Companies House

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Annual Report and Accounts 2014/15

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1. Companies House at a glance

Register size as at 31 March 2015	3,464,155
New incorporations	585,741
Companies restored	5,502
In receivership	9,683
Dissolved companies	369,526
In dissolution	179,831
In liquidation	80,627
Digital take-up	81.6%
Accepted transactions	9,015,215
Paper documents accepted	1,661,000
Accounts compliance	99.1%
Customer satisfaction	89%
How many times the register is accessed for free information	291,481,647
How many times the register is accessed for paid information	6,333,965
Staff engagement	64%
Headcount (Total employees) as at 31 March 2015	870
Headcount (Full-time equivalents) as at 31 March 2015	794.3
Income	£67.5m
Expenditure (including dividend)	£65.4m

More information on our statistics can be found on www.gov.uk/companieshouse.gov.uk

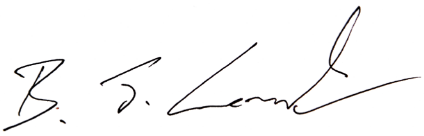
2. Chairman's Statement

In 1844 the Joint Stock Companies Act made company incorporation straightforward. At the same time it required company details be recorded in a register open to public inspection. In return for the privilege of incorporation, society demanded to know what risks it was running, it demanded corporate transparency. This became critically important following the Limited Liability Act of 1855. By allowing shareholders to cap their risks, limited liability then and now, encourages established companies to invest and innovate and individuals to set up new businesses.

Over 3.4m companies were on the register at Companies House at the end of last year, an increase of 213,830 on the previous year. Without limited liability, most of the companies, large and small, which power the UK economy would not exist. However, allowing shareholders to cap their risks in practice means passing some risks to others. In a dynamic economy not all companies can be winners. Limited liability means that failing companies' losses can pass on to their suppliers, employees, customers, banks and to the taxpayer, rather than shareholders. Limited liability makes us all stakeholders in British business.

For most of the last 170 years Companies House has published the information that companies are legally obliged to disclose by processing mountains of paper. Now most of the information we receive is digital. Indeed last year 99% of companies filed at least one set of data with us digitally. This in turn has allowed us yet again to reduce our unit costs, already among the lowest in the world. It also allows us to press ahead with the commitment in our strategic plan to make all the digital information we receive from companies available to others without charge. This information will shortly extend to include aspects of the beneficial ownership of companies: under the Small Business Enterprise and Employment (SBEE) Act 2015, information will be made public on 'people with significant control'.

Although much of our attention in 2014/15 inevitably focused on the changes ahead, I am pleased to report another year in which our services have been provided to more companies, more efficiently than ever before. The Chief Executive and his team have successfully faced the triple challenges of improving existing services, implementing our strategic plan and preparing for the most far reaching legislative changes in a decade. They have the board's deep appreciation.



Brian Landers
Chairman of Companies House

3. Chief Executive's Review

2014/15 was the first year of our exciting 5 year strategic plan and we focused our activities and made progress around the plan's five themes of:

- digital transformation
- open data
- improved register integrity
- reducing burdens
- improving performance and efficiency

There are more limited companies in the UK than ever before, with 585,741 new companies registered during the year and over 98% of these formed digitally. Overall, we achieved new record levels of digital take up and record levels of digital data accessed by customers all over the world. We launched two new digital services, which form the platform for the future of filing and access to the register, and will provide the mechanism to make all our data available for free in 2015. We also achieved record levels of compliance and our new integrity team was successful in helping companies provide up-to-date information and meet their statutory obligations.

As we focused on delivering better services to our customers, and our independent research recorded our highest level of customer satisfaction, we have made real progress in working across government to present customers with more joined up services. This includes moving our website to GOV.UK and developing our combined accounts filing service with HMRC, to working with the Department of Business, Innovation and Skills (BIS) on the new legislation and with the Insolvency Service and other agencies to deliver effective enforcement.

We have continued our record of delivering year-on-year performance and efficiency improvements. However, during the year there were a couple of events that highlighted the importance of delivering to the right standards. One was a serious system outage where we were unable to process transactions for 2 days. The second was a High Court judgment on a registration error made back in 2009; this highlighted the importance of what we do and raised some fundamental legal questions about the register and the quality of our processes. We have put in place a number of actions to improve our performance in both of these areas.

Overall we have achieved a number of great results through the dedication and hard work of our staff and I am very grateful to them for helping us make good progress this year in delivering some key milestones towards our strategy.

We have continued to play an active role with registers across the world. We hold the Presidency of the Corporate Registers Forum (CRF) and are an executive member of the European Commerce Registers Forum (ECRF). We were successful in developing greater collaboration between these two organisations and the two associations that represent registries across the Americas—this has led to the development of a truly worldwide registry benchmarking survey providing a rich vein of company information to compare and help registries improve. The UK is seen as leading the way in transparency and open data but it is clear that others are moving faster in offering joined up services across government to companies.

Our strategy was based on a set of assumptions and plans; after one year, it is right that we review those assumptions. Our overall workload is higher than originally forecast and we now have further information on the additional work the Small Business Enterprise and Employment Act 2015 and other legislative changes will bring over the next two years. It is clear that the scale and scope of the changes that the Act brings are bigger than we first thought. We have therefore revised our development plans for the next couple of years and the focus for 2015/16 will be to ensure that our existing services are ready for the new legal requirements, which began taking effect from May 2015. We have put on hold, for the next year, some of our restructuring work so that we can focus on preparing our systems, training our staff and helping our customers through these changes.

The past year has seen us make good progress towards our goals and laid the platform for some significant changes in 2015 and 2016. These will see us provide free digital data for all, implement some of the most significant changes to corporate transparency for a generation and put us at the heart of digital government.

Tim Moss
Chief Executive and Registrar
24 June 2015

4. Strategic Report

4.1 Background

Introduction
Companies House is an executive agency. As a Trading Fund, we receive no taxpayer funding. Our income primarily consists of fees for registration, data and search activities. In addition, we receive income from the rental of surplus office space. Penalties collected in respect of company accounts filed late with Companies House are paid in their entirety to HM Treasury. The running costs that we incur in the charging, administration and collection of late filing penalties on behalf of HM Treasury are recovered by us from BIS.

We operate under UK legislation including the Companies Act. The 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.

Principal Activities
Companies House incorporates and dissolves limited companies, registers the information they supply, and makes that information available to the public. We also have delegated responsibility to administer the late filing penalty regime on behalf of the Secretary of State.

Companies House has a head office in Cardiff and smaller offices in Edinburgh, Belfast and London. Company registrations for England and Wales are carried out in Cardiff, while registrations for Scotland and Northern Ireland are processed in Edinburgh and Belfast, respectively.

Our key priorities, as detailed in our 2014 to 2019 strategy, are summarised below:

- digital transformation towards becoming a 100% digital organisation
- open data with links to other government information on companies
- improved register integrity through better investigation and remedies
- reduced burdens through deregulation and joining up across government
- efficiencies ensuring fees will not increase

Forecast
The growth in new company registrations far exceeded last year; with 585,741 new incorporations compared with 533,032 last year. With 369,526 dissolutions, the net increase in the size of the register was 6.6%, meaning there were more than 3.4m companies on the register at the end of the year.

Increasing digitisation and other efficiencies allowed us to cope with the extra work whilst continuing to reduce both headcount and our unit cost. Headcount at year end reduced to 794 full-time equivalents (FTE), whilst our average cost per company fell by 8%.

Although the proportion of transactions submitted digitally increased to 81.6%, the increased register size meant that we still processed 1.7m paper documents.

The overall financial result of the higher than expected increase in register size and our own efficiency measures was that we produced a surplus of £2.1m.

4.2 Digital transformation

Our aim is to become as close as possible to a 100% digital organisation by the end of 2018/19. With 99% of companies filing at least one transaction with us digitally we have reached a critical stage on our journey.

Our strategy sets out our plans to develop a new digital service to replace the existing filing and search systems; to provide digital options for transactions that can only be submitted on paper and increase the take-up of our digital services to as near 100% as possible. This will enable us to reduce the number and amount of fees we charge.

The key benefits to our customers include:

- reduced burden for companies, moving away from a form filling approach to one based on checking information
- faster availability and access to company information
- open access to data
- improved efficiency, reduced cost
- increased trust and transparency, with ‘many eyes’ checking the data provided by companies
- improved processing accuracy, with system driven validation and less risk of human error

The development of the new Companies House digital service has been a key focus this year and we launched it in June to 5,000 customers for testing. The service allows easy access to a company profile page, including the basic information for free, and the ability to file a change of registered address. It has received positive customer feedback and passed our Government Digital Service (GDS) assessment.

Companies House has been at the forefront of the digitalisation of government services. Mike Bracken, Executive Director of Digital in the Cabinet Office, and head of GDS, described Companies House in his blog as “a model for a digital department or agency. In nearly every part of their operation, they’re ahead of the curve”.

A record number of searches were conducted online during the year, with the vast majority of them free. In June, we announced that we would make all our digital information available free to customers and the development of our new service provides the platform to do this.

We have also increased the number of documents customers file with us digitally. We have worked with key stakeholder groups to improve awareness of existing services, for example, the ability to file charges digitally. For some key transactions, such as annual returns, micro accounts and incorporations, 99% were submitted digitally.

Our online services were available for 99.9% of the time during the year. Whilst we have improved the quality of our services, we still have work to do to minimise the impact of internal system downtime. In August 2014, we had a period where our main database was unexpectedly unavailable, meaning that we could not process paper and digital documents for 2 days. However, our online services continued to satisfy searches and allowed electronic filings to be queued for later processing. We have taken a number of steps to improve our resilience and recovery times. We have invested in the core technology, by installing new, faster database servers and we have engaged third party expertise to conduct a full review of our business continuity arrangements.

To make our services better and easier for our customers to use we have invested significantly in digital development and IT capacity. We will continue to invest in our digital transformation in 2015/16, in particular with the new digital service and Application Programming Interface (API), which allows third parties, including software developers, to produce their own systems to interact with the register.

The Companies House website moved to GOV.UK on time, in line with the government’s requirements.

4.3 Open data

The data on the register is a fundamental part of the core national information infrastructure that underpins daily economic activity. Making the information freely available will encourage new users and innovation. Further digital enablement will mean more information will be accessible as open data.

Companies House has made all of our digital information freely available to customers. Our new platform provides for a step change in open data. This makes all public information on the register easier to access through the improved digital channels we are developing, including our bulk services, free of charge. This includes:

- basic company data
- accounts information
- appointments and charges
- information about other events in a company's life
- digital images

We will continue to replace the existing systems (WebFiling, WebCHeck and Companies House Direct) with the new service. We will also carry on charging for non-digital services, such as certificates and our on-demand service to convert documents held on microfiche to digital formats, whilst we explore digital solutions for these services.

During 2014/15 we won the 2014 XBRL (eXtensible Business Reporting Language) International Project Excellence Award for Innovation in XBRL and Open Data, for our contribution to the success of the XBRL standard.

A key benefit in having an open, and up to date, register means that it has 'many eyes' checking the information submitted by companies. The more open the data is, and the more it is viewed, trust and transparency will increase, as more people will be highlighting and challenging inaccuracies and inconsistencies.

4.4 Register integrity

The strategic plan sets out our aim to deliver further improvements in the quality and integrity of the information provided by companies held on the register—ensuring that the register continues to be a trusted source of complete, up to date, and correct information.

Companies are responsible for keeping their information up to date and accurate, so a key principle in our integrity strategy is to help and guide companies to understand their requirements. We do this by providing guidance, issuing reminders and running awareness seminars for new directors. The results are evident in our highest ever compliance rates this year; 98% of annual return and 99% of accounts filed.

Where encouragement doesn't work we will take appropriate action. This year we have issued £84.5m penalties for the late filing of accounts. In addition, we prosecuted over 2,000 directors for failure to file an annual return or accounts. However, the aim is to get directors to file on time so that penalties or prosecution action is not necessary.

