Minute of 12 October 2004, Companies House has a target to achieve a return for the five-year period from 1 April 2004 to 31 March 2009, 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 2008 was 10.6% and the return achieved since 1 April 2004 was 7.5%.

b) Unit cost reduction

Companies House had a target to reduce unit costs by 10% over the three year period 2005/06, 2006/07, 2007/08 on the range of transactions (register, search and active register size) compared to 2004/05. The unit cost index is a weighted average calculation derived from the cost of each transaction range and the volume of transactions in that range.

	Target Index	Actual Index
2004/05 Base	100.0	100.0
2005/06	106.0	100.7
2006/07	101.0	95.0
2007/08	90.0	89.0

24. Related party transactions

Companies House is an Executive Agency of BERR with Trading Fund status. BERR 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.

25. 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 2008.

Schedule 1

Application of the Companies Acts' requirements

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

1. The Foreword shall contain the information required by the Companies Acts to be disclosed in the Directors' Report, to the extent that such requirements are appropriate to Companies House.
2. In preparing its Operating Account and Balance Sheet, Companies House shall adopt respectively format 2 and format 1 prescribed in Schedule 4 to the Companies Act 1985 to the extent that such requirements are appropriate to Companies House. Regard should be had to the examples in Annex C of the Trading Accounts booklet, in particular the need to strike the balance sheet totals at "Total Assets less Current Liabilities".
3. The Foreword and Balance Sheet shall be signed and dated.

Schedule 2

Additional disclosure requirements

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

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

Treasury Minute

dated 12 October 2004

1. Section 4(1) of the Government Trading Funds Act 1973 provides that a trading fund established under that 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. A trading fund for 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 Trade and Industry, being the responsible Minister, 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 2004 to 31 March 2009 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 equate to the capital and reserves, i.e. public dividend capital, the long-term Exchequer loans and reserves.
4. This Minute supersedes that dated 22 June 2004.
5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4(1)(b) of the Government Trading Funds Act 1973.

Key statistics

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

	2004/05	2005/06	2006/07	2007/08
Registration activity				
Active Register (annual average, '000)	1909	2048	2213	2390
Active Register (year end, '000)	1980	2118	2339	2430
Incorporations ('000)	334	370	449	371
Removals from the Register (net of restorations, '000)	190	199	240	230
Statutory documents filed ('000)	7021	7447	7795	7916

Company searches

Images ('000) – Company equivalent	2609	3393	3655	4000
Image ('000) – Individual images	3726	4676	5111	5595
Fiche based ('000)	27	19	15	9
Percentage of electronic searches	99%	99%	100%	100%

Manpower

Average full-time equivalents	1160	1186	1130	1074
Actual year-end full-time equivalents (permanent / fixed term)	1182	1157	1085	1098

Performance statistics

	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn
Take-up for electronic document submission	15%	12%	35%	28%	40%	37%	55%	47.9%
Compliance rate – Accounts and Returns	–	–	–	–	95.5%	95.4%	95.3%	95.3%
Image quality	98%	100%	99.5%	99.7%	99.5%	99.1%	99.5%	99.7%

Government agency performance grid

Key ministerial targets for 2007/08	Targets out-turns & achievements							
	2004/05		2005/06		2006/07		2007/08	
Efficiency and reliability								
	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn
Take-up for electronic submission of documents	15%	12%	35%	28.2%	40%	37%	55%	47.9%
Image quality – legibility & completeness	98%	100%	99.5%	99.7%	99.5%	99.1%	99.5%	99.7%
Compliance rate accounts					95.5%	95.4%	95.3%	95.3%
Unit cost reduction. Three year target reduction on the 2004/05 range of transactions by 2007/08. The target for 2006/07 was to limit the unit cost increase to 1% of the 2004/05 (base year) cost. The target for 2007/08 was to reduce the unit cost to 90% of the 2004/05 (base year) cost	Targets Index	Out-turn Index	Targets Index	Out-turn Index	Targets Index	Out-turn Index	Targets Index	Out-turn Index
	100	100	106	107	101	95	90	89 = (11%)
Readily and freely accessible information								
	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn
WebFiling, WebCheck and CH Direct availability (Mon-Sat, 7.00am-12.00pm)			99%	99.3%	99%	99.3%	99%	98.5%
Customer service								
	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn
Respond to complaints within 5 days	97%	99%	97%	98.6%	97%	98.6%	97%	98.4%
Customer satisfaction	>82%	86%	>85%	85.9%	>85%	87.5%	>86%	86.6%
Central government targets								
	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn
Reply to Chief Executive's Cases within 10 days	100%	99%	100%	100%	100%	100%	100%	100%
Payment of bills	100%	100%	100%	100%	100%	99.7%	100%	100%
Rate of return as a % of the average capital employed	3.5%	4.5%	3.5%	9.2%	3.5%	5.8%	3.5%	10.6%

