Evolving for our future

Companies House
Annual Report and Accounts
2006/07

Companies House
for the record

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Our mission

More secure.
More accessible.
More efficient.
More accurate.

As part of our ongoing business transformation, Companies House is continuing to find ways of simplifying and improving services – evolving into a more streamlined, more accessible, more customer-centred organisation.

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Companies House
Annual Report and Accounts 2006/07

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

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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

Limited liability reduces personal risk in business and provides an incentive to trade and commerce. In exchange, companies are required to make certain information public via Companies House. Our aim is to make it simpler for companies to meet their obligations by developing our electronic services.

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 now hold the records of 2.5m live companies. Our customers for this information include members of the public, businesses, large business information providers and credit reference agencies. Some of our customers add value to information and then provide it as part of a broader service to their own customers. Our role is providing the core company information, meeting customer needs and making best use of this public asset.

Joint statement

From the Chief Executive and Chair of the Steering Board

Our mission and vision set out our intention to be a world-class information provider: trusted as the foundation of information exchange about British companies and delivering excellent services to customers in a way that benefits the UK economy as a whole. We have set out, in our Strategic Direction to 2010, our intention to harness technology to deliver continuing improvements to the services we offer. This year, we have made significant progress in achieving the transformation of Companies House from a paper-based organisation to one which is fully realising the benefits of new technology. Two major factors in enabling the changes we aim to achieve are the Companies Act 2006, which changes the legal framework within which we operate, and our own programme to update and modernise our Companies House Internal Processing Systems (CHIPS).

The new Companies Act entered the statute books in November 2006. This will give a whole new impetus to the system of corporate governance in the UK and to Companies House. A timetable for implementation was announced to Parliament in February 2007. Parts of the Act will be implemented in April and October 2007, and in April 2008, with full implementation due in October 2008. The Act places a new emphasis on small companies, with the aim of making it simpler for companies to meet their legal obligations.

This gives us a new, firm base for delivering our strategic direction for 2010. We are developing a programme to implement the Act, and we will be looking keenly for opportunities to simplify and improve our services to customers. We also want to take the opportunity for Companies House to move forward with our development of fully online services and our dedicated company portal, ‘My Companies House’.

Almost all information taken from the companies register is requested and provided electronically. We have made significant improvements in our electronic filing services, and many more customers are now realising that electronic filing is safer, easier and cheaper.

This increasing confidence is reflected in the growth in the number of customers filing with us electronically. We have been encouraged by the 58% growth in electronic filing we have seen this year. It moves us in the direction of becoming a fully electronic organisation, and helps us to maintain greater integrity of the companies register because we are able to process documents within 24 hours, as opposed to around eight days for paper. This has contributed to our drive for greater efficiency and means that we are able to pass on cost benefits to business.

Clearly, there are significant benefits in developing an electronic Companies House and the services associated with 'My Companies House'. However, we have not lost sight of our need to provide services to all our customers. Although we recently celebrated our first day of receiving more documents electronically than on paper, we recognise that we still have customers who wish to continue sending us paper documents. We are very pleased that we have been able to maintain high levels of performance across all our services and still deliver the efficiencies we planned. The new Act gives us the authority to mandate electronic filing. We have no plans to do this immediately, but we have to recognise that the cost differential between electronic and paper services will continue to grow.

Overall, the filing of documents and our workload have continued to grow this year, with two aspects of particular interest:

- Despite the increase in the percentage of documents we receive electronically, the amount of paper we receive has not diminished significantly.

- In the last quarter of the year we experienced a very large increase in the number of companies being incorporated, as people anticipated changes in the tax regime in the run up to the 2007 budget. This was dealt with chiefly (87%) by our electronic systems, which proved robust in meeting this exceptional challenge.

Financially, we have ended the year in a strong position with a retained surplus of £1.3m on an income of £72.2m. A high workload has provided high levels of income, particularly from the record levels of incorporation we experienced towards the end of this financial year. We expect income to remain strong but we also have a continuing need for high levels of investment, and we are seeking a loan from DTI as part of the Comprehensive Spending Review (CSR07).

Several members of our senior management team have taken opportunities to develop their careers and move on to new challenges this year. We would like to thank those who have left, particularly Claire Clancy, the out-going Chief Executive, and Ian Percy, Chair of the Steering Board, for their efforts on behalf of Companies House and we wish them well for the future. We now have a largely new board, which has the talent and commitment to refresh our approach, ensure we are fully equipped to meet the challenges of the coming year and set about delivering on our strategic direction for 2010. As a new Chair of the Steering Board and an even newer Chief Executive, we are totally committed to the success of Companies House and to delivering ever better services to customers in the years ahead.

Gareth Jones OBE
Chief Executive

Andrew Summers CMG
Chair of the Companies
House Steering Board

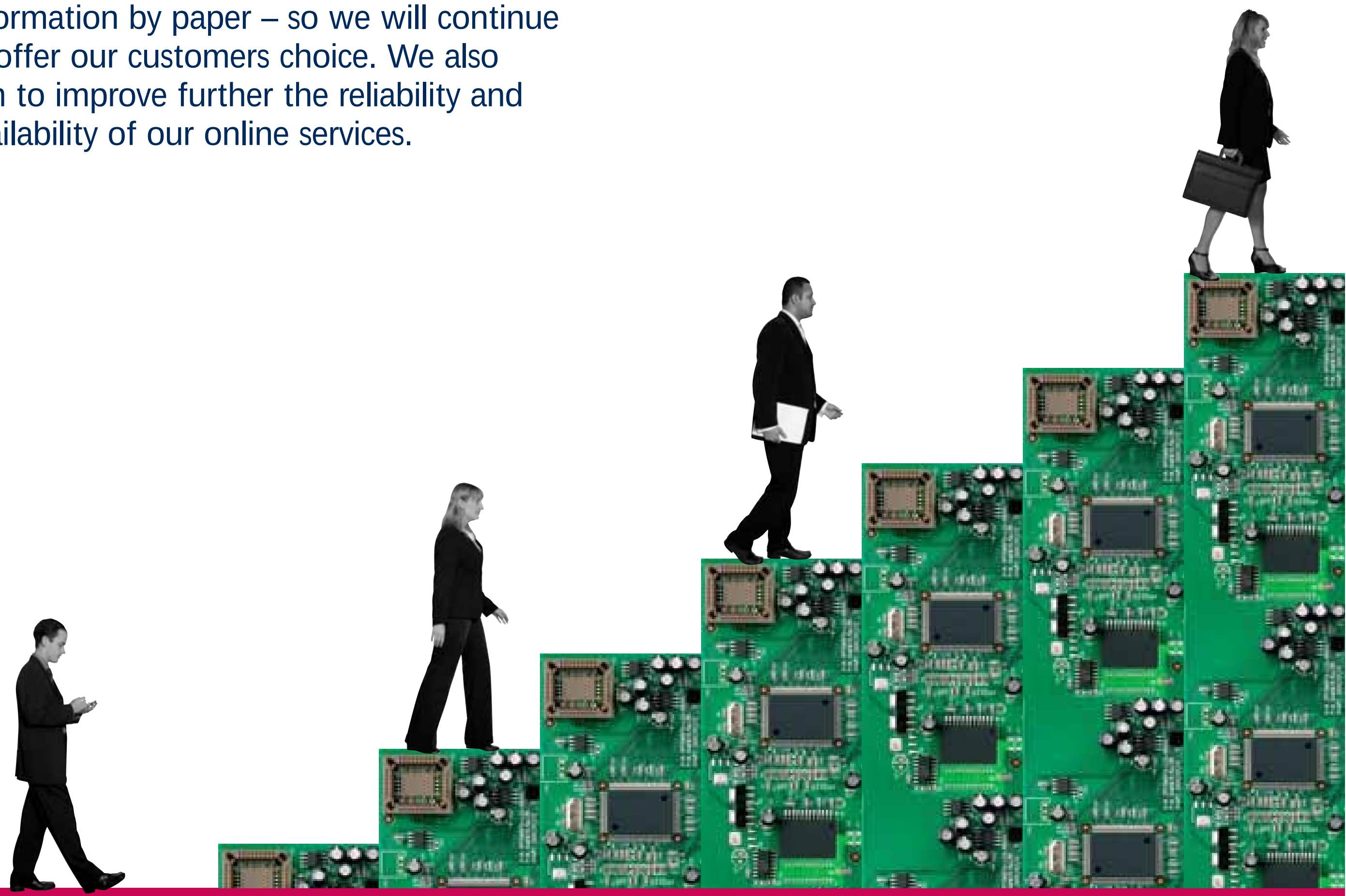
We are fully equipped to meet the challenges of the coming year.

Simply secure

In the coming year, we will be taking steps to make it easier for companies to file and find information with us. In line with the newly-introduced Companies Act, we are looking for more ways to streamline our services. Through electronic filing, we make life simpler and more secure for our customers.