Improving the quality of the data on the Register is a key priority for Companies House. During 2014/15 we invested in this area and established a dedicated team of people to strengthen the integrity of the register through better scrutiny of company information held and improvements across a number of areas of lower compliance. For example, we worked with FTSE 350 companies in cases of non-disclosure of subsidiary undertakings achieving 100% compliance by December 2014 and at the end of March 2015

We joined the Government Agency Intelligence Network (GAIN) and provide data to assist investigations; we have also established links with the National Crime Agency (NCA) and regularly share data. This work will help to build greater confidence and trust in company data. From October 2015, we will be writing to every new director to improve the awareness of their statutory responsibilities.

4.5 Reduced burdens

Our strategic aim is to reduce burdens on business by supporting deregulation and joining up across government. A combination of better services and new legislation means we are making life easier for our customers to interact with us.

We have worked with other government departments on implementing a range of legislative measures to both improve the data held on the register and further reduce burdens on business.

In parallel, Companies House also develops its services to ensure that they are quick and easy to use.

During 2014/15 we have:

- designed the new Companies House digital service, making it quicker and easier for companies to file and access information;
- implemented changes simplifying the company names regime giving companies more choice in the names they register, and reducing the complexity of choosing a company name;
- reduced the burden of filing accounts to both Companies House and HMRC through the development of a digital service for a single point of filing. We will now extend the reach of this service to a wider audience.

Further simplification is to be implemented in 2015/16, which was prepared in 2014/15:

- work has begun on the deregulatory measures introduced through the SBEE Act 2015, including a new process for resolving disputes regarding registered offices from October 2015.
- we have worked with HMRC and BIS to plan a new, streamlined company registration system that will come into effect in 2017. This will enable all information needed to incorporate a company, register for VAT, Corporation Tax and PAYE to be delivered digitally to a single place.

4.6 Efficiency

Our strategic plan sets out a range of efficiency measures, including reducing headcount, a freeze in registration fees and significant reductions in the average cost per company of the register.

Despite a challenging year in terms of increasing workload, significant efficiency gains have been achieved:

- the operating cost per company has fallen by 8% this year
- we have delivered the equivalent of £3m in efficiencies, including significant savings from new print, mail and finance systems contracts

Although electronic take-up and efficiency plans are on track, register growth is significantly higher than forecast, as is the resource required to prepare for and implement the new legislative measures.

4.7 Our people

As part of our strategic journey, moving from paper based processes to become a 100% digital organisation, we will inevitably be a smaller organisation with fewer people who will require different skills.

During the year we have concentrated on ensuring that we have the right structure and roles best suited to a customer focussed digital services organisation with agile, innovative and empowered staff.

Investors in People
To help achieve our goals, we use the Investors in People (IiP) framework to assist us, and at our IiP assessment, we were proud to achieve the Gold Standard, highlighting the continued excellence in clear leadership, communication and continuous improvement. Our staff engagement levels remained stable (placing Companies House in the highest quartile of public sector bodies) reinforcing the work that we do to ensure that staff understand how they contribute to the overall delivery of the organisation's objectives.

Voluntary exit scheme
The makeup of our staff group has also started to alter, reflecting our digital focus. During the year we ran a voluntary exit scheme and 90 (73 FTE) staff left us.

External recruitment
We have recruited 19 external new staff to our Digital Services directorate, bolstering our capacity to deliver our digital agenda.

Attendance and performance
Attendance and performance management have been, and remain, priority areas as we drive up standards. Culturally staff understand the organisation's expectations and they are rewarded with a modern working environment and investment in their future through learning and skills development.

Breakdown by gender
At the end of the financial year there are 1 female and 3 male executive directors, including the Chief Executive Officer. Organisation wide there were 481 female and 389 male employees.

Corporate social responsibility
Companies House continues to focus on corporate social responsibility, ensuring we behave ethically, which has had a positive impact on business, society and staff. During the reporting year staff undertook 247 volunteering days with local charities. Staff were also keen to get involved in many fundraising activities, and raised over £8,000 for a number of national and local charities.

Trade union: working in partnership
We continue to work constructively with our trade union colleagues who are fully engaged on delivering our strategic aims.

4.8 Financial performance

This year we saw a continuation of our strong track record in driving down costs and investing in improving services to customers.

Total income was £67.5m. This exceeded the planned amount by £1.5m, reflecting the continued growth in the register arising from record levels of incorporations and the further improvements in our compliance effort. Income from search products continued to grow, even though some new free data products were available.

Costs, at £61.1m, were £1m less than budget. These were reduced through earlier than planned voluntary staff exits and improved contracts for goods and services. Other efficiencies included improvements to internal systems and processes and absorbing new work.

As a result, there was a net operating surplus before dividend of £6.5m. The net operating surplus was £2.1m after payment of the dividend of £4.4m.

£5.8m was invested in improving systems and developing new services for customers, and improvements to the working environment.

Of this, in-house development costs accounted for £3.9m. This both enhanced the main Companies House operational software (Companies House Information Processing System) and also completed the first major phase of the new Companies House digital service in preparation for full product launch early in the next financial year. We invested £1.8m in further hardware and upgrades, and £0.1m on improvements to the working environment.

We have a target to achieve a return, averaged over the period as a whole, of at least 3.5% surplus on ordinary activities after interest and before dividends payable, as a percentage of average capital employed, for the five years from 1st April 2014 to 31st March 2019. We have achieved an average return of 8.6%.

Our balance sheet remains strong and we have improved our cash balances by £4.1m to £41.4m. This will fund our future capital investment, as well as enable further restructuring to take place. The independent valuation of the freehold land and buildings at Crown Way, Cardiff as at the end of this financial year, valued the asset at £17.5m. More information on this is provided in note 5a.

Provision has been made for the legal costs relating to the major court case mentioned in the Chief Executive's Review.

No award for damages has yet been made. Further information is included in the contingent liability note (note 24) to the accounts. Any award will therefore impact on our costs and balance sheet in the future.

Late Filing Penalties
There is a separate trust statement for the Late Filing Penalties (LFP) regime. The cost of operating the scheme in 2014/15 was £5.2m compared to a budget of £5.6m, and £56.5m in penalties collected was paid into the HM Treasury's Consolidated Fund.

4.9 Key performance indicators and public targets

Of our 17 public targets; we have met 11. We have exceeded our targets for accounts and annual return compliance rates and availability of our filing services. We have marginally missed 6; average number of work days lost by 0.1 days, electronic images available within 48hrs by 0.4% and the average electronic filing target for accounts by 3.8%. The most notable is the target to provide access to download document images within 35 seconds where we achieved 94.3% instead of 98%. However, developments of our new service will provide faster viewing times.

Customer

Public targets	Out-turn
Companies House Direct services are available 99.7% of the time	99.9%
WebCHeck services are available 99.7% of the time	99.9%
WebFiling services are available 99.7% of the time	99.9%
Software filing services are available 99.9% of the time	99.9%
98% of document images ordered by search customers are available within the Companies House Direct download area within 35 seconds	94.3%
Achieve an overall satisfaction score of more than 88% in the Companies House satisfaction Survey conducted by Ipsos Mori by end November 2014	89%
To achieve a monthly soft compliance rate of 99% for accounts submitted to Companies House	99.1%
To achieve a monthly soft compliance rate of 98% for annual returns submitted to Companies House	98.3%
CEO to respond to all letters delegated to him from MPs within 10 working days of receipt	100%
Resolve 99% of customer complaints by 5 days	99.2%

Digitisation

Public targets	Out-turn
To achieve an average electronic filing target of 70% for accounts (received and accepted) by the end of the year	66.2%
To achieve an average electronic filing target of 87.5% for all transactions (excluding accounts) by the end of the year	87.5%

Staff engagement

Public target	Out-turn
Ensure that the average working days lost per person is no more than 7.5 days	7.6

Process

Public targets	Out-turn
To reduce carbon created from utilities by 10% per building user, at Crown Way (compared with previous year) by end of March 2015	11%
99.9% of electronic transactions received are available to view on the public record (image format) within 48 hours	99.5%
99.8% of electronic images on Companies House systems are complete and legible	99.7%
99.8% of paper images on Companies House systems are complete and legible	99.1%

Finance

Key performance indicators	Out-turn
95% of all undisputed invoices are paid within 5 days of receipt	98.6%
Taking one year with another, to achieve a 3.5% average rate of return based on the operating surplus expressed as a percentage of average net assets	8.6%
Achieve by 2016/17 a reduction, in real terms, of 25% compared to 2013/14 in the operational monetary cost of the operation's organisational costs (3 year target)	see note 21b

4.10 Sustainability report

Greenhouse gas emissions: non-financial indicators

Scope / emission / energy use	2012/13 tCO^2e	2013/14 tCO^2e	2014/15 tCO^2e
Total Scope 2 emissions (off site electricity generation)	1,695	1,644	1,785
Total Scope 3 emissions (transmission loss of electricity)	134	141	153
Total emissions attributed to electricity consumption	**1,829**	**1,785**	**1,938**
Total Scope 1 emissions (gas, fuel for fleet, fugitive emissions)	75	82	70
Emissions attributable to Scope 3 official business travel (rail, taxi, air, underground)	61	91	64
Total emissions (all scopes)	**1,965**	**1,958**	**2,072**

Greenhouse gas emissions: related energy consumption

Scope / emission / energy use	2012/13 kWh'000	2013/14 kWh'000	2014/15 kWh'000
Electricity 'green tariff'	3,685	3,691	4,007
Gas	392	405	344
Total kWh consumption	**4,077**	**4,096**	**4,351**

Greenhouse gas emissions: financial indicators

Scope / emission / energy use	2012/13 £'000	2013/14 £'000	2014/15 £'000
Expenditure on energy (gas, electricity)	421	473	517
Expenditure on CRC (including fees and allowances)	26	31[1.]	27
Expenditure on official business travel (rail, hire cars, taxis, air and fuel)	160	211	223

1. Estimated value.

Waste

Non-financial indicators	2012/13 (tonnes)	2013/14 (tonnes)	2014/15 (tonnes)
Recycled/reused	237	210	173
ICT waste	2	5	2
Landfill	75	71	68

Financial implications	2012/13 (£'000)	2013/14 (£'000)	2014/15 (£'000)
Total disposal cost	19	9	9

Use of finite resources (water)

Non-financial indicators	2012/13 (m^3)	2013/14 (m^3)	2014/15 (m^3)
Water consumption	- [1]	10,111	9,483

1. Between 2012 and 2013, a fault developed with the water meter at our main headquarters. This fault took a long period of time to identify and rectify. Therefore, it was not possible to provide accurate water consumption data for that financial year.

Financial implications	2012/13 (£'000)	2013/14 (£'000)	2014/15 (£'000)
Water supply costs	34	39	34

Sustainability facts for 2014/15

Companies House was again successful in maintaining certification of the International Environmental Standard ISO14001, demonstrating our continued performance in this area.

We reduced our display energy certificate operational rating by 3% (C rating) at our Cardiff office, providing a visual indication of how efficiently we operate our building. Our rating is 43% better than good practice.

During the year we have improved the efficiency of our building by creating space for other government organisations to rent our office and storage space. Naturally, this has meant an increase in our overall electricity consumption, however, our energy per building user has reduced. We have also:

- launched a successful cycle to work scheme to encourage our employees to cycle to the workplace
- provided a priority car parking area to all car sharers at our Cardiff office, helping to reduce emissions and local traffic congestion

At our Cardiff office we have rented 7,509m^2 of office and storage space to other government departments. This has provided a rental and service charge income of £964k for the financial year. This collaborative approach will contribute to the government's wider estate strategy of operating government estate buildings as efficiently as possible.

We want to create a working environment that encourages innovation and creativity, as well as delivering the wider government building efficiency measures. During the year we have developed a proposal to create a collaborative work space for our employees and visitors. We have also started to introduce improved meeting room facilities which reflect our business needs.

The health, safety and wellbeing of our staff, tenants, customers and visitors to Companies House continues to remain a priority. In demonstrating this commitment, we were again successful in achieving the ISO 18001 Health and Safety Standard.