Public targets 2007/08

These are the targets recommended by the Steering Board for 2007/08 and approved by Ministers as the formal, public targets for the year.

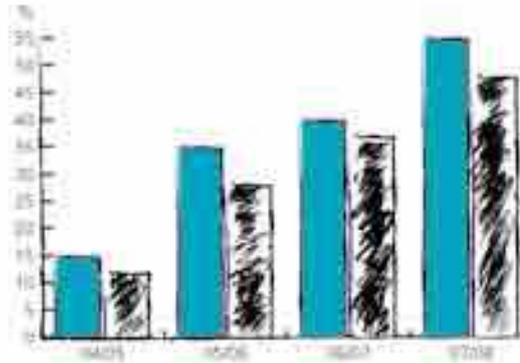
Target

Historical Performance

Out-turn 2007/08

Efficiency & Reliability

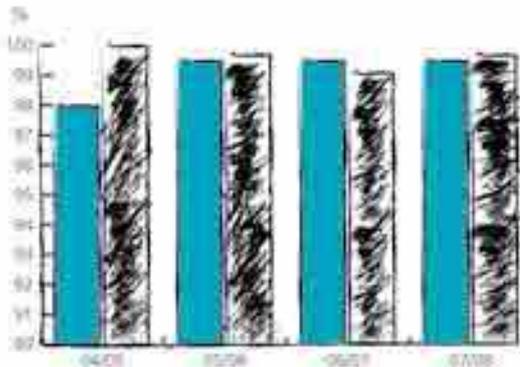
55% take-up for electronic submission of documents by end 2007/08



47.9%

Efficiency & Reliability

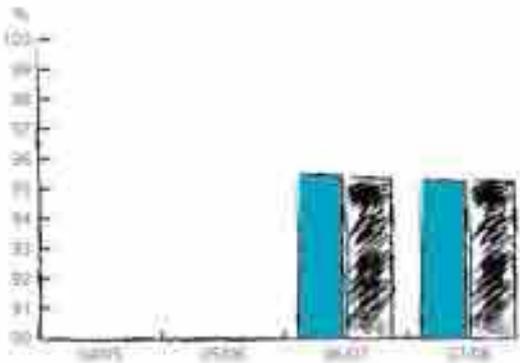
99.5% image quality of all images placed on the image system



99.7%

Efficiency & Reliability

To achieve, on average, a monthly compliance rate for accounts submitted of 95.3%