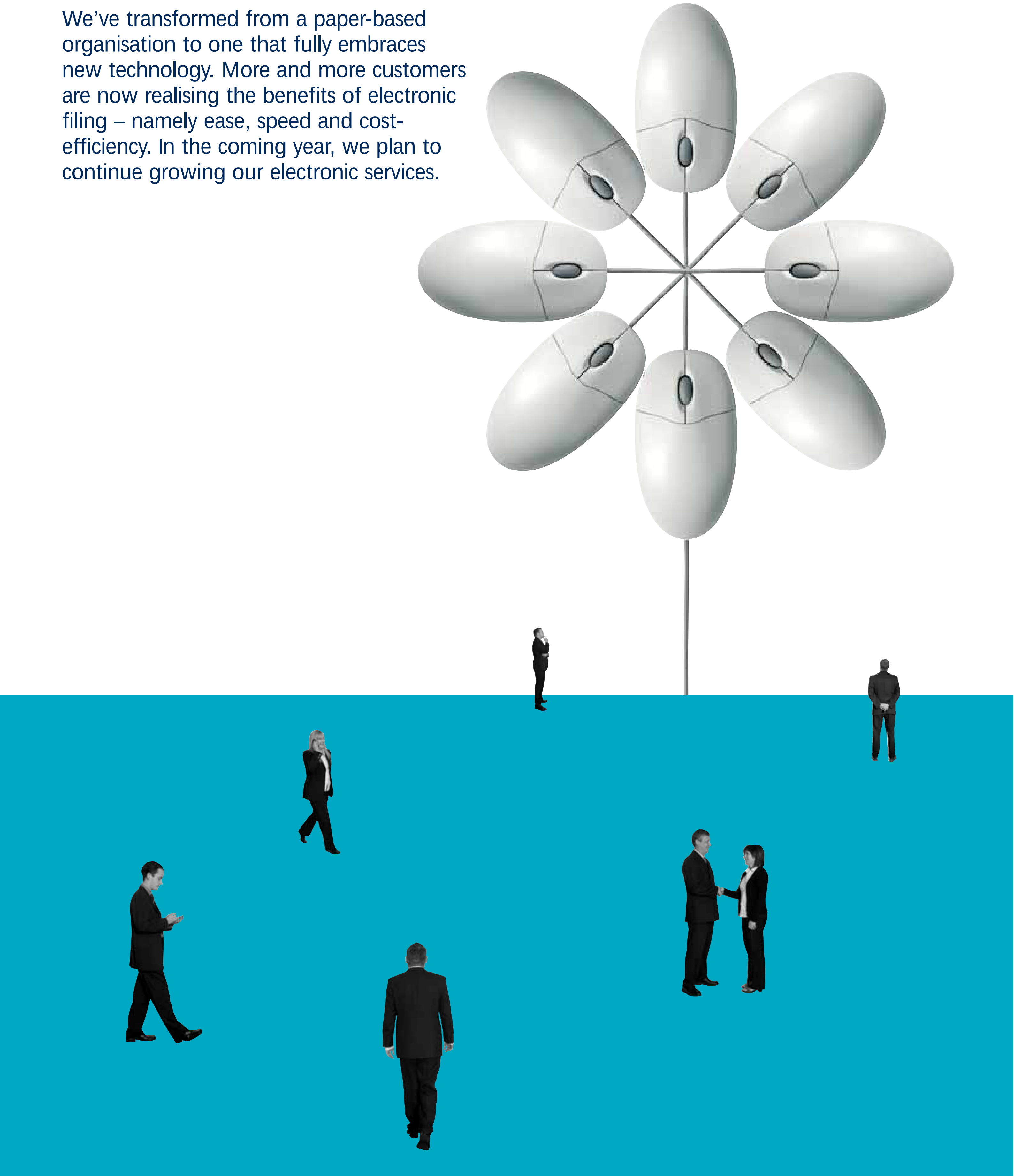
All accessible

Our remit is to store company information and make it easily accessible. Though we are expanding our online services, we realise that some people prefer to submit information by paper – so we will continue to offer our customers choice. We also aim to improve further the reliability and availability of our online services.



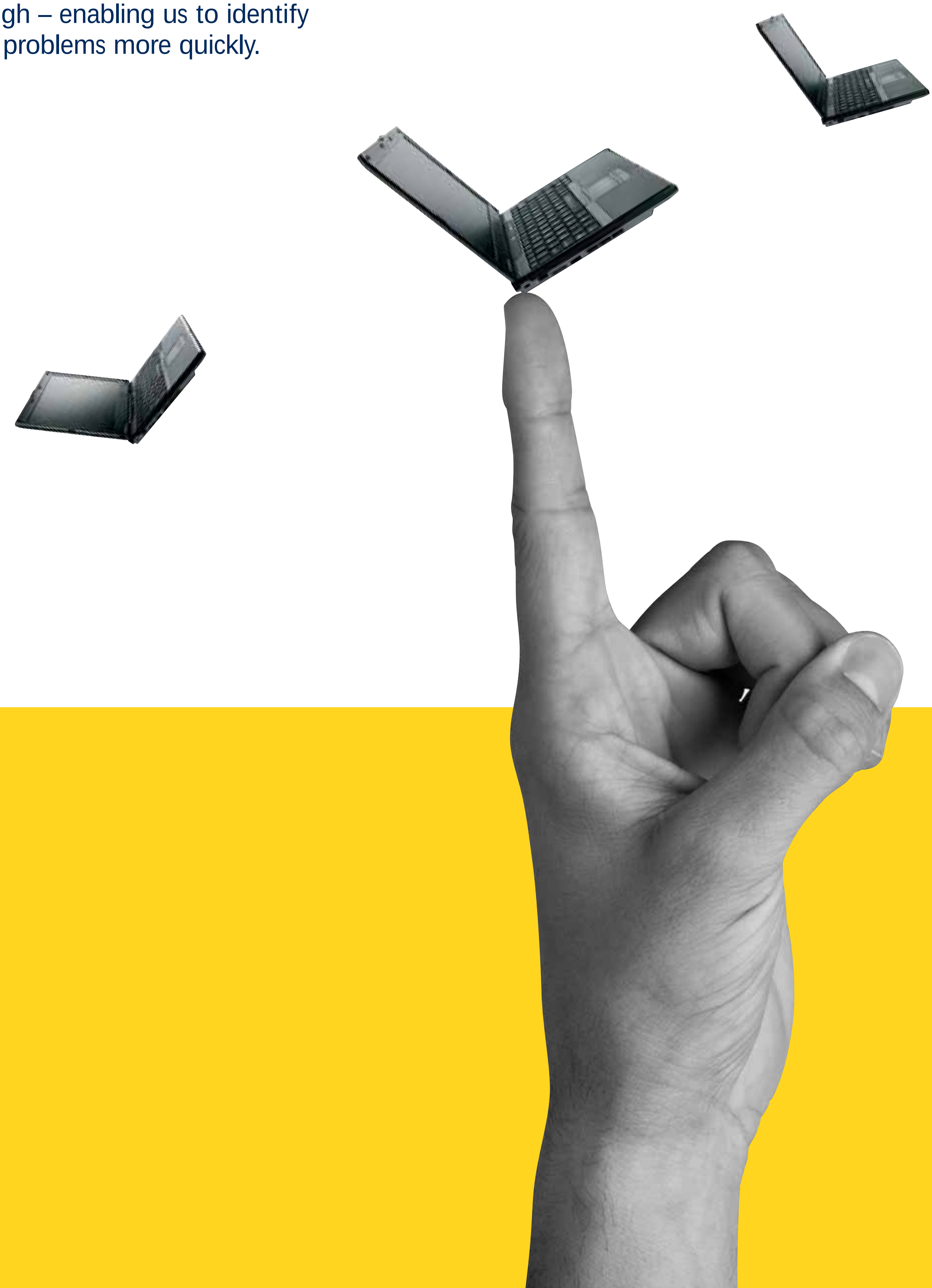
Electronic and efficient

We've transformed from a paper-based organisation to one that fully embraces new technology. More and more customers are now realising the benefits of electronic filing – namely ease, speed and cost-efficiency. In the coming year, we plan to continue growing our electronic services.



Automatic and accurate

Through high compliance standards, we can ensure the integrity of the data we file. Our new internal processing system CHIPS will further ensure that our accuracy levels remain high – enabling us to identify potential problems more quickly.



Simplifying our systems

Implementing our new internal processing system – CHIPS

Companies House is currently replacing its principal IT processing system, which supports the companies register. This is a once-in-a-generation investment with the new system (CHIPS) utilising modern software and hardware technologies to replace an application that is now over 20 years old.

The programme is highly complex and although progress has been made, we were unable to meet our target of implementing during the 2006/07 financial year. We have taken a number of measures to accelerate progress of the programme whilst actively managing the overall level of risk inherent in a programme of this size and complexity. Having achieved a number of key milestones since January, we are aiming to implement the system during this coming year.

42,100,000

The CHIPS programme is the most significant change Companies House has made to its internal processing systems for over 20 years. It will underpin the whole of the organisation’s business and it is critical to our success in delivering the Companies Act 2006, and to our transformation of Companies House into a fully electronic organisation.

hits per month on Companies House electronic services

Encouraging e-filing

Raising awareness of the benefits of filing electronically

A key challenge in our 2006/07 business plan was to increase the level of electronic filing by raising awareness among customers of the benefits this brings. We have made significant progress in encouraging customers to file documents with us electronically. More than 87% of new companies are now incorporated electronically and 37% of all documents filed at Companies House in 2006/07 were received through our e-filing and WebFiling systems.

80%

The increase in electronic filing has been greatly helped by our 'Evolve' campaign, which used images of origami dinosaurs made out of statutory forms to highlight the growing relevance of electronic communications. We delivered this message to customers through advertising campaigns, direct mail and digital channels. We have also used our focus groups to highlight the greater speed, certainty of delivery and security provided by electronic filing, and this has had a significant effect on customers' perceptions of the benefits electronic filing brings.

We have had particular success with e-filed Annual Returns. The cost to us of processing documents electronically is significantly less than the cost of processing paper. Because we work on a cost-recovery basis, the whole of this benefit is passed on to customers. Companies which have already filed an Annual Return electronically now receive simple reminders, rather than a paper copy of their filed details. This has allowed us to streamline our systems and reduce costs. More than 60% of companies now send us their Annual Return electronically.