4.11 Principal risks and uncertainties

Risk management activity remains focused on identifying and effectively managing risks to ensure minimum impact on the delivery of our strategic plan and delivering legislative change, whilst maintaining our ability to protect the integrity of our data and meet customer service targets. Details of the risks identified and addressed in 2014/15 are outlined in the Governance Statement.

There are a number of risks that we will carry into the new financial year. Whilst they are being controlled, either they have yet to be managed down sufficiently or are of an ongoing nature and require continued vigilance. These include:

- infrastructure and applications resilience
- our capacity to deliver legislative change whilst ensuring customer satisfaction is upheld as well as progress against our strategy
- a High Court judgment on a registration error made back in 2009 has raised some fundamental legal questions about the register and highlighted the importance of what we do and the quality of our processes. We have put in place a number of actions to improve our performance in both of these areas.

Tim Moss
Chief Executive and Registrar
24 June 2015

5. Directors' Report

5.1 Purpose of the Directors' Report

This report is presented as required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations.

5.2 Members of the Board

Brian Landers: Chairman of Companies House
Brian Landers was appointed as the chairman of Companies House on 1 August 2012. Brian is a member of the Competition Appeal Tribunal. He was previously an audit commissioner, deputy chairman of the Financial Ombudsman Service, a trustee of the Royal Armouries and treasurer of the UK section of Amnesty International. He has extensive private sector board experience in the UK and overseas. He has held financial, operational and general management positions in insurance, manufacturing, management consulting, retail and most recently publishing, working for such household names as Sainsbury's, W H Smith and Penguin Books. In addition he was the first finance director of the Prison Service. He has an MBA from London Business School.

Tim Moss: Chief Executive Officer and Registrar of Companies for England and Wales
Tim became the Registrar in March 2012 and is the 31st Registrar of Companies in a long line that first started back in 1844. Tim joined Companies House in 2002 and spent the first two years running the operations and compliance departments before moving into the role of Director of Corporate Strategy. During his career at Companies House he has been heavily involved in leading digital transformation, the move to open data, major legislative changes, business strategy, and developing cross government services. Before joining Companies House he spent 12 years in senior operational roles in the manufacturing industry. He has a natural sciences degree from Cambridge University, an MBA from Swansea University and lives on a farm in south Wales.

Anne Spinali: Non-executive Board Member (BIS)
Anne joined the Shareholder Executive (part of BIS) as an executive director in October 2013 and is BIS' lead sponsor for Companies House. Previously she was head of SME Debt Finance Strategy in BIS, where she led work on establishing a Business Bank and allocating the £100m Business Finance Partnership Investment Programme and on small business finance policies. Before joining BIS, she worked at the Confederation of British Industry and in the charity sector on a range of public policy issues as well as in the European Parliament.

Ann Lewis: Director of Operations and Customer Delivery
Ann joined Companies House in July 2009 and is responsible for the Customer Delivery Directorate including Customer Service, Operations and Enforcement. Since joining Companies House, Ann has led the delivery of major successes and continues to drive forward process improvements and change beneficial to the organisation with enthusiasm, determination and engaging staff at all levels.

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

Gareth Lloyd: Director of Digital Services

Gareth joined Companies House in 2014 and is responsible for leading the digital transformation of the organisation, with a particular focus on digital by default, open data, and digital skills. As Chief Digital Officer and Senior Information Risk Owner, he manages the software engineering, IT Services, Product and Digital Marketing teams. Gareth has held digital leadership roles in blue chip businesses in the UK and Australia, as Chief Information Officer and Chief Operating Officer. In addition, he is a non-executive director of Curo Group, a progressive social housing organisation in the south west of England. In his earlier career, Gareth was a director at Deloitte in London and Sydney. He is a chartered accountant, with post-graduate qualifications in Law, Strategy and Innovation.

Jeff Lynn: Non-executive Board Member

Jeff Lynn became a NEBM in March 2013. He is Chief Executive Officer and co-founder of Seedrs, one of the world's leading equity crowdfunding platforms. He was also founding chairman of the Coalition for a Digital Economy (Coadec), which advocates on behalf of digital startups and small and medium-sized enterprises on policy and regulatory issues. Jeff began his career practicing corporate law with Sullivan & Cromwell LLP in New York and London.

Mike Taylor: Non-executive Board Member

Mike has a MA (Hons) in Economics from Cambridge University. His professional career started in the City where he was a research analyst. Mike rose to Director level and headed the media research team at Credit Suisse First Boston. He was ranked highly within the leading internal and external polls and was involved in a number of high profile capital raising exercises for companies such as BSkyB, Granada Media and Thomson Corporation. Mike left the city in 2003 and founded Innovise Ltd. As founder CEO, Mike has led the buy-and-build growth of Innovise that has been recognised for its rapid growth in the IT market as a three times Deloitte Fast 50 Winner (2010, 2011, 2012) and a two times Sunday Times Tech Track Winner (2011, 2012). Mike lives in Surrey with his wife and two daughters.

Neil Hartley: Director of Strategy and Corporate Services (Now Director of Finance)

Neil joined Companies House in 2012. Since April 2015, he has also worked at the Intellectual Property Office, another BIS trading fund, in an innovative arrangement where the finance director role is shared. Neil has had a varied public sector career including lead finance and change programme roles at the Infrastructure Planning Commission and the Government Office for the Regions. Earlier posts included HMRC, energy regulation and the planning inspectorate. Neil is a Chartered Institute of Public Finance and Accountancy (CIPFA) qualified accountant, and holds a Post-Graduate Diploma in Public Finance & Leadership from Warwick Business School.

Peter Wyman: Non-executive Board Member (NEBM) and Chair of Audit Committee

Peter Wyman has a portfolio of appointments in the private, public and third sectors including being chairman of Yeovil District Hospital NHS Foundation Trust, chairman of Sir Richard Sutton Estates Limited, a senior advisor to Albright Stonebridge Group LLC, chairman of Somerset Community Foundation and treasurer of the University of Bath. Previously Peter was a partner in PricewaterhouseCoopers LLP. In 2002/03 Peter was president of the Institute of Chartered Accountants in England and Wales and was chairman of the Consultative Committee of Accountancy Bodies. He was awarded a CBE in the Queen's Birthday Honours in 2006 for services to the accountancy profession.

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

5.3 Pension liabilities

Employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). Further information on the treatment of pension liabilities is included in the accounting policies (note 1k) and in the Remuneration Report.

5.4 Employees

We are committed to being a responsible business and to support the people that work with us and the communities in which we work. All employees have equal access to training, career development and promotional opportunities, with reasonable adjustments being made. We continue with the Job Centre Plus 2 Ticks scheme and our guaranteed interview scheme means that all disabled people who meet the minimum requirements of a job vacancy, are interviewed and considered on their abilities.

We continue to promote a proactive approach to managing long term health issues with individuals, with the aim of sustaining them within, or facilitating their return to work. This incorporates provision of a comprehensive occupational health support function, including access to an occupational health provider and Employee Assistance Programme, tailored case conferencing and robust support for the implementation of reasonable adjustments to aid the individual.

We use various methods of corporate and local communication to advise employees of issues which affect them. These include business plan presentation sessions, digital forms of communication such as the intranet site, digital screens, face to face discussions and awareness sessions.

The sickness absence data measure is shown in section 4.9 of the Strategic Report.

5.5 Personal data related incidents

During the reporting year there have been no security incidents that have warranted formal reporting to the Information Commissioner's Office. However there have been the following minor incidents: 22 unauthorised disclosures; 7 application / IT security incidents and 2 others.

5.6 Future developments

Our future developments are set out throughout the Strategic Report.

5.7 Political and charitable gifts

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

5.8 Audit service

The statutory external audit was performed by the National Audit Office (NAO) and reported on by the Comptroller and Auditor General at a cost of £36,000 (2013/14: £36,000). An audit was also carried out for the Trust Statement at a cost of £12,000 (2013/14: £12,000). The NAO did not perform any non-audit services.

In the case of each of the persons who are directors at the time the report is approved:

- so far as the director is aware, there is no relevant audit information of which the entity's auditor is unaware
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information, and to establish that the auditor is aware of that information

Tim Moss
Chief Executive and Registrar
24 June 2015

6. Remuneration Report

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

In reaching its recommendations, the review body has regard to the following considerations:

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

The review body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the review body can be found at: www.ome.uk.com

6.1 Service contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made. Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended until they reach the normal retiring age. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil-Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at: civilservicecommission.independent.gov.uk

6.2 Salary

'Salary' includes gross salary, 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 accrued payments made by Companies House and thus recorded in these accounts.

6.3 Benefits in kind

One senior manager received a benefit in kind of £2,271 in 2014/15, this amount is included in the main remuneration table (2013/14: £4,343).

6.4 Performance pay

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

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

6.5 Civil service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants could join one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 6.85% of pensionable earnings for classic and 3.5% and 8.85% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

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

New career average pension arrangements were introduced from 1 April 2015 and the majority of classic, premium, classic plus and nuvos members will join the new scheme. Further details of this new scheme are available at: www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha

6.6 The following tables have been audited

This section provides information on the salary and pension entitlements of the senior managers of Companies House in the year to 31 March 2015.

Senior managers have been defined using the definition of 'Key management' contained within the IAS24 Related Party Disclosures. They are the persons having authority and responsibility for planning, directing, and controlling the major activities of the reporting entity.

6.7 Non-executive salary

	2014/15	2013/14
	£'000	£'000
Brian Landers	25-30	25-30
Peter Wyman	10-15	10-15
Sheila Doyle	10-15	10-15
Jeff Lynn	10-15	10-15
Mike Taylor	10-15	10-15
Craig Lester (Resigned January 2014)[1.]	N/A	nil
Anne Spinali (Appointed December 2013)[1.]	nil	nil

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

6.8 Executive disclosure

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The ratio presented here is the total remuneration of the lead executive (taking the mid-point of the range disclosed) and the median full time equivalent remuneration of all other Companies House employees.

Total remuneration includes salary, performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

	2014/15	2013/14	% Change
	£'000	£'000	
Lead executive remuneration	**125-130**	**120-125**	0%
Median remuneration	**22**	**21**	3%
Ratio	**5.77**	**5.73** [1. & 2.]	1%

1. The 2013/14 ratio has been amended from 5.95 as stated in last year's accounts to correct a calculation error.
2. The calculation for 2013/14 was based on annualised salary of Gareth Lloyd who joined Companies House on the 25 February 2014.

6.9 Cash equivalent transfer values

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

6.10 Single total figure of remuneration

		Tim Moss	Ann Lewis	Neil Hartley	Gareth Lloyd
2014/15					
Salary	£'000	85-90	70-75	75-80	120-125
Performance Payments	£'000	0-5	0-5	0-5	0-5
Benefits in kind (to nearest £100)	£	nil	nil	2,300	nil
Pension benefits	£'000	27	9	12	46
Total remuneration package	£'000	110-115	80-85	90-95	170-175
2013/14					
Salary	£'000	80-85	70-75	75-80	10-15[1.]
Performance Payments	£'000	0-5	10-15	0-5	nil
Benefits in kind (to nearest £100)	£	nil	nil	4,300	nil
Pension benefits	£'000	14[4.]	102	79[4.]	4
Total remuneration package	£'000	100-105	180-185	155-160[4.]	15-20
Real increase in pension and lump sum at age 60	£'000 £'000	0-2.5 2.5-5	0-2.5 0-2.5	0-2.5 nil	2.5-5 nil
Total accrued pension at age 60 at 31/03/15 and related lump sum	£'000 £'000	15-20 45-50	35-40 110-115	30-35 nil	0-5 nil
CETV at 31/03/15	£'000	249	748	403	30
CETV at 31/03/14	£'000	217	707[2.]	375[3.]	3
Real increase in CETV funded by employer	£'000	17	7	6	16

1. Gareth Lloyd was appointed on 25 February 2014. His annualised salary for 2013/14 would have been £125,000.
2. CETV: The opening figure is different from the closing figure in last year's accounts of £714,000. This is due to the prior year figure being recalculated by MyCSP to include guaranteed minimum pension (GMP).
3. CETV: The opening figure is different from the closing figure in last year's accounts of £358,000. This is due to the prior year figure being recalculated by MyCSP to include updated service.
4. The prior year pension benefits for Tim Moss and Neil Hartley have been amended to correct an error in the prior year information provided by MyCSP.