95.3%

 Target

 Out-turn

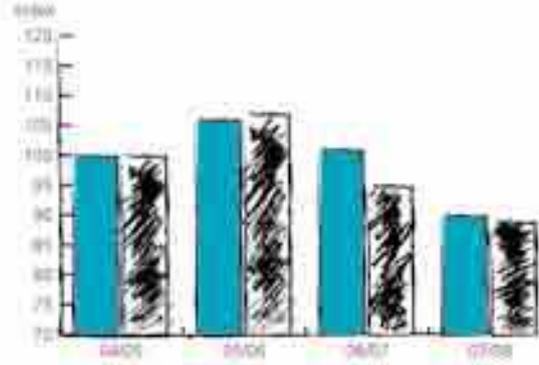
Target

Historical Performance

Out-turn 2007/08

Efficiency & Reliability

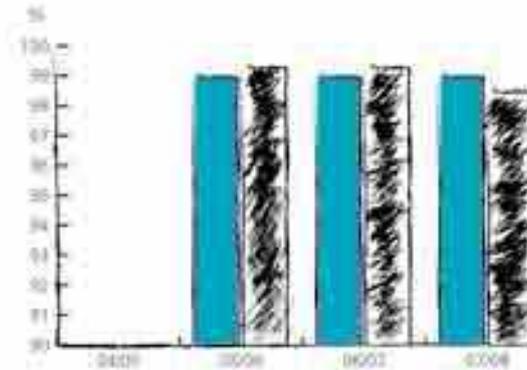
Unit cost reduction on 2004/05 range of transactions (registration, searches and active register size) by 2007/08 -10% target



89
= (11%)

Readily & Freely Accessible Information

CHD, WebCheck and WebFiling are available 99% of the time between the hour 7am to midnight Monday to Saturday.



98.5%

Public targets 2007/08

These are the targets recommended by the Steering Board for 2007/08 and approved by Ministers as the formal, public targets for the year.

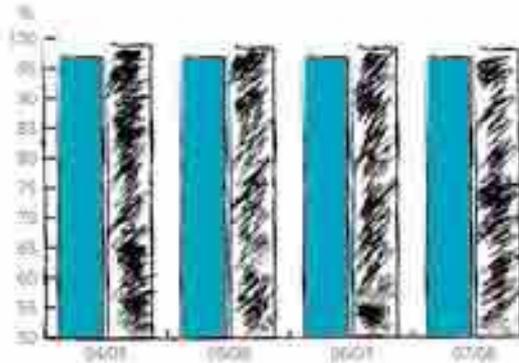
Target

Historical Performance

Out-turn 2007/08

Customer service

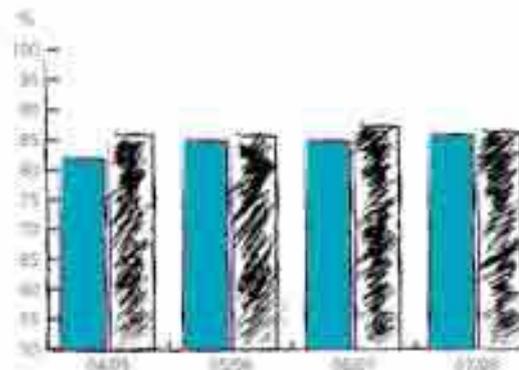
To clear 97% of complaints within 5 working days



98.4%

Customer service

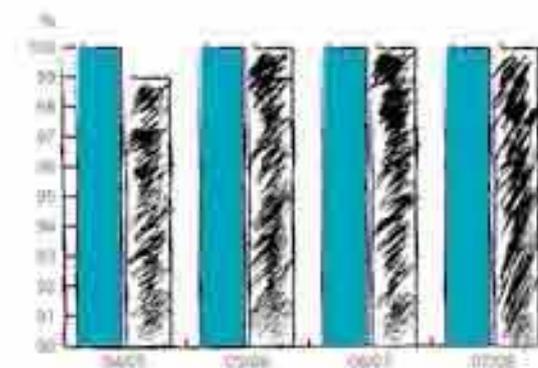
Customer satisfaction survey results to exceed 86%