Accounts are, perhaps, the most significant document companies file on a regular basis. This year we extended electronic filing to include accounts prepared by small companies, which means that we can now receive electronically 75%, by volume, of accounts due for filing. However, we still have a long way to go to encourage better take-up of this facility and we will be working hard to encourage companies to file their accounts electronically in the coming years.

electronic document filing capability by volume

The right staff and skills

Improving efficiency through resource planning and skills development

Our workload has remained high and was particularly high in terms of incorporation during the last quarter. We have worked hard to ensure that staffing levels match business needs. We have not approached this simply in terms of a headcount target but have linked it closely to the changing nature of our business, looking closely at our business design, and have treated headcount reduction as part of our overall drive to improve efficiency. We are acutely conscious of the importance of staff in delivering for customers and our strategy has been underpinned by a skills audit, which has provided crucial information about the competencies staff have, and helped to identify development needs and to establish meaningful training programmes. By linking staff development directly to business needs, we are able to ensure flexibility in matching staff to workload.

documents processed every minute

Our electronic processing systems are now well established and we are able to process more than 99% of electronic documents within 24 hours. We have been able to reduce query and document handling rates because of electronic filing and this has helped us to develop multi-skilled operations staff, with the flexibility for deployment in response to peak filing loads. This means that the Register Maintenance Team has achieved an average processing time of eight working days for paper documents. Their efforts have meant that we have been able to keep paper backlogs to a minimum and achieve a reduction in staff numbers from 1096 to 1054 (fulltime equivalents).

Although we are able to accept more than 75%, by volume, of accounts due to be filed electronically, customers currently send us only about 9% this way, still using paper for the rest. Accounts are complex documents and are demanding in terms of the time staff take to check and process them. This volume of work and the low take-up of e-filing for accounts has meant that we narrowly missed the public target of 95.5% compliance for accounts, achieving 95.4%.

Initiatives to renew business design and business solutions have enabled us to be flexible in the way we deploy staff. We have been flexible and creative in establishing teams to implement the Companies Act 2006 and the CHIPS programmes, and maintaining meaningful links between the two.

Ready for change

Preparation for implementation of the Companies Act

Over the period of this annual report, the Companies Bill has become an Act of Parliament. With more than 1,300 sections, the Companies Act 2006 is the longest piece of legislation ever to be passed by Parliament. It re-focuses company law, recognising that most companies are small and providing the clarity and simplicity their shareholders and directors need to comply properly with the law. For Companies House, the new Act represents an opportunity for very significant change, and we have made strong links between our programme to implement the Act, business redesign and CHIPS.

149

new companies formed every hour

The new Act underpins everything that Companies House does. Our aim has been to give it top priority among our activities and to ensure that other work contributes towards its smooth implementation and the delivery of the benefits it offers to customers. We have been able to divert resource into the Companies Act Programme, and review business processes and the impact the new legislation will have on them.

Business as usual

Maintaining the business, service levels and finances during the business transformation and reducing our cost base

Change on a large scale requires a great deal of effort. While focusing on the implementation of change and the delivery of the benefits it will bring to customers in the longer term, we have not lost sight of the need to maintain high levels of service to customers and to be flexible to their needs.

Key to this has been the performance of our staff. Our plans for 2006/07 included a reduction in headcount to achieve efficiencies. We have been able to deliver this through early retirement and severance schemes, run on a voluntary basis, and our Fit for the Future initiative for staff who have been attracted to the possibilities of a change of environment. Fit for the Future has been linked to a national initiative, sponsored by Cabinet Office to match resource needs across government departments on a regional basis. Working with other government organisations in the south Wales area, we have been able to re-deploy 45 staff since we started Fit for the Future in December 2005, and in 2006/07, 55 members of staff left under the voluntary schemes. We have, as a result, been able to make reductions without resorting to compulsory redundancy. We have also conducted a comprehensive skills audit and linked this to our staff reporting system, so that we have continued to train and develop individuals and ensure that Companies House has the skills it needs to meet future challenges.

315,000,000

The information companies place on the companies register is a very important part of the decision-making process for many businesses and one of our most critical challenges is ensuring the integrity of the register. In general terms, this means securing high levels of compliance. For accounts this year, we achieved 95.4% compliance against a target of 95.5%. The possible consequences for directors of non-compliance include prosecution. In 2006/07, we prosecuted almost 2,000 company directors for non-compliance of accounts or Annual Returns. During the year, we put in place processes to reflect more accurately the true cost of administrating a prosecution. This resulted in a 25% increase in prosecution costs awarded to Companies House by the courts.

Late Filing Penalties (LFPs) are levied by Parliament when accounts are delivered late to the Registrar of Companies. They are designed to help us maintain the integrity of the companies register by encouraging compliance. Their effectiveness is illustrated by the high rates of compliance we achieve for the filing of accounts.

We have continued to work with others across government to improve overall effectiveness in the delivery of government services. We gave evidence to the Financial Action Task Force (FATF), an international body auditing countries' efforts to combat fraud and money laundering, and continued our work with the Metropolitan Police (Met) in this area. To achieve simplified access to government services, we are working with HMRC on the joint filing of accounts and with the Small Business Service (SBS) on the Government Gateway, which will provide portals through which customers can transact their business with government.

pages of company information on the database

Looking ahead

The Companies Act 2006 presents us with many exciting possibilities. Our vision is: ‘to be a world-class information provider – accessible, easy to use and customer focused: exchanging information; creating benefits.’

Implementing the new Companies Act will be our main priority for 2007/08. The legislation defines the Registrar’s role. It establishes the context in which people do business with us. Its emphasis on recognising the needs of smaller companies, and on accessibility and simplicity, ties in very closely with our vision and with the development of fully electronic services. Our Companies Act Programme is designed to ensure delivery according to the timetable announced to Parliament by the Minister of State for Industry and the Regions on 28 February 2007. During 2007, we will implement parts of the Act which come into force in April and October and prepare the ground for implementation of further parts in April 2008, and full implementation in October 2008. As part of our programme for implementation we will consult with customers on our plans for administering the functions of the Registrar, and we will run comprehensive communications campaigns to ensure they understand what is expected of them.

The Companies Act 2006 allows us to take a comprehensive new look at our business processes, the services we offer to customers and the ways in which we deliver them. This supports very strongly our strategic direction which, by 2010, sees us as a strongly customer-focused organisation serving customers through fully electronic processes. During 2007/08, we will continue to run our Service Transformation and Re-Structuring (STAR) programme to develop new services based on the speed, accuracy and security offered by new technology.

We will continue to share our skills and experience with colleagues across government. We will support the better regulation agenda through our work with HMRC on the development of joint filing of accounts, and through our continuing promotion of e-filing services which offer major reductions in the regulatory burden on business. We will work with law enforcement agencies to protect companies against fraud. In Europe we are joining the European Business Registry, and will continue to work in the Business Registries Forum to ensure understanding and exchange of ideas with foreign registry colleagues.

We are committed to achieving a reduction of 10% in real terms of the cost of unit transactions across the whole of our business during the three years ending in 2007/08. Although we expect income to remain strong, we will need to make substantial investments in CHIPS and implementation of the Companies Act. To help fund these, we are seeking a capital loan from DTI in the CSR07.

Our priorities for 2007/08 are:

- Implementation of parts of the Companies Act 2006
- Preparation for full implementation of the Companies Act 2006
- Implementation of CHIPS
- Development of fully electronic services
- Cash management
- Efficiency.

The efficiencies generated by the increasing take-up of electronic filing and by implementation of the Companies Act 2006 will generate cost savings which we will pass on to customers.

2,545,000

companies on the register

The environment/ Diversity/ Corporate social responsibility/ Health and safety/ Risks and uncertainties

he environment
We have continued to reduce our impact on the environment through the application of the standards set out in ISO14001:2004. In December 2006, we were successful in extending our certification under the standard to our office at Nantgarw. This means that more than 95% of our staff are now covered by the standard. We have environmental management systems in place to ensure that we improve sustainability and reduce our carbon footprint. We work to Sustainable Office Government Estate targets and have used these to help us reduce our consumption of gas, electricity and water.

iversity
Companies House is fully committed to ensuring that diversity remains an integral part of what we do in our everyday working life. This year has seen progress made in relation to the Race Relations Amendment Act (RRAA), where we did research to ensure that we were not prosecuting disproportionate numbers of directors from ethnic minorities. On accessibility, we worked on the design of our electronic services to ensure they suited the screen readers used by people with visual impairment. Compliance and best practice remain a corporate responsibility at the most senior level, so a Race Equality/Accessibility Group has been formed, comprising senior managers from across the business. We have also reviewed our policies and procedures to ensure they are compliant with the Age Discrimination legislation. In the coming months we will be strengthening diversity by appointing a Diversity and Recruitment Manager. This post will be responsible for ensuring Companies House employs best practice across all diversity strands.

Corporate social responsi ility
Companies House has always taken seriously its responsibilities as one of the larger local employers. We have made extensive progress over the years to enhance the work we do within not only the local neighbourhood, but in relation to the wider community.

We have structured, formal links with local schools. Companies House is directly linked to two local high schools and has an ongoing three-year programme which covers a variety of projects:

- Work experience placements
- Pupil interviewing skills
- Career days
- Industry and enterprise days.

In 2006 Companies House offered a total of 20 work experience positions, including a number of individual student requests for placements.

Experience and feedback tells us that although students who visit us as part of the scheme are initially apprehensive, once settled they gain an enormous amount in terms of academic skills development, interpersonal and social interaction.

Career Days, and Industry and Enterprise Days, which are organised by local education authorities and other organisations such as Education Business Partnerships, allow pupils to participate in interactive one-day events. On average Companies House has devoted 26 days per year to these initiatives, which continue to be an integral part of the high school careers programme.

Companies House has continued to allow its multi-storey car park in Cardiff to be used as part of Cardiff City Council's Park & Ride Scheme, thereby raising money for charity and helping to reduce traffic congestion and carbon emissions.

company documents bought every 4 seconds

Health and safety
Companies House is committed to the promotion of a safety culture throughout the organisation, and of safe attitudes and behaviour among its staff. A safe environment is provided for staff and visitors, and all staff receive relevant health and safety training on a timely basis.

As an office-based environment, we carry out risk assessments in line with the Management of Health and Safety at Work Regulations, CAW Regulations and the Display Screen Equipment Regulations. We commissioned an independent fire risk assessment for all our offices to ensure that we conform with new Fire Regulations.

We have introduced a management control system for health and safety; training all managers to ensure compliance with health and safety legislation and with proposals in the Corporate Manslaughter Bill.