The remuneration of the highest paid director in Companies House in the financial year 2014/15 was £125,215 (2013/14: £11,905 actual, £125,000 annualised).

Total remuneration includes salary, non-consolidated performance related pay, benefits-in-kind as well as severance payments.

It does not include employer pension contributions and the cash equivalent transfer value of pensions.

6.11 Real increase in CETV

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

6.12 Compensation for loss of office

Ninety members of staff left during the year under a voluntary exit scheme. Total compensation payments of £2.8m were made during the year in relation to this scheme. Departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme. Further disclosures in relation to the exit scheme are included in note 3(d) to the financial statements.

6.13 Companies House Main Board

There were 6 independent Non-executive Board Members as at the 31 March 2015.

Tim Moss
Chief Executive and Registrar
24 June 2015

7. Companies House Accounts 2014/15

Statement of Companies House's and the Accounting Officer's Responsibilities

Under section 4(6)(a) 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, given by HM Treasury on 18 December 2014. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's financial position at the year end showing an Income Statement for the year as well as a Statement of its Financial Position, a Statement of Changes in Capital and Reserves and a Statement of Cash Flows.

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

- observe the accounts direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgments and estimates on a reasonable basis
- state whether any applicable accounting standards, as set out in the FReM, have been followed and disclose and explain any material departures in the financial statements
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Agency will continue in operation

The Treasury has appointed the Chief Executive of Companies House as the Accounting Officer for the Agency. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, and for safeguarding the Agency's assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in Managing Public Money.

Governance Statement

Scope of responsibility
As Accounting Officer, I have responsibility for maintaining a sound system of governance and internal control that supports the achievement of Companies House policies, aims and objectives. I must also ensure that the organisation's business is conducted (in accordance with Managing Public Money) so that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

The purpose of the Governance Statement
The Governance Statement gives a clear understanding of the dynamics of the business and its control structure. Essentially, it records the stewardship of the organisation to supplement the accounts, providing a sense of how the organisation performs; and of how successfully it has coped with the challenges it faces. It provides an adequate insight into the business of the organisation and its use of resources to allow me to make informed decisions about progress against business plans.

This statement explains how Companies House has complied with the principles of good governance and reviews the effectiveness of these arrangements.

Companies House governance structure

The board members of Companies House
All boards and committees were well attended during the year, with the occasional unavoidable absence of one or two members. All discussions and decisions made at these meetings were recorded through minutes and no conflicts of interest were recorded during the year.

Table of attendance of Main Board and its sub-committees:

Board members	**Main Board Meetings** (10 Meetings)	**Audit Committee Meetings** (5 Meetings)	**Remuneration Committee Meeting** (3 Meetings)
Brian Landers (Non-executive Board Member)	10 Chairman	1 By invitation	3 Chairman
Peter Wyman (Non-executive Board Member)	8	5 Chairman	-
Tim Moss (CEO and Registrar)	9	5 By invitation	2
Sheila Doyle (Non-executive Board Member)	10	5	3
Jeff Lynn (Non-executive Board Member)	8	3	-
Mike Taylor (Non-executive Board Member)	9	-	-
Anne Spinali (Non-executive Board Member, Shareholder Executive Member)	8	4	3
Neil Hartley (Executive Director – Corporate Services (including Finance))	10	5 By invitation	2 By invitation

Ann Lewis (Executive Director – Customer Delivery)	10	-	-
Gareth Lloyd (Executive Director – Digital Services)	9	-	-

There were no leavers or new members appointed to the Board this year.

Brian Landers, Chairman of the Main Board and Remuneration Committee, also attended business planning meetings, organisational design meetings and paid ad hoc visits to Companies House during the year.

Companies House boards and committees

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

During the year the Main Board:

- received strategic direction updates
- monitored progress of key programmes and projects — in particular progress against preparations for the Small Business Enterprise and Employment Bill (SBEE) Act 2015, Companies House Service and Company Accounts and Tax On-line programmes
- agreed the contents of the 2015/16 Business Plan and public targets
- reviewed and agreed the Annual Report and Accounts
- reviewed financial performance and efficiency
- held a Strategic Planning Away day during November 2014
- held an informal subgroup discussion regarding Companies House Digital Strategy
- reviewed and agreed restructure of the Companies House Digital Services Directorate to aid successful delivery of the Companies House digital programme

In compliance with requirements of the Corporate Governance Code of good practice the Board engaged Ernst and Young to carry out an independent effectiveness evaluation. The results of the evaluation were satisfactory with some recommendations for further improvement. The recommendations were discussed at length and taken forward for action with review dates set.

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

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

- received quarterly reports of the management and progress against the organisation's corporate risks
- approved the Internal Audit plan and reviewed progress reports against the plan on a quarterly basis, and advised on the implications for the overall control framework as well as adequacy of management responses
- reviewed the Annual Report and Accounts and the Companies House Governance Statement
- received reports and held discussions on specific areas during the course of the year including: cyber security, operational processes, information security and systems resilience following an outage incident

Membership of the Audit Committee consists of a Non-executive Chair, Peter Wyman, and two independent NEBMs and the NEBM Shareholder Executive representative. Meetings are also attended by the Accounting Officer, the Finance Director, and Head of Internal Audit. The National Audit Office (NAO) act as Companies House external auditors and a designated representative attends all Audit Committee meetings and has access to all financial and other information. Other Companies House directors and senior managers attend on an ad hoc basis.

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

The committee met twice during the year in April and November. The following items were discussed:

- parameters for pay negotiations approval of the pay remit to BIS
- government requirement to remove contractual progression
- awards scheme
- process for senior civil servants' year end performance review
- forward look including recruitment and retention
- non-money benefits update

The Operational Board included members of the Main Board, Companies House Senior Leadership Team, associate members and volunteer observers. The Board's area of responsibility covered the day to day running of the business and delivery of the Business Plan which allowed the Accounting Officer to make informed decisions about progress and if necessary where to steer performance back on track.

During the year the Board:

- reviewed progress against the Companies House Business Plan
- monitored and measured performance and effectiveness against targets within the Companies House Steering Wheel (a balanced scorecard approach to our main business activities). This included prompting ad hoc papers and proposals to address short falls against targets
- managed risks which affected Companies House processes (see below)
- took monthly updates on internal assurance activity and ensured completion of agreed management actions
- owned the results of the annual Civil Service wide staff engagement survey and commissioned actions for improvement from the Senior Leadership Team
- managed financial performance, including corporate efficiency plans
- managed the Companies House voluntary exit scheme
- reviewed the top ten customer issues, commissioning additional activity to address complaints
- monitored the customer journey during the transfer to GOV.UK

- considered proposals for the estate strategy designed to improve efficiency in 'The Way We Work' including improvements to meeting and training facilities and creating a working environment that is both collaborative and engaging and encouraged higher productivity, improved staff performance and potentially lowered operating costs.

The Operational Board supported a number of groups. For example the Information Management Security Forum, which ensures the confidentiality, availability and integrity of the key data we maintain, applying the ISO 27001 Standard. The Operational Board also oversaw the Workload Planning Group, whose forecasts of work volumes feed into the strategic planning. This work is done in line with the principles of the Macpherson review.

The Programme Board worked in parallel with the Operational Board, also reporting into the Main Board. Its remit covered the portfolio of projects and other significant change activities designed to realise the strategic plan. The change initiatives successfully delivered are explained in the Strategic Report of this annual report.

The risk and internal control framework

Risk management

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

The Companies House Main Board and Operational Board reviewed strategic and key operational risks on a monthly basis. The Audit Committee receives quarterly updates on current risks and meteors (longer-term potential issues) as well as movement within the register during the quarter.

Each directorate own and manage their own register covering strategic risks which affects them. At a local team level business as usual risks, though not necessarily documented, are discussed at length during short term planning. For example, at the approach of peak filing times when the right deployment of staff is essential to promptly handle the additional volumes of company information being received.

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

Activities completed during the year include: benchmarking risk capture, analysis and reporting processes with other organisations to aid:

- continuous improvement of the risk identification, management and reporting systems within Companies House
- including procedures to aid improved analysis and reporting of Information Asset risks, as part of the transition to the new ISO 27001 Standard
- risk training for new entrants at management level

The following table shows the number of key strategic risks subject to Board scrutiny through the year:

Opened	Elevated to board level	Reduced from board level	Closed
10	2	2	4

Risks successfully managed down during the year included:

- governance arrangements to ensure delivery of the strategic plan
- delivery of the new total facilities management contract
- potential disruption to service and increased security requirements during the NATO conference in south Wales
- a centralised and elongated approvals process compromising the speed of change delivery

There are a number of risks that we will carry into the new financial year. Whilst they are being controlled, either they have yet to be managed down sufficiently or are of an ongoing nature and require continued vigilance. These include:

- infrastructure and applications resilience
- our ability to deliver legislative change whilst ensuring customer satisfaction is upheld as well as progress against our strategy
- a High Court judgment on a registration error made back in 2009 has raised some fundamental legal questions about the register and highlighted the importance of what we do and the quality of our processes. We have put in place a number of actions to improve our performance in both of these areas.

Internal audit

Companies House Internal Audit Team operates to Public Sector Internal Audit Standards. The work of the team is informed by an assessment of risk to which Companies House is exposed and annual audit plans are based on this analysis.

The analysis of risk and the internal audit plans are endorsed by the Audit Committee and approved by the Accounting Officer. At each financial year-end, the Head of Internal Audit provides a report on the internal audit activity at Companies House. The report contains an opinion on the adequacy and effectiveness of internal controls and the management processes in place to control risk. External audits are also carried out which test controls and consider governance, any significant deficiencies identified as part of that work are reported to management.

In addition, the monthly Risk Report provided to Operational Board included a summary of assurance activity carried out during the month. The Operational Board had authority to direct additional assurance activity where necessary.

The assurance work delivered during the year was based on:

- an assessment of risk from the risk management framework
- review of the Business Plan and Strategic Direction
- consideration of previous coverage in each area of the organisation
- additional risk management and assurance activity by management and third parties in addition to their day-to-day oversight
- identification of stakeholder expectations, including external certification requirements.

The audit plan for the year was designed to offer assurance on the management of the organisation's key risks and processes. Areas covered included:

- Companies House's key registration processes
- payroll and finance systems
- performance against international information security, health and safety and environmental management standards
- the potential to improve our business systems resilience and disaster recovery procedures (with assistance from our strategic assurance partner)

The team also validated compliance with the controls and guidance contained within HM Treasury's 'Management of Financial Loss' toolkit, evaluating key corporate activities where the potential for such loss exists.

The Head of Internal Audit expressed a 'Satisfactory' opinion in his annual assessment, i.e.: the systems of internal control, governance and risk management that have operated within the organisation are judged to have been substantively effective. Any issues identified with existing controls have been isolated and are not considered to have arisen from major systemic weakness. Management's actions have therefore focused on those areas of relative weakness identified through a process of continuous improvement.

Review of effectiveness

During the course of the year we have been successful in retaining accreditation to the following standards:

- Customer Service Excellence
- Investors in People — (which improved from Silver to Gold Standard)
- ISO 27001 — Information Security
- ISO 14001 — Environmental Management
- OHSAS 18001 — Health and Safety
- member of the Institute of Customer Services

In addition we won the 2014 XBRL International Project Excellence Award for Innovation in XBRL and Open Data.

The Accounting Officer has responsibility for reviewing the effectiveness of the system of the organisation's governance, risk management and internal control. This review is informed by the work of the internal auditors and the directors within Companies House who have responsibility for the development and maintenance of the governance structures, internal control framework and comments made by the external auditors in their management letter and other reports. The Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control.