86.6%

Central government targets

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



100%

 Target

 Out-turn

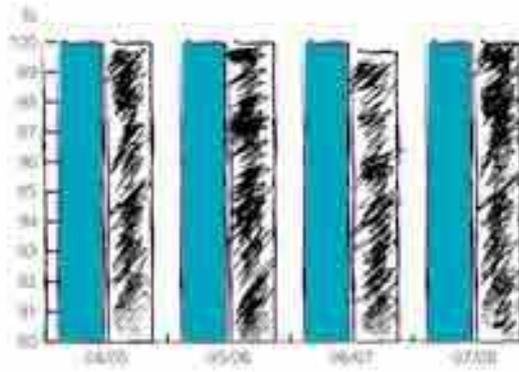
Target

Historical Performance

Out-turn 2007/08

Central government targets

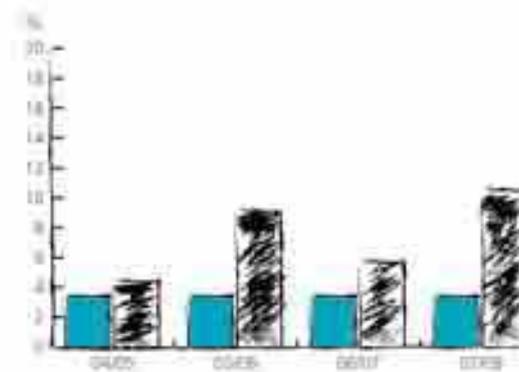
To pay all invoices within 30 days or other agreed terms