Ris s and uncertainties
We have a risk management policy and strategy agreed by the Board and formal processes to enable enterprise risk management. This includes a common language and routes for escalation, based on set risk appetite levels. Risk management, as a result, is embedded at all levels in the organisation.

Risk appetite is one of the emerging areas of good practice in risk management. Companies House has developed an approach to setting, communicating and embedding risk appetite that it believes to be particularly effective. It has been included within HM Treasury's Risk: Good Practice in Government March 2006.

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.

Tim Knighton was appointed to the Board on 22 January 2007. There were no other new appointments during 2006/07.

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 ind
No senior manager received a benefit in kind in 2006/07.

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 servants, performance pay is determined by the senior pay committee of the Department of Trade and Industry.

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 2007 are as follows:

	Salary including performance pay (2006/07)	Salary including performance pay (2005/06)	Real increase in pension and lump sum at age 60	Total accrued pension at age 60 at 31/03/07 and related lump sum	CETV at 31/03/06	CETV at 31/03/07	Real increase in CETV funded by employer
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Claire Clancy *left 9 February 2007*	95-100	90-95	0-2.5 0-2.5	30-35 90-95	511	484	8
Eileen Heasman *left 31 October 2006*	40-45	60-65	0-2.5 0-2.5	5-10 25-30	205	214	7
Jack Mansfield *left 31 October 2006*	35-40	55-60	0-2.5 0-2.5	10-15 30-35	206	221	7
Tim Moss* *acting Chief Executive from 10 February 2007*	80-85	75-80	0-2.5 *2.5-5.0*	0-5 *10-15*	40	52	10
Tom Smith	60-65	55-60	0-2.5 0-2.5	10-15 35-40	136	141	5
Paul Coombs *left 24 December 2006*	50-55	55-60	0-2.5 N/A	0-5 N/A	18	28	8
Tim Knighton *joined 22 January 2007*	10-15	N/A	0-2.5 N/A	0-2.5 N/A	N/A	3	3

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"

*Tim Moss Acting Chief Executive between 10 February 2007 and 9 April 2007

Civil Service Pensions
Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory-based 'final salary' defined benefit schemes (classic, premium and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement 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 and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary 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 (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002, calculated broadly in the same way as in classic.

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 selection of approved products. 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).

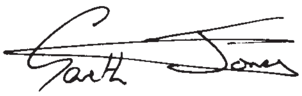
The accrued pension quoted is the pension the member is entitled to receive when they reach 60, or immediately on ceasing to be an active member of the scheme if they are already 60.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk.

Cash E uivalent ransfer alues
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 CETV figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements, and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CE
This reflects the increase in CETV effectively funded by the employer. It takes account of 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 £31,400 (2005/06: £30,400). There were five independent members in 2006/07 (2005/06: five).



Gareth Jones
Chief Executive
July 2007

Accounts 2006/07

Government Trading Funds Act 1973

Companies House Accounts 2007

The accounts for Companies House for the period 1 April 2006 to 31 March 2007, 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. HC768, Parliamentary Session 2006/2007

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

Ordered by the House of Commons to be printed 25 July 2007

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 Bac ground
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.

inancial Bac ground
Companies House was established through the introduction of "public dividend capital" and three 15 year loans from the Department of Trade and Industry. The loans, which were provided at a fixed rate of interest, were fully repaid during the year. The largest source of finance during the year remains the surpluses accumulated since commencing trading fund status in October 1991. Land and buildings are valued at £27.0m, and the development of the CHIPS project continues and has been disclosed as part of assets under construction in note 5.

Results and Appropriations
The operating surplus on ordinary activities was £3.3m (2005/06: £4.7m). After charging interest payable of £15k (2005/06:£54k) and declaring dividends payable of £2.0m (2005/06: £1.7m), a net surplus for the year of £1.3m remained and was added to the retained surplus which at 31March 2007 was £27.7m.

Business Review
Income from registration activities has continued to rise as a consequence of the high levels of company incorporations and the increasing size of the active register.

The additional workload (8%), however, was delivered with increased efficiency, partly due to the increasing level of up-take in the electronic filing of documents, but also from a reduction in the number of staff undertaking that activity. The three year target to reduce unit costs by 10% over the three year period 2005 – 2008 when compared with 2004/5 appears to be realistic as the year end performance has resulted in us achieving an index of 95% against a planned 101% (see note 23).

By the 31st March 2007, significant year on year headcount reductions had been made as the benefits from more efficient working fed through. Companies House's policy is to reduce staff numbers through redeployment to other jobs outside the organisation and employing cost-effective voluntary schemes. A flexible early retirement/severance scheme was implemented just before this year-end costing just over £2.4m.

Overall underlying operating charges, excluding impairments and Companies Act project costs, were £2.5m lower than last year, reflecting the increased emphasis on value for money principles in procurement, as well as showing improved efficiency.

The continuation of the CHIPS development project meant that the expected levels of depreciation did not arise in the year. However, as explained in note 5, an impairment review of the CHIPS project carried out at year-end resulted in a write down of £7.5m in the carrying value of the project, in accordance with our accounting policy. The impairment adjustment was necessary because further aspects of the early development work, carried out before we changed our approach to development and brought CHIPS in-house, had to be reworked. In accordance with Companies House accounting policy, the cost of this work, while properly incurred as part of the early phases of the development, no longer added to the fair capital value of CHIPS.

Capital Expenditure was £12.1m, of which £10.8m was incurred on the CHIPS project during the year. The expenditure to date on the project is £40.9m, and a more detailed analysis is shown in note 5. Other capital expenditure of £0.4m was incurred on several other IT projects, as Companies House progresses its programme of electronic transformation.

Cash Balances
Net cash inflow for the year was £1.5m taking the cash balances at this year-end to £12.2m. In 2006/7, 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. In future years we expect cash reserves to reduce as capital programmes are delivered, and we will be seeking a loan from DTI under CSR07 to help fund further investment in the e-transformation of Companies House activity.

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.

alue of and 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 surplus of £1.9m. More information on this is provided in notes 5 and 9.

Audit Service
The statutory external audit was performed by the Comptroller and Auditor General at a cost of £36k for the 2006/07 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 relevant audit information and to establish 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 the agreed contracted terms if otherwise specified. The out-turn (as reported in note 19) was 100% (2005/06:100%).

Political and Charita le Gifts
During the year Companies house made charitable donations in the sum of £6,466.75. 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.

Employee ssues
The involvement of our employees is seen as a key element in the success of the organisation. Regular cascade briefings, a staff magazine, newsletters and a range of ad hoc briefings and plenary meetings are all aimed at aiding communication and commitment. Companies House is committed to a policy of equal opportunities. We employ an Equal Opportunities Adviser whose responsibilities include assisting the career development of disabled staff. Disability is not regarded as a bar to recruitment or advancement. Selection is based upon the individual's ability to do the job.

Companies House is committed to the promotion of a safety culture throughout the organisation and of safe attitudes. A safe environment is provided for staff and visitors in line with its statutory obligations. New members of staff are given basic induction training in Health and Safety issues. During the year specialised training on safe manual handling, safe use of VDU equipment and safe handling of chemicals was given once staff had taken up their post. Risk assessments were carried out in accordance with the Management of Health and Safety at Work Regulations. Accident reporting and investigation procedures have been reviewed in accordance with the Woolf reform. Health and Safety procedures are under review to reflect the updating of legislation.

Companies House Boards
The Executive Directors of the Agency were:

Claire Clancy *Chief Executive*	To 9 February 2007
Tim Moss *Corporate Strategy Director* *Acting Accounting Officer*	To 9 February 2007 and from 10 April 2007 From 10 February to 9 April 2007
Tom Smith *Customer Delivery Director*	
Jack Mansfield *Finance Director*	To 31 October 2006
Tim Knighton *Finance Director*	Appointed 22 January 2007
Paul Coombs *Central Operations Director*	To 24 December 2006
Eileen Heasman *Human Resources Director*	To 31 October 2006
Gareth Jones *Chief Executive*	Appointed 10 April 2007
Phil Bushby *Human Resources Director*	Appointed 16 April 2007
Gwyneth Edwards *Head of Legal*	Appointed 10 May 2007

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

Ian Percy *Independent Chairman*	To 31 December 2006
Andrew Summers *Independent Chairman*	From 1 January 2007
Peter Mason *DTI member*	
David Evans *DTI member*	To 17 April 2006
Hilary Douglas *DTI member*	From 18 April 2006 to 31st March 2007
John Alty *DTI member*	From 1st April 2007
Geoff Dart *DTI member*	
Nigel Paul *Independent member*	
Mike Hathorn *Independent member*	
Dan Bernard *Independent member*	
Alex Jablonowski *Independent member*	

Gareth Jones
Chief Executive
July 2007

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 Government Accounting.

Statement of 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 Government Accounting.

During 2006-2007 the Accounting Officer was advised by:

The Companies House Steering Board. Membership of the Steering Board included an independent Chairman, four independent members and senior officials from the DTI. It was attended by all of the Agency's Executive Directors and 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 the Accounting Officer. It formally reported to each Steering Board. Meetings were attended by the Finance Director of Companies House, the Corporate Strategy Director, a senior representative from DTI Finance Directorate, DTI Internal Audit and our External Auditors. Other members of staff and externals were asked to attend where further specialist skills were required or to discuss specific topics. The Audit Committee met four times during the year.

The Executive Directors of Companies House met as a Main Board on a bi-monthly basis to set the direction for Companies House, maintain overall stewardship and governance, and ensure the Agency's organisational capacity to deliver. There were two Management Boards: – The Agency Services Board, The Business Delivery Board who:

- 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 by groups;
- stimulated and considered new ideas and ensured that they were taken forward in the most effective way by groups; and
- engaged in the creation and implementation of strategy.

A Transformation Executive Board (TEB) oversaw the transformation of the business and provided governance for the framework of Programmes delivering this change. The TEB was made up of the Main Board plus additional Senior Managers identified as having key roles in transformation.