As an organisation we are constantly reviewing our governance arrangements as part of our continuous improvement philosophy. Therefore going forward into 2015/16 we need governance processes that reflect the cultural journey we are on and fit with the aims of becoming a more agile organisation with clear accountabilities and levels of empowerment. As part of this change we have reviewed our internal board structure and the make-up of our senior team. This will evolve over the next year to ensure delivery of our priorities for the next stage in our Strategic Plan.

In my role as Chief Executive and Registrar and a senior member of Companies House since 2002, I have relied on the Board's support as well as my experience of the structure and processes within the organisation to assist me in the assessment of assurance of the Companies House control structure. I have considered the evidence provided with regards to the production of the Annual Governance Statement as well as the reports provided by Internal and External Audit.

Companies House used the services of contractors to support its Business Strategy and estate requirements during the course of the year, the engagement of the contractors complied with the recommendations of the Alexander Tax Review.

In conclusion I am confident that the organisation and its Boards operated in accordance with the "Corporate Governance in central government departments: Code of good practice 2011."

Tim Moss
Chief Executive and Registrar
24 June 2015

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of Companies House for the year ended 31 March 2015 under the Government Trading Funds Act 1973. The financial statements comprise: Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

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

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

Opinion on financial statements
In my opinion:

- the financial statements give a true and fair view of the state of Companies House's affairs as at 31 March 2015 and of its surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on other matters
In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

25 June 2015

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

Statement of Comprehensive Income for the year ended 31 March 2015

	Note	2014/15 £'000	2013/14 £'000
Operating income	2	**67,451**	63,895
Administration costs:			
Staff costs	3	**(30,716)**	(27,387)
Non-staff administration costs	7	**(30,372)**	(29,506)
Gross administration costs		**(61,088)**	(56,893)
Operating surplus before interest		**6,363**	7,002
Interest receivable	8	**137**	131
Interest payable and finance costs	8	**(13)**	(21)
Net operating surplus before dividend		**6,487**	7,112
Dividend	9	**(4,363)**	(4,357)
Net operating surplus		**2,124**	2,755
Other Comprehensive Income			
Net gain on revaluation of land and buildings	5	**456**	172
Comprehensive income for the year end 31 March 2015		**2,580**	2,927

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

The notes on Pages 42 – 60 form part of these accounts.

Statement of Financial Position as at 31 March 2015

	Note	**31 March 2015 £'000**	31 March 2014 £'000
Non-current assets			
Property, plant and equipment	5	**22,082**	22,182
Intangible assets	6	**19,049**	19,996
Total non-current assets		**41,131**	42,178
Current assets			
Trade and other receivables	11	**6,533**	5,617
Cash and cash equivalents	12	**41,400**	37,325
Total current assets		**47,933**	42,942
Total assets		**89,064**	85,120
Current liabilities			
Trade and other payables	13	**(11,442)**	(9,620)
Provisions	15	**(439)**	(759)
Total current liabilities		**(11,881)**	(10,379)
Non-current assets plus net current assets		**77,183**	74,741
Non-current liabilities			
Provisions	15	**(155)**	(293)
Total non-current liabilities		**(155)**	(293)
Assets less liabilities		**77,028**	74,448
Taxpayers' equity			
Public dividend capital		**15,889**	15,889
General Fund		**54,791**	52,657
Revaluation reserve	10	**6,348**	5,902
Total		**77,028**	74,448

Tim Moss
Chief Executive and Registrar
24 June 2015

The notes on Pages 42 – 60 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2015

	Note	**2014/15** £'000	2013/14 £'000
Cash flows from operating activities			
Net operating surplus before dividend		**6,487**	7,112
Adjustment for non-cash transactions	7	**7,257**	6,418
(Increase)/Decrease in trade and other receivables		**(916)**	1,197
Increase/(Decrease) in trade payables and other current liabilities		**1,929**	(849)
(Decrease)/Increase in current provisions		**(320)**	568
Decrease in non-current provisions		**(138)**	(166)
Net cash inflow from operating activities		**14,299**	14,280
Cash flows from investing activities			
Dividend paid	9	**(4,357)**	(4,261)
Purchase of property, plant and equipment		**(2,009)**	(2,554)
Purchase of intangible assets		**(3,858)**	(2,670)
Net cash outflow from investing activities		**(10,224)**	(9,485)
Net increase in cash and cash equivalents in the period		**4,075**	4,795
Cash and cash equivalents at the start of the period	12	**37,325**	32,530
Cash and cash equivalents at the end of the period	12	**41,400**	37,325

The notes on Pages 42 – 60 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2015

	Public Dividend £'000	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2013	**15,889**	**49,902**	**5,730**	**71,521**
Recognised in Statement of Comprehensive Income	-	2,755	172	2,927
Balance as at 31 March 2014	**15,889**	**52,657**	**5,902**	**74,448**
Balance at 1 April 2014	**15,889**	**52,657**	**5,902**	**74,448**
Recognised in Statement of Comprehensive Income	-	2,124	456	2,580
Transfers between funds	-	10	(10)	-
Balance as at 31 March 2015	**15,889**	**54,791**	**6,348**	**77,028**

The General Fund serves as the chief operating fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

The Revaluation Reserve records the unrealised gain or loss on revaluation of assets.

The notes on Pages 42 – 60 form part of these accounts.

Notes to the Accounts for the Year Ended 31 March 2015

1. Principal Accounting Policies

(a) Statement of Accounting Policies

The accounts have been prepared in accordance with the historical cost convention modified to include the revaluation of property, plant and equipment (where material) in a form determined by HM Treasury in accordance with section 4(6) of the Government Trading Funds Act 1973. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted and interpreted by the 2014/15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounts conform to, insofar as is practicable and appropriate, United Kingdom Accounting Standards, the Companies Act 2006 and specific Treasury guidance.

(b) Property, Plant and Equipment

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

All research expenditure is written off as incurred.

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

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

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

(c) Intangible Assets

In accordance with IAS 38, the policy on expenditure incurred on the replacement of the core information processing system (CHIPS) is to capitalise only costs directly attributable to stabilising the platform.

Intangible assets acquired separately are measured on initial recognition at cost. For purchased application software, cost includes contractors' charges, materials, directly attributable labour and directly attributable overheads. Capitalisation ceases when substantially all the activities that are necessary to prepare the asset for use are complete. Amortisation commences at the point of commercial deployment over the asset's estimated useful economic life.

CHIPS	10 years
IT Projects	3 to 10 years

Further additions to the CHIPS Intangible assets will be amortised over the remaining useful life of the parent asset.

(d) Depreciation and Amortisation

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

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

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

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

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

(h) Financial Instruments
There are no derivative financial instruments, financial instruments held for trading or financial instruments classified as held for sale.

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

(j) Taxation
As a Trading Fund, Companies House is not liable for Corporation Tax.

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

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

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

Where the time value of money is material, Companies House discounts the provision to its present value using a discount rate of 1.3%, the government standard rate, (2013/14 1.8%). Each year the financing charges in the income statement include the adjustment to amortise 1 year's discount and restate liabilities to current price levels.

(m) Foreign Exchange
Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Any outstanding monetary assets and liabilities at the year end are translated into sterling at the rates ruling at 31 March. Translation differences are dealt with in the income statement.

(n) Staff Costs
Under IAS 19 Employee Benefits legislation, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined using data from leave records.

(o) Impending Application of Newly Issued Accounting Statements Not Yet Effective
Companies House provides disclosure where it has not yet applied a new accounting standard, and known or reasonably estimable information relevant to assessing the possible impact that the initial application of a new standard would have on the financial statements. There were no new standards issued for 2014/15 and not applied, which would materially affect Companies House Financial Statements. In addition we have not adopted any standards early.

2. Income

2(a) Fees and Charges

The following information on the main activities of Companies House is produced for fees and charges purposes and does not constitute segmental reporting under IFRS 8.

The assets and liabilities of Companies House are reviewed by senior management on a total basis and not on a segmental reporting basis.

	Income		Cost of services [4.]		Surplus/ (Deficit)	
	2014/15	2013/14	**2014/15**	2013/14	**2014/15**	2013/14
	£m	£m	**£m**	£m	**£m**	£m
Registration activities [1.]	**55.6**	52.1	**54.0**	49.1	**1.6**	3.0
Dissemination activities [2.]	**10.4**	10.3	**10.3**	10.6	**0.1**	(0.3)
Other Services [3.]	**1.5**	1.5	**1.1**	1.4	**0.4**	0.1
Total as per operating account	**67.5**	63.9	**65.4**	61.1	**2.1**	2.8

1. Registration activities — includes incorporation, annual registration, change of name, mortgage registration, dissolution, liquidation and recharges of costs incurred in the administration of late filing penalties.
2. Dissemination activities — includes searches delivered on paper, electronically and to bulk users.
3. Other services — includes income from rentals and surplus office space.
4. Cost of services includes interest payable, interest receivable and dividends payable in accordance with the cost recovery principles of the Treasury's "Managing Public Money". Support costs are apportioned based on the usage made by the main service providers. Costs are directly attributable to services where possible. During the year we further refined the allocation of costs to better reflect the current processes, services and headcount levels. We have not restated previous years allocations.

2(b) Segmental Reporting

All significant activities of Companies House are derived from a single legislative requirement, the Companies Act, and consequently are considered for segmental purposes to be one single class of business. For reporting purposes, therefore, management considers that there is only one operating segment.

2(c) Late Filing Penalties

Late filing penalties received are surrendered directly to HM Treasury and do not form part of the Trading Fund income. The amount paid to the consolidated fund by Companies House in 2014/15 was £56.5m (2013/14: £58m).

Included in Companies House income is £5.2m recovered from the Department for Business, Innovation and Skills (BIS) for the running costs incurred in the charging, administration and collection of late filing penalties (2013/14: £5m).

Further information is available in the Trust Statement for Late Filing Penalties from page 63.

3. Staff Costs

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

	2014/15 Total Employees	**2014/15** Full Time Equivalent Posts (FTE)	2013/14 Total Employees	2013/14 Full Time Equivalent Posts (FTE)
3(a) Staff numbers by location				
Cardiff	**901**	**809**	917	827
Belfast	**17**	**16**	17	16
Edinburgh	**24**	**22**	25	24
London	**7**	**7**	8	7
	949	**854**	967	874
3(b) Staff numbers by activity				
Customer Delivery Directorate and Late Filing Penalties	**585**	**516**	604	535
Digital Services	**188**	**177**	154	146
Corporate Services	**121**	**110**	197	181
Strategy	**35**	**32**	-	-
Chief Executive and Registrar and Legal	**20**	**19**	12	12
	949	**854**	967	874
Staff who worked on Capital projects (also included above)	**122**		111	

In addition, there were a total number of contract staff of 23 (2013/14: 13) of which 23 (2013/14: 13) were included on projects.

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

	2014/15 **£'000**	2013/14 £'000
Salaries	**24,039**	23,480
National Insurance	**1,550**	1,569
Voluntary Exit Scheme (VES) costs	**2,822**	-
Pension costs	**3,992**	3,951
Income Seconded Staff	**(73)**	(79)
Contract staff	**2,110**	1,019
Capitalised staff costs (included above)	**(2,274)**	(1,908)
Capitalised contract staff project costs (included above)	**(1,450)**	(645)
Staff costs per operating account	**30,716**	27,387

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

Exit package cost band	Voluntary Exit Scheme 2014/15
£1,000 – £10,000	**9**
£10,000 – £25,000	**33**
£25,000 – £50,000	**38**
£50,000 – £100,000	**7**
£100,000 – £200,000	**3**
Total number of exit packages	**90**

	£'000
Total resource cost	**2,822**

Companies House did not run an exit release scheme during 2013/14.