100%

Central government targets

Rate of return as a % of the average net assets 3.5% target

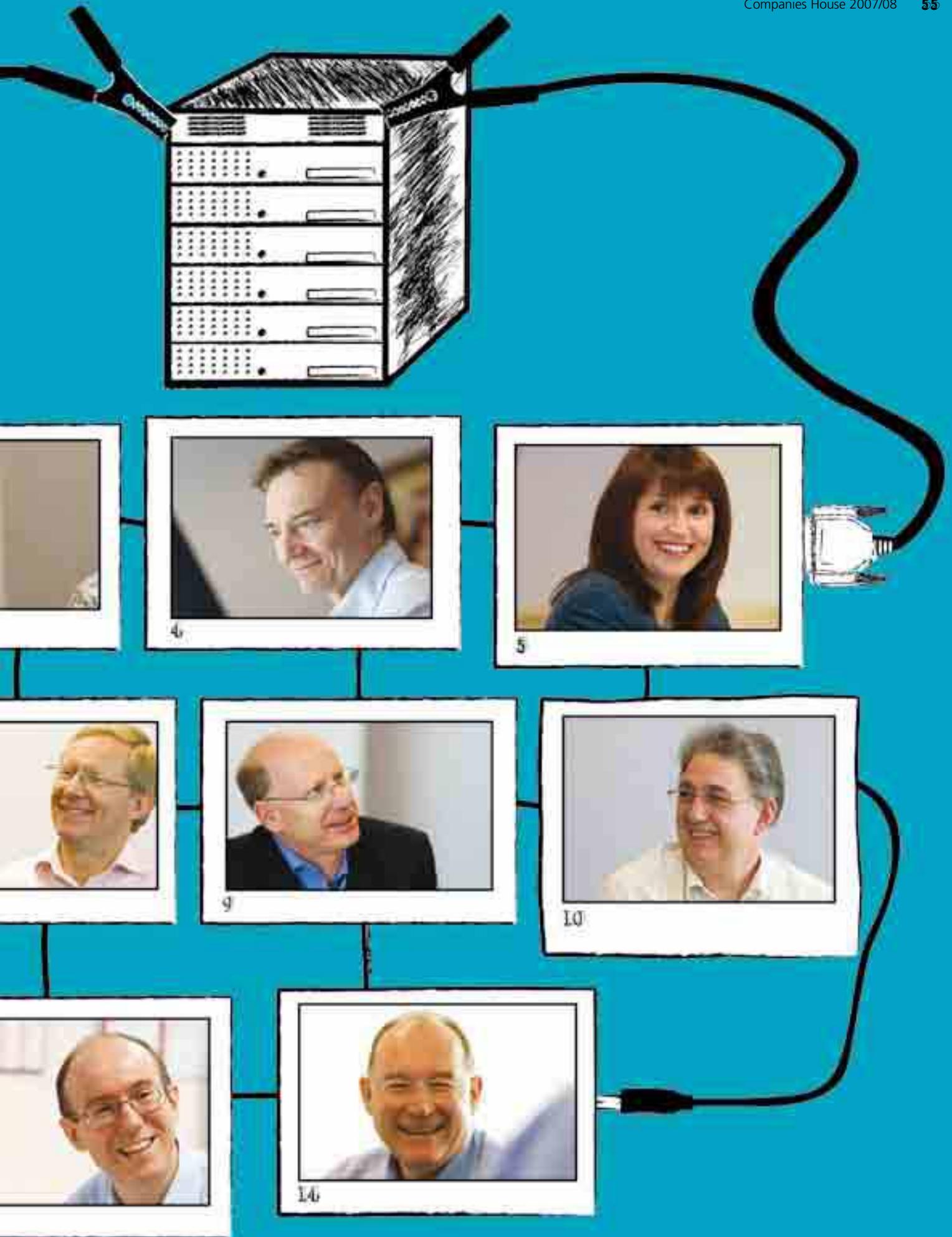


10.6%

Governance - Members of the Steering Board

Connecting together





Governance - Members of the Steering Board

Connecting together

The following external member left the Steering Board during 2007/08:

Mike Hathorn, Steering Board member and Audit Committee Chair: 31 December 2007.

1 Gareth Jones

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

Gareth joined Companies House in April 2007 as Chief Executive and Registrar. Prior to this Gareth was Director for Environment, Planning and Countryside at the Welsh Assembly Government. He has had a number of roles within the Civil Service including, Operations Director for Wales during the Foot and Mouth crisis in 2001, leading on all aspects of operational and resources issues as well as stakeholder and public management, head of NHS Trust performance in Wales, Private Secretary to the Secretary of State for Trade and Industry, and Private Secretary to the Minister for Industry and Enterprise. Gareth was awarded the OBE for services to the National Assembly for Wales in 2003.

As Chief Executive Gareth is the 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.

2 Tim Moss

Director of Corporate Strategy

Tim joined Companies House in September 2002 to run the operations department. Before joining Companies House, Tim spent 12 years in senior operational management positions in industry, manufacturing a range of products from copper wire to aluminium extrusions and fibre optic cables. As Director of Corporate Strategy, Tim heads a wide portfolio of work including: business strategy and planning, policy and legislation, marketing and stakeholder management, efficiency, better regulation, fraud and communications. He has a Natural Sciences degree and postgraduate management qualification from Cambridge and an MBA from Swansea University.

3 Tom Smith

Director of Customer Delivery

Before joining Companies House, Tom worked in a range of jobs within DTI, specialising over the last few years in the negotiation of international trade agreements.

As Director of Customer Delivery, he is responsible for Central Operations, for Customer Support and for Enforcement (Compliance, Prosecution, LFP, other breaches of the Companies Act).

He chairs the Agency Business Board, which supports the Main Board on "here and now" issues relating to the running of the business. His top priority is making sure that we maintain the register, keep it up to date and helping customers access it while at the same time preparing the business for the changes to come with the new Companies Act.

4 Tim Knighton

Director of Business Solutions Delivery

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

Before joining Companies House in 2007 as Director of Finance, Tim spent 10 years with Tesco Plc in a variety of finance roles, latterly as Head of Shared Services. Prior to this he was an Executive Director with Goldman Sachs in their Capital Market Division.

5 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.

6 Phil Bushby

Director of Human Resources

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

His previous senior HR experience was gained in the private sector where he has operated mainly within the logistics

sector. His previous employers include DHL, Exel and WH Smith. Most recently he was the Divisional HR Director for a sector of DHL that managed the logistics requirements for large retailers such as B&Q, Mothercare, BHS, Currys and Comet.

Phil is responsible for the people agenda within Companies House which includes Learning and Development, Employee Relations, Payroll and Health and Safety. In addition he is also responsible for Procurement and Facilities. Finally, he plays a significant role in managing the change associated with the introduction of the Companies Act and CHIPs.

7 Mike Nash Director of Finance

Mike joined Companies House in April 2000 as Chief Accountant and has recently been appointed Finance Director following an interim period in that role.

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

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

8 Andrew Summers Chairman of the Companies House Steering Board

Andrew was appointed as Independent Chairman in January 2007.

He works in a variety of non-executive roles which include Director of Whitbybird, a leading engineering consultancy, Chairman of Design Partners, the industry/government body which supports design companies internationally, and Deputy President of the Royal Society of Arts.