A Strategy Panel also met to provide support to the Main Board and the organisation as a whole in carrying out Horizon Scanning and scenario planning and preparatory thinking on the Strategic Plan.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Companies House policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Companies House for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and 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 during the year 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 DTI in operating a sound risk management framework as part of our 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 with the project and programme boards. Programme boards have responsibility for ensuring that projects reporting to it are applying the risk management process;
- in all operational and support departments. Management in each department has responsibility for ensuring risks are being effectively managed in accordance with Companies House policy;
- in the Information Security Forum, which provides a link between the corporate process and the technical risk management carried out as part of ISO27001.
- in the Management Boards. Each of the Boards has 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 Boards are further required:
  - to be responsible for the oversight and management of risk at Companies House;
  - to review and update the Companies House Risk Register at each meeting;
  - to seek evidence on matters related to the management of risk so that there is formal assurance that appropriate measures are in place;
  - to provide guidance on risk management, financial management and control in accordance with best practice;
  - to ensure that risk management is embedded within Companies House; to satisfy the requirements of internal or external auditors;
  - consider any resource implications; and advise on sources of audit services and consulting;
  - to carry out recommendations agreed with Internal Audit and the National Audit Office in relation to risk.

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 DTI 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.

Statement of Internal Control continued

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 the Accounting Officer with 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.

During its reviews in the 2006-2007 financial year, Internal Audit gave unsatisfactory opinions on reviews of Companies House Information Processing System (CHIPS) and Companies Act Programme (CAP). In both programmes, the need for improvement was identified during January/February 2007 and steps were commenced to deliver this although this had not been sufficiently completed at the end of the financial year to alter the overall opinion. In deciding an overall opinion, Internal Audit considered the results from all the reviews conducted during the year. Whilst all other reviews provided a satisfactory rating over the general control environment, Internal Audit considered the importance of the CHIPS and CAP programmes and the unsatisfactory opinions they received, as having significant impact on the overall control environment. Consequently, overall, an opinion of Improvement Required was provided by Internal Audit on the design, adequacy and effectiveness of the system of internal control operating during that year.

Review of Effectiveness

The Accounting Officer of Companies House has 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 Management Boards, 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 the Accounting Officer at the year-end with a written formal assertion comprehensively covering the internal controls in each of their Directorates. These assertions are reviewed at a meeting of all the Directors and the DTI Auditors. The assertions are also reviewed by Internal Audit and the outcome of this review is reported to the Audit Committee. This provides the Accounting Officer with strong assurance that appropriate mechanisms are in place throughout Companies House.

2006/07 has been a year of continuing change for Companies House.

We have had changes to the Executive Board with a new Chief Executive, Finance Director and HR Director being recruited in year and a temporary Head of Business Solutions in post. We have also had a new Chairman of the Steering Board appointed. 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.

It had been anticipated that the Companies House Information Processing System (CHIPS) programme would complete during 2006-2007, however, delays during testing have extended this timescale into 2007-2008. Testing is now close to completion and we expect to implement in quarter 3 of 2007-2008.
The programme has been challenging and further risks remain but actions have been agreed to mitigate or provide contingencies for these risks.

In accordance with our accounting policy, an impairment review of the capitalised project costs for CHIPS was carried out at year end. This resulted in a write down in the value of the assets of £7.5m. With the £4.6m written off during 2005/2006, the total impairment, for which there has been no appreciable benefit, is now £12.1m. This relates to contractual activity carried out up to February 2005.

The Companies Act was passed during the year and Companies House has set up a programme to deliver changes to its operations and systems to meet the requirements of the Act. The timescale for implementation is challenging and therefore controls over the programme need to be particularly effective in order to deliver. 2007-2008 will be a key year for taking forward the programme with the majority of changes due to be delivered in April and October 2008.

In response to the risks facing both of these programmes, we have reviewed and improved their internal control and governance, increasing the frequency that their Programme Boards meet, increasing Director level engagement, improving the quality of the information they receive including assurance reporting and ensuring the optimum membership of these Boards.

We have recognised that the expectations on the public sector and the pace of technological innovation mean that the ability to deliver continuing organisational change is now a necessity. To help us achieve this, the organisation has been restructured to form a Business Solutions Directorate containing Business Change and Systems Development Departments. We believe these will not only help us deliver our current change commitments but also ensure we are best placed to deliver the Companies House of the future.

In summary, my review indicates that, other than the issues raised above, there were no significant control weaknesses during the year. This is consistent with the internal audit opinion for 06-07 which identified significant issues regarding CHIPS and CAP but found none in the general control environment. My review of the effectiveness of the system of internal control is informed by the work of Internal Audit, the Audit Committee and those within Companies House who have responsibility for the development and maintenance of the internal control framework, together with comments made by external auditors in their management letters.

Garth Jones

Gareth Jones
Chief Executive
4 July 2007

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of Companies House for the year ended 31 March 2007 under the Government Trading Funds Act 1973. These comprise the Operating Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement 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, the Chief Executive and auditor

Companies House and the 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 the 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, certain information given in the Annual Report, which comprises the Foreword to the Accounts, 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 to 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. 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 opinion

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 the 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

Audit Opinion

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 2007, and of its surplus, recognised gains and losses and cashflows 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; and
- The information given within the Annual Report, which comprises the Foreword to the Accounts, is consistent with the financial statements.

Audit 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

As disclosed in Note 5b to the financial statements, following the termination of the contract for the development and procurement of the CHIPS IT system, Companies House has written off a capitalised balance of £7.5million representing the associated assets under construction. Over the life of the project, Companies House expended a total of £12.1million under the CHIPS contract which they now assess as having provided little appreciable benefit. I have not qualified my audit opinion in this regard.

I have no other observations to make on these financial statements.

Sir John Bourn
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
ictoria
London SW1W 9SP
19 July 2007

Companies House Trading Fund

Operating account for the year ended 31 March 2007

	Note	£'000	Year ended 31 March 2007 £'000	£'000	ear ended 31 March 2006 £'000
Income					
Fees and charges		70,531		67,514	
Other operating income		1,689		1,706	
	2		72,220		69,220
Expenditure					
Staff costs	3	34,292		31,543	
Depreciation and impairment	5	11,134		8,115	
Other operating charges		24,024		25,299	
			69,450		64,957
Operating surplus before interest	6		2,770		4,263
Interest receivable	7		553		473
Operating surplus on ordinary activities			3,323		4,736
Interest payable finance costs	7		(15)		(54)
Surplus for the year			3,308		4,682
Dividend	8		(2,024)		(1,747)
Retained surplus for the year	15		1,284		2,935

All operations are classed as continuing

Statement of Total Recognised Gains and Losses

	Note	Year ended 31 March 2007 £'000	ear ended 31 March 2006 £'000
Surplus on ordinary activities for the year after dividend		1,284	2,935
Net unrealised surplus on revaluation of fixed assets	9	1,913	6,138
Total gains and losses recognised since last Annual Report		3,197	9,073

The notes on pages 37 – 45 form part of these accounts

Companies House Trading Fund

Balance sheet as at 31 March 2007

	Note	£'000	As at 31 March 2007 £'000	£'000	As at 31 March 2006 £'000
Fixed assets					
Tangible fixed assets	5	53,357		50,855	
			53,357		50,855
Current assets					
Debtors	10	5,333		4,516	
Bank balances and cash in hand	11a, 12	12,248		10,750	
		17,581		15,266	
Creditors					
Falling due within one year	13	(11,238)		(9,919)	
Net current assets			6,343		5,347
Total assets less current liabilities			59,700		56,202
Provisions for liabilities and charges	14		(1,271)		(970)
			58,429		55,232
Financed by:					
Capital and reserves (Government Funds)					
Public Dividend Capital	15	15,889		15,889	
Revaluation reserve	9	14,833		12,920	
Retained surplus	15	27,707		26,423	
			58,429		55,232

Gareth Jones
Chief Executive
4 July 2007

The notes on pages 37 – 45 form part of these accounts

Companies House Trading Fund

Cash flow statement for the year ended 31 March 2007

	Note	£'000	Year ended 31 March 2007 £'000	£'000	ear ended 31 March 2006 £'000
Net cash inflow from operating activities	16(a)		15,377		13,249
Returns on investment and servicing of finance					
Interest received	16(c)	550		474	
Interest paid	16(d)	(29)		(66)	
Dividend paid	8	(1,747)		(102)	
Net cash inflow (outflow) from returns on investment and servicing of finance			(1,226)		306
Capital expenditure and financial investments					
Payments to acquire tangible fixed assets	16(b)	(12,269)		(12,096)	
Net cash outflow from capital expenditure and financial investments			(12,269)		(12,096)
Net cash inflow before financing			1,882		1,459
Financing					
Long term loan repayments	17		(384)		(385)
Increase in bank balances and cash in hand	11(a)		1,498		1,074
Opening bank balance and cash in hand			10,750		9,676
Closing bank balance and cash in hand			12,248		10,750

The notes on pages 37 – 45 form part of these accounts

Companies House Trading Fund

Notes to the accounts for the year ended 31 March 2007

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 triennially by an independent external valuer, using the existing use method, and in intervening years using an appropriate index.

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

(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.

The costs of phase 1 and 2 of the project which were incurred between the 00/01 and 02/03 financial years were treated as pre-development research costs and charged to the operating account. Phase 3 of the project that specifically relates to the design and production of the system is treated as capital expenditure. Initially the capitalisation of expenditure is shown as an asset in the course of construction. Once a software release is achieved, the release cost is taken to IT assets constructed and depreciated in line with the policy described in (b) above.

The depreciation rates specifically applied to these assets are:

IT asset hardware – 4 years
IT asset development costs – 5 years

(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) Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the term of the lease.