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

4. Pensions

For 2014/15 the banded charges averaged 18.2% of pensionable pay for permanent staff (2013/14: 18.1%). This equates to a charge for the year of £4m (2013/14: £4m), at 1 of the 4 rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. Employer contributions are to be reviewed every 4 years following a full scheme valuation by the Government Actuary. The date of the last actuarial valuation was 31 March 2010 (prior date was 31 March 2007); this was brought forward by a year to bring us more into line with other public sector schemes. The contribution rates are set to meet the cost of the benefits accruing during 2014/15 to be paid when the member retires and not the benefits paid during this period to existing pensioners. Companies House has provided for certain redundancy, early retirement / voluntary exit costs, which are disclosed more fully in note 15. All other liabilities incurred in the year were satisfied by the year end. This is an unfunded multi-employer defined benefit scheme but Companies House is unable to identify its share of the underlying assets and liabilities.

New career average pension arrangements will be introduced from 1 April 2015 and the majority of classic, premium, classic plus and nuvos members will join the new scheme. Further details of this new scheme are available at: www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha

5. Property, Plant and Equipment

5(a) Property, Plant and Equipment (2014/15)

	Land	Buildings	Leasehold Improvement	Plant and Machinery	Computer Equipment	Finance Leases	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost or Revaluation							
At 1 April 2014	**3,300**	**14,045**	**1,377**	**4,363**	**11,470**	**449**	**35,004**
Additions	-	-	-	130	1,766	-	1,896
Revaluation (Note 10)	-	175	-	-	-	-	175
Disposal/Assets written off	-	-	(724)	(157)	(651)	(407)	(1,939)
At 31 March 2015	**3,300**	**14,220**	**653**	**4,336**	**12,585**	**42**	**35,136**

	Land	Buildings	Leasehold Improvement	Plant and Machinery	Computer Equipment	Finance Leases	**Total**
Depreciation							
At 1 April 2014	**-**	**-**	**1,307**	**2,658**	**8,408**	**449**	**12,822**
Charged in year	-	281	65	317	1,789	-	2,452
Revaluation (Note 10)	-	(281)	-	-	-	-	(281)
Disposal/Assets written off	-	-	(724)	(157)	(651)	(407)	(1,939)
At 31 March 2015	**-**	**-**	**648**	**2,818**	**9,546**	**42**	**13,054**
Net book value at 31 March 2015	**3,300**	**14,220**	**5**	**1,518**	**3,039**	**-**	**22,082**
Net book value at 31 March 2014	3,300	14,045	70	1,705	3,062	-	22,182

The land and buildings were independently valued as at 31 March 2015 by Messrs DTZ Debenham Tie Leung Limited (Chartered surveyors) on the basis of existing use as set out in the RICS Appraisal and Valuation Manual. This basis is appropriate for use when valuing, for financial statements, property that is occupied for the purpose of the business operating within it.

7,509m^2 of the 29,862m^2 net internal space of the Crown Way building was rented to other government departments.

5(b) Property, Plant and Equipment (2013/14)

	Land	Buildings	Leasehold Improvement	Plant and Machinery	Computer Equipment	Finance Leases	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost or Revaluation							
At 1 April 2013	**3,600**	**13,745**	**1,377**	**4,042**	**10,286**	**449**	**33,499**
Additions	-	104	-	407	2,003	-	2,514
Revaluation (Note 10)	(300)	196	-	-	-	-	(104)
Disposal/Assets written off	-	-	-	(86)	(819)	-	(905)
At 31 March 2014	**3,300**	**14,045**	**1,377**	**4,363**	**11,470**	**449**	**35,004**
Depreciation							
At 1 April 2013	**-**	**-**	**1,240**	**2,410**	**7,814**	**449**	**11,913**
Charged in year	-	276	67	335	1,413	-	2,091
Revaluation (Note 10)	-	(276)	-	-	-	-	(276)
Disposal/Assets written off	-	-	-	(87)	(819)	-	(906)
At 31 March 2014	**-**	**-**	**1,307**	**2,658**	**8,408**	**449**	**12,822**
Net book value at 31 March 2014	**3,300**	**14,045**	**70**	**1,705**	**3,062**	**-**	**22,182**
Net book value at 31 March 2013	3,600	13,745	137	1,632	2,472	-	21,586

6. Intangible Assets

6(a) Intangible Assets (2014/15)

Intangible assets are software and the associated implementation costs

	Software	Assets in the course of construction	**Total**
	£'000	£'000	**£'000**
Cost			
At 1 April 2014	**55,324**	**3,185**	**58,509**
Additions	-	3,858	3,858
Asset transfer	5,007	(5,007)	-
As at 31 March 2015	**60,331**	**2,036**	**62,367**

Amortisation			
At 1 April 2014	**38,406**	**107**	**38,513**
Charged in year	4,713	-	4,713
Asset transfer	107	(107)	-
Impairment	92	-	92
As at 31 March 2015	**43,318**	**-**	**43,318**

Net book value at 31 March 2015	**17,013**	**2,036**	**19,049**
Net book value at 31 March 2014	16,918	3,078	19,996

As at 1 October 2009, the Companies Act Programme (CAP) was capitalised and was fully transferred and depreciated from this date from 'assets in the course of construction' to 'software'.

£10m of the closing Net Book Value (NBV) relates to Companies House Information Processing System (CHIPS) and CAP projects (2013/14: £16.9m). The remaining amortisation period for CHIPS and CAP is 3 years.

£7m of the closing NBV relates to Companies House Service (CHS) and other small in-house projects. The remaining amortisation period for these assets is 3-10 years.

In accordance with Companies House policy, all intangible assets were reviewed at year end for impairment. An impairment provision of £92,000 was made in relation to certain costs capitalised on the joint account replacement project (JARP). These costs were impaired due to changes required to software programming languages.

6(b) Intangible Assets (2013/14)

Intangible assets are software and the associated implementation costs

	Software	Assets in the course of construction	**Total**
	£'000	£'000	**£'000**
Cost			
At 1 April 2013	**53,405**	**2,434**	**55,839**
Additions	-	2,670	2,670
Asset transfer	1,919	(1,919)	-
As at 31 March 2014	**55,324**	**3,185**	**58,509**
Amortisation			
At 1 April 2013	**34,185**	**-**	**34,185**
Charged in year	4,221	-	4,221
Impairment	-	107	107
As at 31 March 2014	**38,406**	**107**	**38,513**
Net book value at 31 March 2014	**16,918**	**3,078**	**19,996**
Net book value at 31 March 2013	19,220	2,434	21,654

7. Operating Surplus

	2014/15 £'000	2013/14 £'000
Audit Remuneration (This is stated after charging the following)		
Audit Services	**48**	48
Other Services	**-**	-
	48	48
Non-Staff Administration costs		
Chief Executive and Senior Managers' Travel and Subsistence	**50**	31
Other Employees Travel and Subsistence	**358**	369
Staff Related Costs	**490**	504
Recruitment and Training	**629**	487
Printing and Stationery	**4,297**	4,496
Communications and Awareness	**862**	692
Maintenance Contracts/Leases	**2,299**	3,071
Repair and Maintenance — Buildings	**1,480**	1,117
Accommodation Cost	**2,541**	2,434
Property Rental	**590**	830
Office Equipment	**856**	778
Software	**551**	1,089
Other Administration Costs	**955**	1,063
	15,958	16,961
Professional Services (including Contact Centre and Debt Recovery)	**7,109**	6,079
	23,115	23,088
Non Cash Items		
Depreciation and amortisation	**7,165**	6,311
Impairment	**92**	107
Total non-staff administration costs	**30,372**	29,506

Included in Audit Services is £12,000 for work carried out on LFP Trust Statements (2013/14: £12,000).

There were no programme costs to report in the year (2013/14: Nil).

8. Interest and Finance Costs

	2014/15	2013/14
	£'000	£'000
Short-term daily interest receivable from the GBS and National Loans Fund	**137**	131

Unwinding of discount of early retirement scheme	**(13)**	(21)

9. Dividend

A dividend of £4.4m (2013/14: £4.4m) was payable to BIS. The dividend is calculated as a return on the average capital employed in accordance with the Treasury Minute dated 14 May 2014.

10. Revaluation Reserve

	Land and Buildings	Plant and Machinery	Total
	£'000	£'000	£'000
Balance brought forward 1 April 2013	**5,720**	**10**	**5,730**
Revaluation of property, plant and equipment at 31 March 2014	172	-	172
Balance brought forward 1 April 2014	**5,892**	**10**	**5,902**
Revaluation of property, plant and equipment at 31 March 2015	456	-	456
Transfer to general fund at 31 March 2015	-	(10)	(10)
Balance carried forward 31 March 2015	**6,348**	**-**	**6,348**

11. Trade Receivables and Other Current Assets

	31 March 2015 £'000	31 March 2014 £'000
Trade receivables	**3,333**	3,181
Other receivables	**1,530**	1,249
Prepayments and accrued income	**1,055**	863
Amounts due from BIS	**615**	324
Total	**6,533**	5,617

No amounts fall due after more than one year (2013/14: Nil).

12. Cash and Cash Equivalent

	31 March 2015 £'000	31 March 2014 £'000
Balance at 1 April 2014	**37,325**	32,530
Net change in cash and cash equivalent balances	**4,075**	4,795
Balance at 31 March 2015	**41,400**	37,325

	£'000	£'000
The following balances at 31 March 2015 were held at:		
Government Banking Service (GBS) / Citibank	**24,915**	20,903
Commercial banks and cash in hand	**16,485**	16,422
Balance at 31 March 2015	**41,400**	37,325

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

13. Trade Payables and Other Current Liabilities

	31 March 2015 £'000	31 March 2014 £'000
Amounts falling due within one year		
Trade payables	**174**	279
Accruals and customer prepayments	**5,990**	4,952
Other payables	**915**	32
Dividend payable	**4,363**	4,357
	11,442	9,620

No amounts fall due after more than 1 year (2013/14: Nil).

14. Finance Leases

There are no finance lease obligations to report in the period 2014/15 (2013/14: Nil).

15. Provisions for Liabilities and Charges

	2014/15			2013/14		
	Current Liabilities	**Non-current Liabilities**	**Total**	Current Liabilities	Non-current Liabilities	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Balance at 1 April	**759**	**293**	**1,052**	191	459	650
Provided in the year	**196**	**-**	**196**	572*	-	572
Provisions utilised in the year	**(509)**	**-**	**(509)**	(191)	-	(191)
Provisions not required in the year	**(158)**	**-**	**(158)**	-	-	-
Transfer to current liabilities	**151**	**(151)**	**-**	187	(187)	-
Unwinding of discount	**-**	**13**	**13**	-	21	21
Balance at 31 March	**439**	**155**	**594**	759	293	1,052

Analysis of expected timings of provisions						
Amounts due within 1 year	**439**	**-**	**439**	759	-	759
Amounts due within 2 – 5 years	**-**	**155**	**155**	-	259	259
Amounts due after 5 years	**-**	**-**	**-**	-	34	34
Total	**439**	**155**	**594**	759	293	1,052

Treasury guidance requires that the full cost of early retirement and severance schemes should be recognised in the accounts when early-departure decisions are made. The operating account has accordingly been charged with the full liability of new decisions taken and a balance sheet provision has been made which will be offset against the amount paid to retirees in respect of pension and related payments as they fall due between 2012 and 2020. In accordance with IAS 37, the provisions are net of the effect of discounting at a real rate of 1.3% (2013/14: 1.8%).

* Provided in the prior year under current liabilities was an additional provision of £572,000 to cover a potential under payment of VAT to HMRC. This liability was settled during the current year at an amount of £414,000, with the balance of £158,000 provision not required being released to the Statement of Comprehensive Income.

16. Operating Lease Commitments

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

	31 March 2015 £'000	31 March 2014 £'000
Amounts due		
Not later than one year	**498**	415
Later than one year and not later than five years	**1,407**	1,343
Later than five years	**1,074**	1,129
	2,979	2,887

17. Payment Policy

In May 2010, all government departments were set new guidelines of paying 80% of supplier invoices within 5 days.

In 2014/15 98.6% of invoices have been paid within this 5 day target (2013/14: 98.7%).