He was Chief Executive of the Design Council until 2003 and previously held many high profile positions for various companies including as Managing Director of Sharwoods and of RHM Foods and as the first Chief Executive of the Management Charter Initiative. His government roles have included

board membership of the Small Business Service and of British Trade International and chairman of the DTI European Trade Committee.

In 2001 Andrew was awarded the CMG for his work in promoting UK design internationally.

9 Geoff Dart

Geoff is currently Director Corporate Law & Governance, BERR, where he has responsibility for company law, accounting and audit requirements and standards, and Better Regulation. A career civil servant, he has held a variety of senior civil service posts, including Principal Private Secretary to two Cabinet Ministers. Prior to joining CLG, he was Director of the DTI's Strategy & Communications Directorate.

10 Nigel Paul

Nigel was appointed to the Companies House Steering Board in October 2002. He is the Director of Corporate Services at the University of Edinburgh, chairing the Board of its commercialisation subsidiary company. He is also a Director of the Edinburgh University Press.

A Chartered Accountant, Nigel spent 22 years at ICI, latterly as the Finance, IT and Planning Director for one of its major international heavy chemical divisions. He also works with the Leadership Trust in support of its training programmes.

11 Dan Bernard

Dan was appointed to the Steering Board in May 2004. He has over 13 years' Board Director-level experience with Kingfisher Plc and its subsidiaries B&Q Plc and Woolworths Plc, having had responsibility for systems, logistics and business operations. A senior, results-driven executive he has extensive experience within multinational, customer-facing businesses. His strengths lie in business strategy, team leadership and people development, and management of major business re-engineering programmes. He has worked in US and European business cultures.

12 Rodger Hughes

Rodger was appointed to the Steering Board and as Chair of the Audit Committee from January 2008. A Chartered Accountant, he was a

partner at PricewaterhouseCoopers for 25 years, including 4 years as Managing Partner and 7 years as Head of the Assurance practice. He has had extensive experience advising a wide range of organisations on business issues.

He is Senior Independent Director at Chime Communications plc and a member of the Education Leadership Team of Business in the Community.

13 John Alty

Since September 2005 John has been responsible as Director General Fair Markets for BERR's interest in a wide range of policy and regulatory areas which set the framework for business, employees and consumers, both in the UK and within the EU and internationally. John is also the sponsor Board Member for INSS and Companies House.