(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 the Department of Trade and Industry 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 AT, but falls within the Department of Trade and Industry registration. Irrecoverable AT 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)	
	2006/07 £m	2005/06 £m	2006/07 £m	2005/06 (restated) £m	2006/07 £m	2005/06 (restated) £m
Registration activities (i)	57.8	55.9	57.7	53.9	0.1	2.0
Dissemination activities (ii)	12.7	11.7	11.8	11.0	0.9	0.7
Other services (iii)	1.7	1.6	1.4	1.4	0.3	0.2
Total as per operating account	72.2	69.2	70.9	66.3	1.3	2.9

(i) Registration activities – Includes incorporation, annual registration, change of name, mortgage registration, dissolution, liquidation and recharges of costs incurred in the administration of late filing penalties.

(ii) Dissemination activities – Includes searches delivered on paper, electronically, magnetic tape and to bulk users.

(iii) Other services – Includes income from rentals 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 Fees and Charges Guide.

(v) Support costs are apportioned based on the usage made by the main service providers; otherwise, by floor area.

(vi) The cost of the impairment review for CHIPS has been apportioned to registration and dissemination activities in proportion to income on the basis that the replacement of the company register is designed to benefit all services. The cost of the flexible early retirement scheme has been charged to those services which employed the respective staff concerned when they opted to take advantage of the scheme.

(vii) The segmentation analysis reflects the changes in the cost structure required to deliver our Registration and Dissemination services, and for comparative purposes, the prior years segmentation has been restated.

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 2006/07 were £38.8m (2005/06:£30.3m).

Included in income is £3.7m recovered from the Department of Trade and Industry for the running costs incurred in the charging, administration and collection of late filing penalties raised (2005/06:£3.6m).

3. Staff Costs

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

3(a) Staff numbers by location	2006/07 Total Employees	Full time Equivalent Posts	2005/06 Total Employees	Full time Equivalent Posts
Cardiff	1,199	1,086	1,284	1,150
Edinburgh	39	36	41	39
London	9	8	9	9
	1,247	1,130	1,334	1,198

3(b) Staff numbers by activity				
Central Operations, Customer Support LFP	807	720	884	779
IT Services	193	186	172	167
Finance, HR, Policy Marketing	242	219	272	246
Senior Management	5	5	6	6
	1,247	1,130	1,334	1,198
Staff on capital projects (included above)	60	57	57	56

In addition, there were a total number of contract staff of 81 (2005/06:78) of which 60 (2005/06:66) were included on capital projects.

3(c) Staff costs (for the above persons)	2006/07 £'000	2005/06 £'000
Salaries	26,048	25,869
oluntary Early Retirement Scheme	2,547	955
National insurance	1,726	1,780
Pension costs	4,348	4,174
Contract staff	9,112	7,821
Capitalised staff costs (included above)	(2,129)	(2,240)
Capitalised contract staff project costs (included above)	(7,360)	(6,816)
Staff costs per operating account	34,292	31,543

4. Pensions

For 2006/07, the banded charges averaged 18.4% of pensionable pay for permanent staff (2005/06:17.6%). This equates to a charge for the year of £4.3m (2005/06:£4.2m), 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 2003. 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 14. All other liabilities incurred in the year were satisfied by the year-end.

5. Tangible fixed assets

5(a)

	Freehold land & buildings £'000	Leasehold improvement £'000	Plant & machinery £'000	IT assets constructed & computer equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or Revaluation						
At 1 April 2006	25,500	723	2,312	13,159	24,533	66,227
Additions	–	–	126	680	11,244	12,050
Disposals/Retired	–	–	(39)	(8)	–	(47)
Asset transfer	–	–	–	2,934	(2,934)	–
Revaluation at end of year (Note 9)	1,500	–	(21)	(1,215)	–	264
At 31 March 2007	27,000	723	2,378	15,550	32,843	78,494
Depreciation						
At 1 April 2006	–	333	1,840	9,415	3,784	15,372
Provided during year	414	234	173	2,862	–	3,683
Impairment	–	–	–	–	7,451	7,451
Disposals/Retired	–	–	(37)	(3)	–	(40)
Revaluation at end of year (Note 9)	(414)	–	(20)	(895)	–	(1,329)
At 31 March 2007	–	567	1,956	11,379	11,235	25,137
Net Book Value at 31 March 2007	27,000	156	422	4,171	21,608	53,357
Net book value at 31 March 2006	25,500	390	472	3,744	20,749	50,855

As at 31 March 2007 £40.9m has been capitalised in respect of the replacement of the core information processing system (CHIPS). During 2003/04 £7.9m of directly attributable expenditure was capitalised within assets in the course of construction.

The land and buildings were valued as at 31 March 2007 by Messrs DT Debenham Thorpe on the basis of existing use, as set out in the RICS Appraisal and aluation 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.

5(b) CHIPS Programme

Companies House is currently replacing its principal IT processing system, which supports the Companies Register.
The programme is highly complex and has been in development for over four years.

In accordance with our accounting policy, an impairment review of the capitalised project costs for CHIPS was carried out at year-end. This review concluded that certain capitalised costs amounting to £7.5m, properly incurred by previous contractual activity on the early phases of the programme, were no longer part of the final systems development that is planned for implementation during the 2007/8 financial year. This reflects the considerable reworking and coding that has been undertaken during the last year that could no longer be considered, in accordance with accounting policy, to be directly attributable to bringing CHIPS into working condition and therefore no longer represented fair capital value to the project.

The impairment review undertaken of the project at the end of 2005/6 led to a write off of £4.6m. The total impairment to date, therefore, is now £12.1m, for which there has been little appreciable benefit. This represents the value of all contractual work carried out on behalf of Companies House on the project prior to February 2005.

6. Operating surplus

	2006/07 £'000	2005/06 £'000
This is stated after charging the following:		
Audit Remuneration		
- Audit Services	36	36
- Other Services	–	–
Loss on disposal of fixed assets	–	–
Travel, subsistence hospitality:		
Chief Executive and Senior Managers	30	19
Employees	484	474
Hire of assets (property rental)	1,190	1,051
And after crediting:		
Rental income	1,361	1,289

7. Interest

	2006/07 £'000	2005/06 £'000
Short-term daily interest receivable from the Paymaster General's Office and National Loans Fund	553	473
Interest payable on unsecured loans from the Department of Trade and Industry repayable wholly or partly in more than 5 years by installments	(15)	(53)
Unwinding of discount on early retirement provision	–	(1)
	(15)	(54)

8. Dividend

A dividend of £2.02m (2005/06: £1.75m) was payable to the Department of Trade and Industry. 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 2006	12,916	4	–	12,920
Revaluation of fixed assets at 31 March 2007 – Cost	1,500	(21)	–	1,479
Revaluation of fixed assets at 31 March 2007 – Depreciation	414	20	–	434
Reversal of previously recognised impairment loss credited to the operating account	–	–	–	–
Transfer to retained surplus	–	–	–	–
Balance carried forward 31 March 2007	14,830	3	–	14,833

10. Debtors

	31 March 2007 £'000	31 March 2006 £'000
Trade debtors	2,249	2,092
Other debtors	1,468	1,251
Prepaid expenditure	1,148	748
Amounts due from the DTI	468	425
	5,333	4,516

No amounts fall due after more than one year (2005/06: nil).

11. Movement in net funds

(a) Reconciliation of Movement in Net Funds

	At 1 April 2006 £'000	Cash flows £'000	Other changes £'000	At 31 Mar 2007 £'000
Bank balance and cash in hand	10,750	1,498	–	12,248
Loan due after 1 year	–	384	–	384
Loan due within 1 year	(384)	–	–	(384)
Total	10,366	1,882	–	12,248

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

	2006/07 £'000	2005/06 £'000
Increase in cash in the period	1,498	1,074
Movements in loans	384	385
Net funds at beginning of year	10,366	8,907
Net funds at end of year	12,248	10,366

12. Bank balances

	2006 £'000	2007 £'000
Balances with OPG	11,399	10,629
Balances with Commercial Banks	849	121
Total	12,248	10,750

13. Creditors: amount falling due within one year

	31 March 2007 £'000	31 March 2006 £'000
Current installments of long term loans	–	385
Trade creditors	373	395
Accruals and customer prepayments	7,823	6,342
Social Security	1,000	969
Other creditors	18	81
Dividend payable	2,024	1,747
	11,238	9,919

14. Provisions for liabilities and charges

	Note	Early retirement £'000
Balance at 31 March 2006		970
Paid in ear		(463)
Transferred to current liabilities		(1,749)
Charged to operating account		2,513
Unwinding of interest	7	–
Balance at 31 March 2007		1,271

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%. The unwinding of the discount is treated as an interest charge on the operating account (see Note 7).

15. 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 2006	15,889	–	12,920	26,423	55,232
Retained surplus for the year	–	–	–	1,284	1,284
Movement in revaluation reserve in the year	–	–	1,913	–	1,913
Transfer to current liabilities	–	–	–	–	–
Balance at 31 March 2007	15,889	–	14,833	27,707	58,429

16. Notes to cash flow statement

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

	2006/07 £'000	2005/06 £'000
Operating surplus before interest	2,770	4,263
Depreciation and impairment charge	11,134	8,115
Adjustment for non-cash item	320	196
Net increase in provisions for liabilities and charges	301	916
Increase in debtors	(812)	(733)
Increase in creditors	1,664	492
Net cash inflow from operating activities	15,377	13,249

(b) Cash outflow on capital expenditure

		2006/07 £'000	2005/06 £'000
Capital expenditure accrued at previous year-end		383	112
Additions to tangible fixed assets	(Note 5)	12,050	12,367
Accrued capital expenditure not paid for at year-end		(164)	(383)
Payments to acquire tangible fixed assets		12,269	12,096

(c) Cash inflow from interest receivable

	2006/07 £'000	2005/06 £'000
Interest receivable accrued at previous year-end	13	14
Interest earned during the year	553	473
Interest receivable not received at year-end	(16)	(13)
Net cash inflow from interest receivable	550	474

d) Cash outflow from interest payable

	2006/07 £'000	2005/06 £'000
Interest payable accrued at previous year-end	14	26
Interest charged during the year	15	54
Interest payable not paid at year-end	–	(14)
Net cash outflow from interest payable	29	66

17. Long term loans

	31 March 2007 £'000	31 March 2006 £'000
Loans are repayable as follows:		
Less than one year (see note 13)	–	385
Between one and two years	–	–
Between three and five years	–	–
	–	385

18. Operating lease commitments

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

	31 March 2007 £'000	31 March 2006 £'000
Operating leases which expire:		
Within one year	353	315
In the second to fifth years inclusive	137	–
Over five years	638	638
	1,128	953

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 2006/07 100% of invoices paid were within these limits (2005/06:100%).