18. Disclosure of Intra-government Balances

		31 March 2015		31 March 2014
	Payables	**Receivables**	Payables	Receivables
	£'000	**£'000**	£'000	£'000
Balances with other central government bodies	**5,093**	**1,558**	4,521	1,276
Balances with local/external authorities	**-**	**-**	-	-
Balances with NHS trusts	**-**	**95**	-	-
Balances with public corporations and other Trading Funds	**-**	**-**	-	-
Balances external to government	**6,349**	**4,880**	5,099	4,341
Total	**11,442**	**6,533**	9,620	5,617

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

19. Financial Instruments

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

Companies House is exposed to credit risk resulting from the non-payment of debts relating to private sector customers.

We review our debtors on a frequent basis to ensure that we minimise this risk and provide for debts we believe not to be fully recoverable.

As a Trading Fund, we have cash balances held with The Government Banking Service and also with a commercial bank. We do not have any loans currently outstanding.

The provision for voluntary early redundancy has a 5 year maturity profile and has been discounted accordingly. All material financial liabilities are carried at fair value.

We do not believe we are exposed to market or liquidity risk. All material assets and liabilities are denominated in sterling so we do not believe we are exposed to any currency risk.

Trade Receivables	**2014/15**	2013/14
	£'000	£'000
Total Debt Outstanding	**3,333**	3,181
Overdue but not provided for yet in following periods:		
Not yet due	**3,231**	2,741
1 – 30 days	**66**	320
31 – 60 days	**20**	110
61 – 90 days	**5**	8
> 91 days	**11**	2

No amounts fall due after more than one year (2013/14: Nil).

20. Subsequent Events

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

The accounts were authorised by the Accounting Officer for issue on 24 June 2015.

21. Performance Indicators

(a) Average rate of return

As defined in the Treasury Minute of 14 May 2014, Companies House has a target to achieve a return for the 5 year period from 1 April 2014 to 31 March 2019, averaged over the period as a whole, of at least 3.5% real[1.] in the form of an operating surplus on ordinary activities post exceptional items and interest (payable and receivable), but before dividends, expressed as a percentage of average capital employed. Capital employed shall equate to the total assets from which shall be deducted the total liabilities.

The return achieved for the year ended 31 March 2015 was 8.6% and the average return achieved since 1 April 2014 was also 8.6%.

1. 3.5% real will be calculated annually as 3.5% plus the latest inflation estimate for that year, provided by ONS. By way of a worked example, for the fiscal year 2013-2014 the financial target will be 5.5%. This has been calculated as (1+3.5%+2.0%), where 2.0% is the ONS 2013-14 inflation estimate. National Accounts figures from the ONS: www.gov.uk/government/publications/gdp-deflators-at-market-prices-and-money-gdp-march-2013

(b) Efficiency target

A new efficiency target was introduced in 2014. This was to achieve by 2016/17 a reduction, in real terms, of 25% compared with 2013/14 in the operational monetary cost of the registry per company on the Register.

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

2013/14 (base year)	£13.86
2014/15 (Year 1)	£12.76

This is a reduction of 8% over the base year cost per company.

The previous 3 year efficiency reduction achieved was 28.7%.

22. Related Party Transactions

Companies House is an Executive Agency of BIS with Trading Fund status. BIS is regarded as a related party and during the year Companies House has had various material transactions with the divisions of the Department. In addition, Companies House had a number of material transactions with other central government bodies, most of which have been with the Treasury Solicitor, Financial Reporting Council (FRC) and HMRC. None of the Board members or senior managers has undertaken any material transactions with Companies House during the year.

23. Special Payments and Losses

There is a statutory requirement to disclose special payments and losses above £300,000 during the year. There were no special payments or losses made by Companies House for the year ended 31 March 2015 (2013/14: Nil).

24. Contingent Liabilities

Companies House continues to contest the £8.8m claim for damages made against it and reported last year, despite a High Court judgment on 26 January 2015 finding against it. An application for permission to appeal has been made. In the event that an appeal is unsuccessful, significant uncertainty remains in respect of the quantum of damage. Independent valuations are being carried out but the amount cannot currently be measured reliably.

Treasury Minute

Dated 14 May 2014

1. Section 4(1) of the Government Trading Funds Act 1973 (“the 1973 Act”) 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. The Trading Fund for Companies House was established on 1 October 1991 under the Companies House Trading Fund Order 1991 (SI 1991 No.1795).
3. The Secretary of State for the Department for Business, Innovation and Skills, being the responsible Minister for the purposes of section 4(1)(b) of the 1973 Act, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by the Companies House Trading Fund to achieve, over the period from 1 April 2014 to 31 March 2019, a return, averaged over the period as a whole, of at least 3.5 per cent real [1] in accordance with Managing Public Money. This will take the form of an operating surplus on ordinary activities post exceptional items and interest (payable and receivable), but before dividends, expressed as a percentage of average capital employed. Capital employed shall equate to the total assets from which shall be deducted the total liabilities.
4. This Minute supersedes that dated 21 July 2009.
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.

[1] 3.5% real will be calculated annually as 3.5% plus the latest inflation estimate for that year, provided by ONS. By way of a worked example, for the fiscal year 2013-2014 the financial target will be 5.5%. This has been calculated as (1+3.5%+2.0%), where 2.0% is the ONS 2013-14 inflation estimate. National Accounts figures from the ONS: www.gov.uk/government/publications/gdp-deflators-at-market-prices-and-money-gdp-march-2013

8. Trust Statement Late Filing Penalties 2014/15

Trust Statement

Accounting Officer's Foreword to the Trust Statement

Scope

This Trust Statement reports on the revenue, expenditure, assets and liabilities required for, or generated by the operation of, the late filing penalty scheme during the financial year. The penalties collected are paid into HM Treasury's Consolidated Fund.

The Department for Business, Innovation and Skills (BIS) funds the costs of issuing, collecting and enforcing late filing penalties. Companies House invoices BIS for the cost of administering the scheme.

Statutory Background

The purpose of the late filing penalty scheme is to promote the timely delivery of accounts to Companies House. Penalties were first introduced in 1992 in response to increasing public concern about the number of companies that failed to file their accounts on time or at all. It was thought that the prospect of incurring a penalty would be an incentive for companies to file on time.

A company that delivers its accounts late is liable to a late filing penalty (LFP). This is a civil penalty that arises automatically by operation of law (Section 453(1) of the Companies Act 2006 (the 'Act')). The amount of penalty due is calculated by reference to the date upon which the accounts are finally delivered: the longer the period of default, the greater the penalty. A public company is liable to pay a greater penalty than a private company for the same period of default. A company which is late in filing its accounts in 2 consecutive years incurs in the second year twice the penalty to which it would otherwise be liable. The Companies (Late Filing Penalties) and Limited Liability Partnerships (Filing Periods and Late Filing Penalties) Regulations 2008 (SI 2008/497) prescribes the penalties payable.

LFPs are collected by the Registrar under (Section 453(3) of the Companies Act 2006). As Registrar of Companies for England and Wales, I collect the penalties incurred by companies registered in England and Wales. The Registrar of Companies for Scotland and the Registrar of Companies for Northern Ireland collect the penalties in Scotland and Northern Ireland respectively. The 3 Registrars pay the penalties recovered into the Consolidated Fund (Section 453(3)).

Neither I nor my fellow Registrars have the power to waive a penalty once it has accrued. We have a limited discretion not to collect an LFP (s453(3) says that a penalty may be recovered by the Registrar). This discretion is exercised only in exceptional circumstances. If the discretion is exercised in favour of a particular company so that it is not required to pay, the penalty not collected is offset against penalty income in the Statement of Revenue and Expenditure.

Limited liability partnerships (LLPs) are also subject to the LFP scheme (The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (SI 2008/2011)). The LFP scheme is operated in the same way for companies and LLPs; this report uses 'company' to cover both.

Financial Background

The income collected by way of LFPs is not used to meet the expenditure incurred by Companies House in administering the LFP scheme. The expenditure incurred is disclosed as a note to the accounts.

On 1 February 2009 the penalty regime was amended. The penalties were increased and, at the same time, the period allowed for filing accounts at Companies House was shortened. Double penalties were also introduced: where a company files its accounts late in 2 successive years, it is liable to double the penalty otherwise due in the second year.

Unlike previous Companies Acts, the Act extended to companies registered in Northern Ireland with effect from 1 October 2009. On that date, the Northern Ireland Companies Registry joined Companies House. The LFPs collected by the Registrar of Northern Ireland have been included in the results and appropriations.

Pre 1 February 2009 as per Companies Act 1985

How late are the accounts delivered	Penalty: Private Company / LLP	Penalty: PLC
Not more than 3 months	£100	£500
More than 3 months but not more than 6 months	£250	£1,000
More than 6 months but not more than 12 months	£500	£2,000
More than 12 months	£1,000	£5,000

1 February 2009 to date as per Companies Act 2006

How late are the accounts delivered	Penalty: Private Company / LLP	Penalty: PLC
Not more than 1 month	£150	£750
More than 1 month but not more than 3 months	£375	£1,500
More than 3 months but not more than 6 months	£750	£3,000
More than 6 months	£1,500	£7,500

The above table shows the initial penalty valued levied.

Business Review
During the financial year 177,620 penalties were levied (2013/14: 173,711), which was an increase of 3,909 on the previous year. There was an overall reduction in the value of the penalties issued to £84.5m (2013/14: £86m). Compared to the previous year the number of double penalties has reduced by 275. Within this, there were 1,010 fewer double penalties for accounts more than 3 months late and 735 greater penalties for accounts filed less than 3 months late. These changes have resulted in the overall reduction in the value of penalties issued.

During 2014/15 a total of 37,431 double penalties (2013/14: 37,706) were levied with a value of £36.7m (2013/14: £38.6m) against companies which had filed their accounts late in successive years. This is the forth full financial year that such penalties have been levied and should further encourage companies to comply with the regulations and file their accounts on time with Companies House. Failure to file on time in 2 consecutive years results in the penalty being doubled at the point of the second filing.

Performance
83% of the penalties levied in 2014/15 were collected in full (2013/14: 68%). Those penalties which either I or my fellow Registrars exercised our discretion not to collect are excluded from these figures.

Penalties and any associated court costs which were written off during the financial year as uncollectable amounted to £27.3m (2013/14: £19.2m). The decrease in the bad and doubtful debt provision of £2.8m (2013/14: £6.3m increase in provision) has arisen mainly because of the increase in the success of penalties collected during the year.

Results and Appropriations

The net revenue for the Consolidated Fund was £59.2m (2013/14: £59.1m). The transfer of receipts to the Consolidated Fund from the Trust in the year was £56.5m (2013/14: £58m), which left a balance due to the Consolidated Fund of £21.6m (2013/14: £18.9m) at 31 March 2015.

Case Handling

During the financial year 32,776 (2013/14: 32,710) appeals were received against penalties levied. Having levied a penalty, I and my fellow Registrars have applied limited discretion not to collect 3.1% of penalties (2013/14: 3.3%) under Section 453(3) of the Companies Act 2006, and this is offset against penalty income in the Statement of Revenue and Expenditure.

Bad and Doubtful Debts

It is the legal responsibility of the company's officers to ensure that accounts are prepared and delivered to Companies House on time under section 441. Under section 453 of the Act it is the company not the individual officers which incurs a late filing penalty. Any enforcement action that is taken is against the company.

Companies House has engaged a debt collection agency to take enforcement action in respect of outstanding LFPs. Companies may be taken to court to enforce the penalty levied and any additional costs incurred are sought to be recovered from this process.

In addition to the amounts not collected due to the exercise of each Registrar's discretion, penalties are written off as unrecoverable where a company has been struck off or dissolved. There is no economic benefit in pursuing a debt from a defunct company. Penalties (and associated court costs) are also written off as unrecoverable where the debt is over 6 years old. In 2014/15 the total debt written off was £27.2m (2013/14: £19.2m) of which 91% related to dissolved companies (2013/14: 96%).

The provision for bad debts for the year has decreased by £2.8m to £65m (2013/14: £67.8m) and has been constructed in line with the accounting policy (note 1). The reason for the decrease is the improved success of penalties collected in the year.