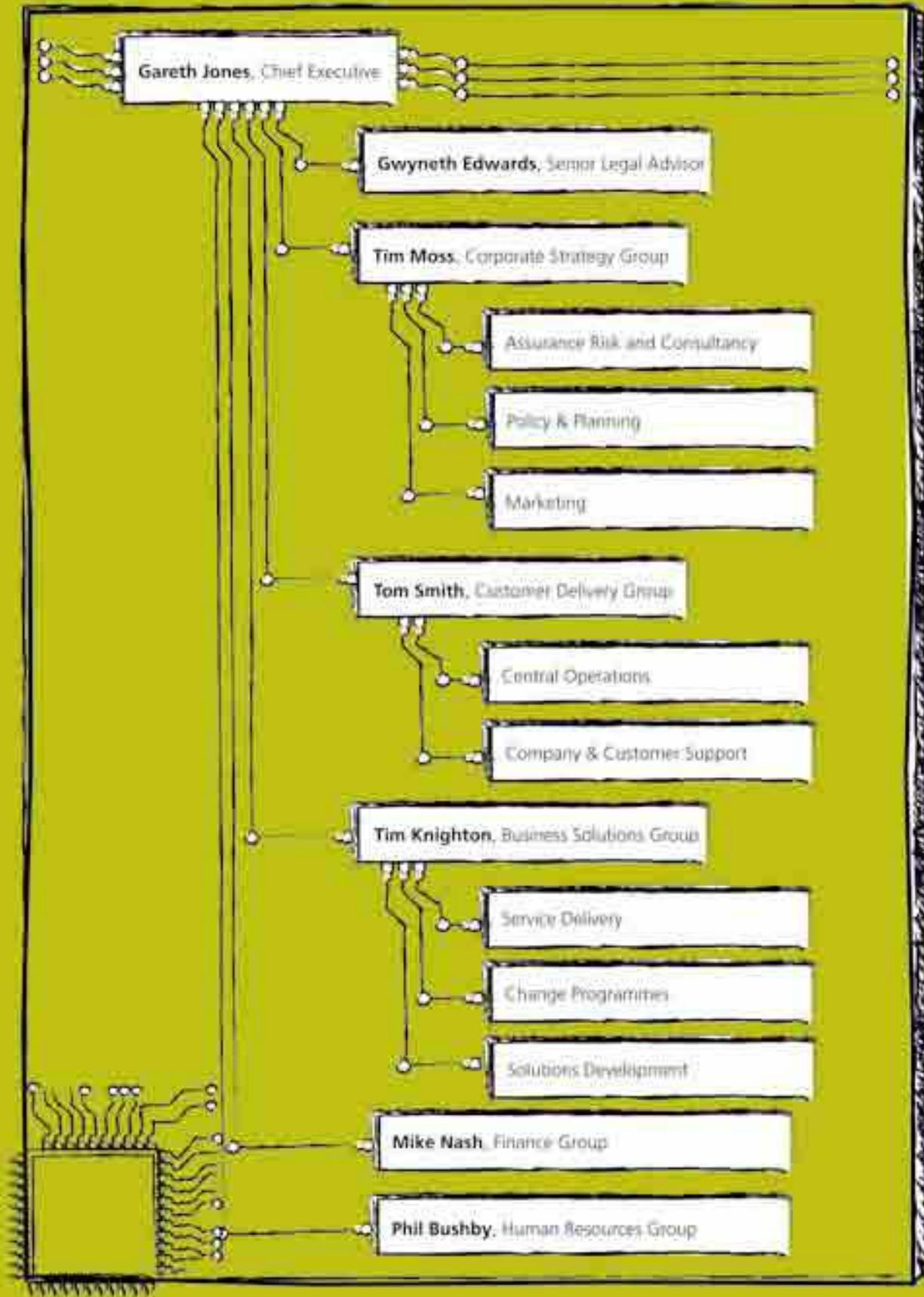
John joined the DTI in 1978. He has worked in DTI throughout his career, except for a two year secondment to the European Secretariat of the Cabinet Office in the mid 1980s. Previous jobs included spells dealing with DTI's interaction with business sectors, overall responsibility for DTI's European policy, and for competition policy, insurance regulation, and acting as private secretary to a number of Ministers.

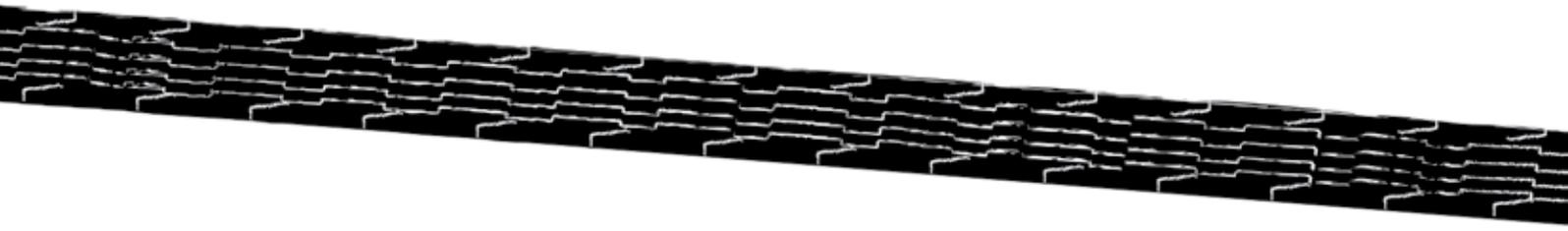
14 Alex Jablonowski

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.

He has operated at Board level with many major companies and banks holding positions such as Barclays Group Strategic Planning Director, as a divisional MD for Barclays and as CEO of a merchant and private bank. Alex currently holds various advisory and venture capital roles and other non-executive directorships.

Organisation Chart





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