20. Disclosure of intra-government balances

	31 March 2007		31 March 2006	
	creditor £'000	debtor £'000	creditor £'000	debtor £'000
Balances with other central governmental bodies	3,032	1,602	3,310	1,523
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 2007, 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 25 July 2007

Following machinery of government changes announced on 28 June 2007, Companies House became an Executive Agency of the Department of Business, Enterprise and Regulatory Reform.

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 capital employed.

The return achieved for the year ended 31 March 2007 was 5.8% and the return achieved since 1 April 2004 was 6.5%.

b) Unit cost reduction

Companies House has 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	Outturn
2004/05 Base	100.0	100.0	
2005/06	106.0	100.7	5% better than target
2006/07	101.0	95.0	6% better than target
2007/08	90.0		

24. Related party transactions

Companies House is an Executive Agency of the DTI with Trading Fund status. The DTI 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 the Inland Revenue. None of the Steering Board members or senior managers has undertaken any material transactions with Companies House during the year.

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.

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Registration activity						
Active Register (annual average, '000)	1464	1555	1752	1909	2048	2213
Active Register (year end, '000)	1492	1640	1843	1980	2118	2339
Incorporations ('000)	225	322	394	334	370	449
Removals from the Register (net of restorations, '000)	163	180	182	190	199	240
Statutory documents filed ('000)	6062	6561	7236	7021	7447	7795
Company searches						
Images ('000) – Company equivalent	1475	1952	2280	2609	3393	3655
Image ('000) – Individual images	2179	2864	3340	3726	4676	5111
Fiche based ('000)	413	177	65	27	19	15
Percentage of electronic searches	78%	92%	97%	99%	99%	100%
Manpower						
Average full-time equivalents	1000	995	1078	1160	1186	1130
Actual year-end full-time equivalents (permanent / fixed term)	1012	1009	1125	1182	1157	1085

Performance statistics	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn
Take-up for electronic document submission	–	–	–	–	–	–	15%	12%	35%	28%	40%	37%
Compliance rate – Accounts and Returns	–	–	–	–	–	–	92%	92%	92%	91%	95.5%	95.4%
Image quality	–	–	98%	95%	98%	97%	98%	100%	99.5%	99.7%	99.5%	99.1%

Combined accounts and Annual Returns
Accounts only

Government agency performance grid

Key ministerial targets for 2007/08 | Targets out-turns & achievements | Targets for 2007/08

Efficiency and reliability

Key ministerial targets for 2007/08	2003/04 Targets	2003/04 Out-turn	2004/05 Targets	2004/05 Out-turn	2005/06 Targets	2005/06 Out-turn	2006/07 Targets	2006/07 Out-turn	Targets for 2007/08
Take-up for electronic submission of documents by end 04/05			15%	12%	35%	28.2%	40%	37%	55%
Image quality – legibility completeness	98%	97%	98%	100%	99.5%	99.7%	99.5%	99.1%	99.5%
Compliance rate accounts							95.5%	95.4%	95.3%
Unit cost reduction. Three year target reduction on the 2004/5 range of transactions by 2007/8 The target for 2006/7 was to limit the unit cost increase to 1% of the 2004/5 (base year) cost The target for 2007/8 is to reduce the unit cost to 90% of the 2004/5 (base year) cost							index 101	index 95	90

Readily and freely accessible information

Key ministerial targets for 2007/08	2003/04 Targets	2003/04 Out-turn	2004/05 Targets	2004/05 Out-turn	2005/06 Targets	2005/06 Out-turn	2006/07 Targets	2006/07 Out-turn	Targets for 2007/08
WebFiling, WebCHeck and CH Direct availability (Mon - Sat, 7.00am - 12.00pm)					99%	99.3%	99%	99.3%	99%

Customer service

Key ministerial targets for 2007/08	2003/04 Targets	2003/04 Out-turn	2004/05 Targets	2004/05 Out-turn	2005/06 Targets	2005/06 Out-turn	2006/07 Targets	2006/07 Out-turn	Targets for 2007/08
Respond to complaints within 5 days	97%	97%	97%	99%	97%	98.6%	97%	98.6%	97%
Customer satisfaction	80%	85%	>82%	86%	>85%	85.9%	85%	87.5%	>86%

Central government targets

Key ministerial targets for 2007/08	2003/04 Targets	2003/04 Out-turn	2004/05 Targets	2004/05 Out-turn	2005/06 Targets	2005/06 Out-turn	2006/07 Targets	2006/07 Out-turn	Targets for 2007/08
Reply to Chief Executive's Cases within 10 days	100%	100%	100%	99%	100%	100%	100%	100%	100%
Payment of Bills	100%	100%	100%	100%	100%	100%	100%	99.7%	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%

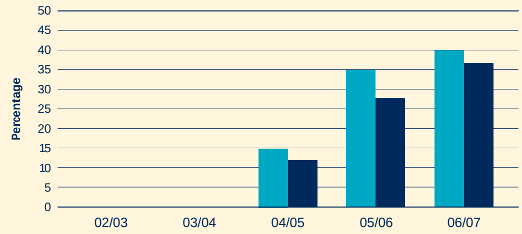
Public targets 2006/07

These are the targets recommended by the Steering Board for 2006/07 and approved by Ministers as the formal, public targets for the year.

Target

Efficiency & Reliability
40% take-up for electronic submission of documents by end 2006/07

Historical Performance



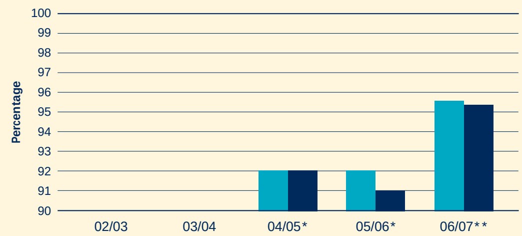
Out-turn 2006/07

37%

Target

Efficiency & Reliability
To achieve, on average, a monthly compliance rate for accounts submitted of 95.5%

Historical Performance



* Combined accounts and Annual Returns
** Accounts only

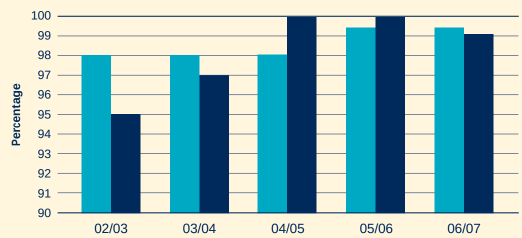
Out-turn 2006/07

95.4%

Target

Efficiency & Reliability
99.5% image quality of all images placed on the image system

Historical Performance



Out-turn 2006/07

99.1%

Target
Out-turn

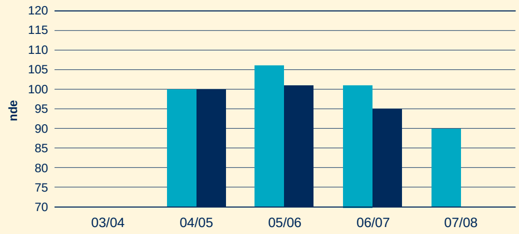
Target

Historical Performance

Out-turn 2006/07

Efficiency & Reliability

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



95

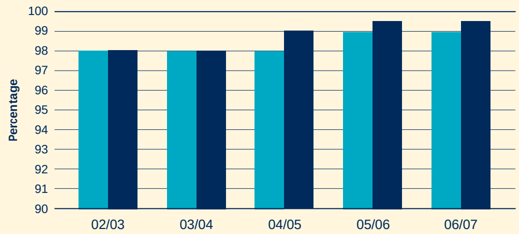
Target

Historical Performance

Out-turn 2006/07

Readily & Freely Accessible Information

To ensure the WebFiling service is available to customer for a minimum of 99% between 7am and 8pm Mon to Fri



99.6%

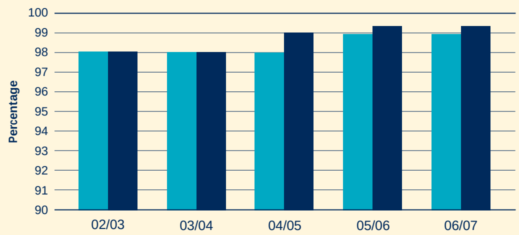
Target

Historical Performance

Out-turn 2006/07

Readily & Freely Accessible Information

99% of all products and services to be made available on CH Direct and WebCHeck between 7am and 8pm

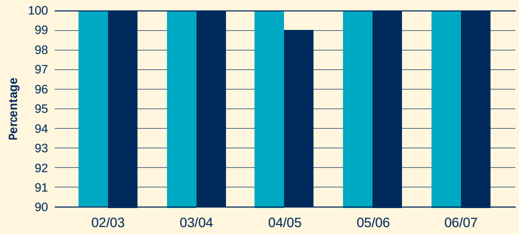


99.3%

Target

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

Historical Performance



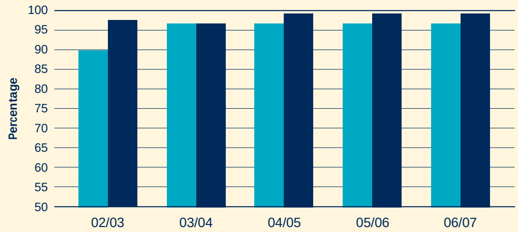
Out-turn 2006/07

100%

Target

Customer service
To clear 97% of complaints within 5 working days

Historical Performance



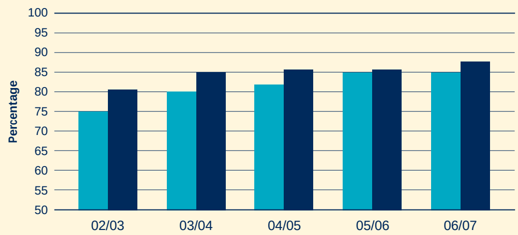
Out-turn 2006/07

98.6%

Target

Customer satisfaction
Customer satisfaction survey results to exceed 85%

Historical Performance



Out-turn 2006/07

87.5%

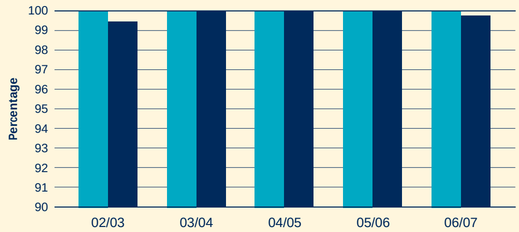
Target
Out-turn

Target

Historical Performance

Out-turn 2006/07

Financial
To pay all invoices within 30 days or other agreed terms



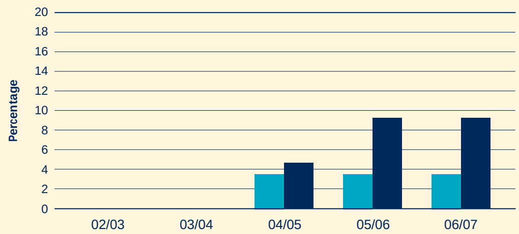
99.7%

Target

Historical Performance

Out-turn 2006/07

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



5.8%

Governance

he following mem ers left the Main Board during 2006/07
Eileen Heasman, Human Resources Director: 31 October 2006
Jack Mansfield, Finance Director: 31 October 2006
Paul Coombs, Central Operations Director: 24 December 2006
Claire Clancy, Chief Executive: 9 February 2007

he following e ternal mem ers left the Steering Board during 2006/07
Ian Percy, Independent Chairman: 31 December 2006
David Evans, DTI member: 17 April 2006
Hilary Douglas, DTI member : 31 March 2007

Tim Moss was acting Chief Executive from 10 February 2007 until 9 April 2007

/ Gareth Jones OBE
Registrar of Companies for England and ales and Chief E ecutive 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 also spent four years as Head of the Welsh Assembly's CAP Management division responsible for controls and payments of all farm subsidies and acting as Head of Paying Agency in Wales. Within this period Gareth was 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. He has had a number of roles within the Civil Service including, 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 operational and financial management and ensuring that Companies House meets the targets set by ministers.

2/ im Moss
irector of Corporate Strategy
Tim joined Companies House in September 2002 to run the operations department processing over 7 million documents each year. 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 corporate communications. He has a Natural Sciences degree and postgraduate, management qualification from Cambridge and an MBA from Swansea University.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/ om Smith
irector of Customer elivery
Tom joined us from DTI HQ, where he was Head of the Trade Policy Strategy Unit, producing a White Paper on International Trade and Investment. He spent 14 years in a range of DTI policy jobs, including a bill team, Private Secretary to the Permanent Secretary, export promotion and a stint in Brussels at the UK representation to the EU. He has also worked for IBM in a technical support role. Tom has a history degree from Cambridge.

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

/ Gwyneth Edwards
Head of egal
Gwyneth Edwards 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 Bush y
irector 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 has been gained in the private sector where he has operated mainly within the logistics sector. His previous employers include DHL, Exel and WH Smith. Most recently he was the Divisional HR Director for a sector of DHL that managed the logistics requirements for large retailers such as B&Q, Mothercare, BHS, Currys and Comet. Phil is responsible for the people agenda within Companies House which includes Learning and Development, Employee Relations, Payroll and Health and Safety. In addition he plays a significant role in managing the change associated with the introduction of the Companies Act and CHIPs.

7/ Andrew Summers CMG
Chair of the Companies House Steering Board
Andrew was appointed as Independent Chair 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.


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/ Geoff art
Geoff Dart is currently Director Corporate Law & Governance, 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.

/ igel 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. 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.

0/ Mi e Hathorn
Mike is a partner in Moore Stephens LLP, London and is the firm's public sector specialist partner. He is a non-executive director of a number of companies, including Chairman of Baillie Gifford Shin Nippon plc. He is a past President of the Institute of Chartered Accountants of Scotland, a member of the Accounting Standards Board (public and not-for-profit committee), and Chairman and UK representative on the IFAC IFSAFB.

/ an Bernard
Dan was appointed to the Steering Board in May 2004.
Dan 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.

2/ Peter Mason
Peter Mason is DTI's Director of Finance Policy & Support. He joined the DTI in 1973 and has occupied a wide range of posts within DTI, dealing with, among other things, the management of DTI's liabilities following privatisation of the UK coal industry and policy towards the coal industry post-privatisation, various aspects of consumer policy and legislation, information handling, management best practice awareness campaigns, quality and design policy, competition policy, and financial services regulation. From 1983 to 1986 he was seconded to the Panel on Takeovers and Mergers and from 1989 to 1992 he was an Assistant Director of Competition Policy at the Office of Fair Trading. From 1998 to 1999 he was a non-executive director of Rugby Joinery (UK) Ltd and from 2000 to 2003 was a Trustee of both the Mineworkers' Pension Scheme and the British Coal Staff Superannuation Scheme.

/ John Alty
Since September 2005 John has been responsible as Director General Fair Markets for DTI'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.

/ Ale Ja lonows i
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

- Gareth Jones **Chief E ecutive**
  - Gwyneth Edwards **Senior egal Advisor**
  - Tim Moss **Corporate Strategy Group**
    - **Assurance Ris and Consultancy**
    - **Policy Planning**
    - **Mar eting**
  - Tom Smith **Customer elivery Group**
    - **Central Operations**
    - **Company Customer Support**
  - Kevan Robinson (interim) **Business Solutions Group**
    - **Service elivery**
    - **Change Programmes**
    - **Solutions evelopment**
  - Tim Knighton **inance Group**
  - Phil Bushby **Human Resources Group**

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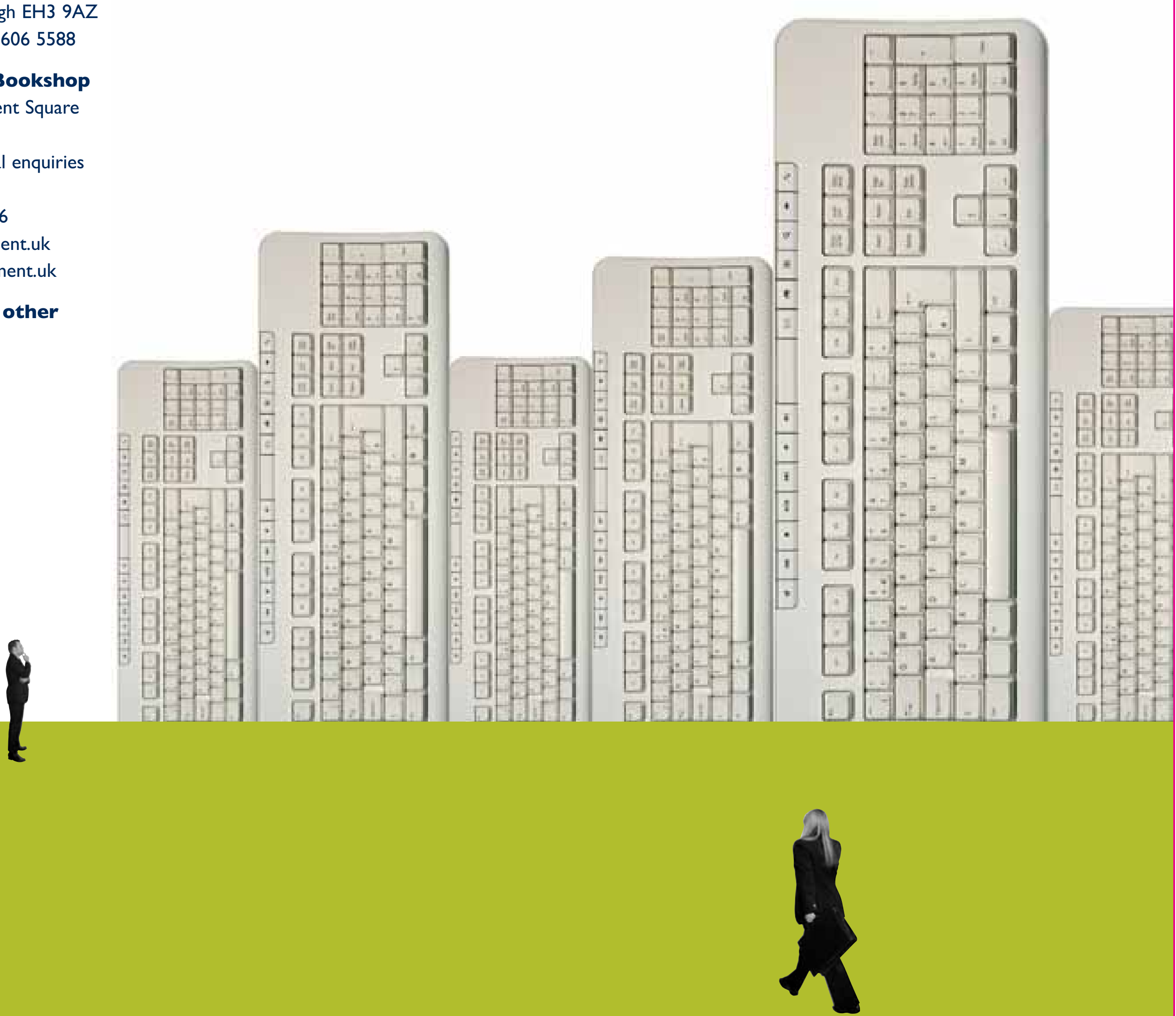

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