Independent Adjudicators

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

Court Costs

Court costs awarded are shown within other income and in 2014/15 amounted to £3.2m (2013/14: £3m). On receipt of the payment for the court costs the money collected is transferred to Companies House to use in the further pursuit of companies via the courts. 2014/15: £1.1m (2013/14: £1.1m). The Registrars of Scotland and Northern Ireland exercise their discretion outside England and Wales against the companies on their respective registers.

Funding

The costs of administering the scheme are provided by BIS which provides the funds to support the costs of running the LFP Scheme and the costs incurred in enforcing collection. The costs incurred by Companies House and invoiced to BIS are disclosed in note 8.

Cash Balances

Net cash inflow from revenue activities for the year was £58m (2013/14: £59m). After payments of £56.5m to the consolidated fund (2013/14: £58m), the net increase in cash for the year was £1.5m, taking cash balances at the year end to £4.9m. Cash balances are managed in accordance with Treasury guidelines. Companies House transfers to the Consolidated Fund, on a monthly basis, the penalty income receipted.

Audit Service

The statutory external audit was performed by the Comptroller and Auditor General at a cost of £12,000 (2013/14: £12,000).

Registrars

Tim Moss
Registrar of Companies for England and Wales

Dorothy Blair
Registrar of Companies for Scotland (Resigned May 2015)

Helen Shilliday
Registrar of Companies for Northern Ireland (Interim Registrar of Companies for Scotland from May 2015)

Tim Moss
Chief Executive and Registrar
24 June 2015

Trust Statement

Statement of the Accounting Officer's Responsibilities in Respect of the Trust Statement

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

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

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

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

Trust Statement

Strategic Report, Director's Report and Governance Statement

The Agency's Strategic Report covering both the Trading Fund and the Trust Statement, is shown on page 6.

The Agency's Directors' Report covering both the Trading Fund and the Trust Statement, is shown on page 17.

The Agency's Governance Statement, covering both the Trading Fund and the Trust Statement, is shown on pages 29 to 35.

Trust Statement

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

I certify that I have audited the financial statements of the Companies House Trust Statement for the year ended 31 March 2015 under the Government Trading Funds Act 1973. The financial statements comprise the Statement of Revenue, Other Income and Expenditure, the Statement of Financial Position, the Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out within them.

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

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

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

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

Opinion on financial statements
In my opinion:

- the financial statements gives a true and fair view of the state of affairs of the Companies House Trust Statement as at 31 March 2015 and of the net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on other matters
In my opinion:

- the information given in the Accounting Officers Foreword to the Trust Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

25 June 2015

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

Trust Statement

Statement of Revenue, Other Income and Expenditure for the Year Ended 31 March 2015

	Note	2014/15 £'000	2013/14 £'000
Revenue			
Penalties	2a	**84,483**	86,025
Discretion Applied Under s453(3) Companies Act 2006	2b	**(2,891)**	(3,322)
Total		**81,592**	82,703
Other Income			
Recoverable Court Costs	1c	**3,195**	2,995
Total Revenue		**84,787**	85,698
Expenditure			
Court Costs Transferred	1c	**(1,108)**	(1,072)
Bad and Doubtful Debts	4	**(24,481)**	(25,505)
Total Expenditure		**(25,589)**	(26,577)
Net Revenue for the Consolidated Fund	6	**59,198**	59,121

There were no recognised gains or losses accounted for outside the above Statement of Revenue and Expenditure (2013/14: Nil).

The notes on pages 75 – 79 form part of this statement.

Trust Statement

Statement of Financial Position as at 31 March 2015

	Note	**31 March 2015 £'000**	31 March 2014 (as restated — see note 3) £'000
Current assets			
Trade and Other Receivables	3a	**16,920**	15,723
Cash and cash equivalents	7	**4,937**	3,391
Total current assets		**21,857**	**19,114**
Total assets		**21,857**	**19,114**
Current liabilities			
Trade and Other Payables	5	**(278)**	(233)
Total current liabilities		**(278)**	**(233)**
Assets less liabilities		**21,579**	**18,881**
Balance on Consolidated Fund Account as at 31 March	6	**21,579**	**18,881**

Tim Moss
Chief Executive and Registrar
24 June 2015

The notes on pages 75 – 79 form part of this statement.

Trust Statement

Statement of Cash Flows for the year ended 31 March 2015

	Note	2014/15 £'000	2013/14 £'000
Net Cash Flow from Revenue Activities		**58,046**	59,000
Cash paid to Consolidated Fund	6	**(56,500)**	(58,000)
Increase in cash and cash equivalent		**1,546**	1,000

Notes to the Statement of Cash Flows

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

	Note	2014/15 £'000	2013/14 £'000
Net Revenue for Consolidated Fund		**59,198**	59,121
Increase in Non-cash Assets	3	**(1,197)**	(135)
Increase in Liabilities	5	**45**	14
Net Cash Flow from Revenue Activities		**58,046**	59,000

(b) Analysis Of Changes in Net Funds

	Note	2014/15 £'000	2013/14 £'000
Increase in Cash in this Period		**1,546**	1,000
Net Funds as at 1 April (Opening Cash at Bank)	7	**3,391**	2,391
Net Cash as at 31 March (Closing Cash at Bank)		**4,937**	3,391

The notes on pages 75 – 79 form part of this statement.

Notes to the Accounts for the Year Ended 31 March 2015

1. Principal accounting policies

(a) Basis of Accounting

The Trust Statement is prepared in accordance with the accounts' directions issued by HM Treasury under section 7 of the Government Resources and Accounts Act 2000. The Trust Statement is prepared in accordance with the accounting policies detailed below. These have been agreed between Companies House and HM Treasury and have been developed with reference to International Financial Reporting Standards and other relevant guidance. The accounting policies have been applied consistently in dealing with items considered material to the accounts.

The income and associated expenditure contained in this statement are those flows of funds which Companies House handles on behalf of the Consolidated Fund and Treasury where it is acting as an agent rather than principal.

The financial information presented in the primary statements and notes to the financial statements are rounded to the nearest £'000.

(b) Accounting Convention

The Trust statement has been prepared in accordance with the historical cost convention.

(c) Revenue Recognition

Penalties are measured in accordance with IAS 18. Revenue is recognised when:

- A penalty is validly imposed and an obligation to pay arises;
- Recoverable Court Costs are recognised once awarded by the courts and shown as other income;
- When the court costs are fully recovered they are treated as an expense and transferred to Companies House against previously incurred court action costs.

(d) Discretion under section 453 Companies Act 2006

Section 453(3) of the Companies Act 2006 states that the penalty "may be recovered by the Registrar". Discretion can only be applied in exceptional circumstances, for example, where Companies House has contributed to the late filing or where an unforeseen catastrophe strikes the company immediately before the filing deadline. Where discretion is given, this is offset against penalty receipts in the Statement of Revenue, Other Income and Expenditure.

(e) Receivables

Receivables are shown net of a provision for doubtful debts.

(f) Provisions

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

Provision for bad debts and debts written off are treated as an expense in the Statement of Revenue and Expenditure.

Penalties are written off as uncollectable when a company is dissolved or the penalty exceeds 6 years. At each balance sheet date Companies House evaluates the collectability of debtors and records provisions for doubtful debts based on previous experience including the comparisons of the relative aged debt, collection rates and the consideration of actual write-off history.

(g) Costs

The LFP Scheme is administered by the Registrar of Companies. Funding for the costs incurred in this administration is via funding from BIS who are invoiced by Companies House on a cost recovery basis.

2. Revenue and Other Income

2(a) Penalties

The following is information of late filing penalties by registry:

	2014/15		2013/14	
	Number of Penalties		Number of Penalties	
	'000	**£'000**	'000	£'000
England and Wales	**165**	**78,161**	161	79,361
Scotland	**10**	**4,733**	9	4,939
Northern Ireland	**3**	**1,589**	3	1,725
Total	**178**	**84,483**	173	86,025

2(b) Discretion applied Under section 453(3) Companies Act 2006

The Registrar has no discretion not to levy a penalty when accounts are delivered late. All companies which deliver accounts late will automatically incur a penalty. However, section 453(3) of the Companies Act 2006 states that the penalty "may be recovered by the Registrar". Discretion can only be applied in exceptional circumstances, for example, where Companies House has contributed to the late filing or where an unforeseen catastrophe strikes the company immediately before the filing deadline. Where the Registrar has applied discretion, this is offset against penalty income.

3. Receivables

3(a) Trade and Other Receivables

	2014/15	2013/14 (as restated)
	£'000	£'000
Penalties levied and Court Costs	**81,912**	83,502
Provision for Doubtful Debts	**(64,992)**	(67,779)
Total	**16,920**	15,723

No material amounts fall due after more than one year (2013/14: Nil).

The comparative disclosure for receivables has been restated to correct amounts which had previously been classified as falling due after more than one year in error. This did not change the total assets less liabilities as previously reported as at 31 March 2014.

3(b) Penalties levied and Court Costs

	2014/15 £'000	2013/14 £'000
Not Yet Due (Instalment agreements)	**1,300**	1,457
1 – 30 days	**6,382**	5,704
31 – 60 days	**4,780**	5,159
61 – 90 days	**3,561**	3,609
91 – 365 days	**19,771**	20,704
< 365 days	**35,794**	36,633
> 365 days	**46,118**	46,869
Total	**81,912**	83,502

Not Yet Due: If a company has difficulty in paying the penalty outright the Registrar may accept payment in instalments over a short period depending on individual company circumstances.

4. Bad and Doubtful Debts

	2014/15 £'000	2013/14 £'000
Debt written off — dissolved companies	**24,726**	18,462
Other write offs	**2,542**	785
Revenue losses	**27,268**	19,247
(Decrease)/Increase in provision for doubtful debt	**(2,787)**	6,258
Total	**24,481**	25,505

It is the legal responsibility of the company's officers to ensure that accounts are prepared and delivered to Companies House under section 441. Section 453 of the Act states that where company accounts are filed late, the company is liable to a civil penalty. This is in addition to any liability of the directors under section 451.

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

5. Trade and Other Payables

	2014/15 £'000	2013/14 £'000
Other payables	**278**	233
Total	**278**	233

No amounts fall due after more than one year (2013/14: Nil).

6. Balance on Consolidated Fund

	2014/15 £'000	2013/14 £'000
Balance on the Consolidated Fund as at 1 April	**18,881**	17,760
Net Revenue for the Consolidated Fund	**59,198**	59,121
Less Amounts paid to Consolidated Fund	**(56,500)**	(58,000)
Balance on the Consolidated Fund as at 31 March	**21,579**	18,881

7. Cash and Cash Equivalents

	2014/15 £'000	2013/14 £'000
Balance with GBS	**4,408**	3,048
Balance with commercial banks	**529**	343
Total	**4,937**	3,391

Since February 2011 Companies House has taken sole responsibility for the transfer of funds to the Consolidated Fund. In previous years all penalties were transferred to BIS who subsequently transferred in to the Consolidated Fund. Companies House remits to the Consolidated Fund on a monthly basis.

8. Expenditure

In managing the scheme Companies House incurred expenditure of £5.2m (2013/14: £5m). This expenditure is included in Companies House accounts because there is no express statutory provision for these costs to be deducted from the revenue collected and paid over to the Consolidated Fund.

	2014/15	2013/14
	£'000	£'000
Appeal Administration		
Staff Costs	**1,274**	1,345
Overheads	**679**	721
Debt Collection		
Staff Costs	**319**	269
Overheads	**2,930**	2,680
Total	**5,202**	5,015
Average Employees FTE	**54.5**	56.3

9. Related Party

Companies House is an Executive Agency of BIS with Trading Fund status. BIS is regarded as a related party and during the year Companies House received funding for the LFP scheme expenditure from BIS, invoiced on a cost-recovery basis and this is reflected within the Companies House annual accounts. None of the board members or senior managers has undertaken any material transactions with Companies House during the year.

10. Subsequent events

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

The accounts were authorised for issue 24 June 2015.

Trust Statement

Accounts Direction Given by HM Treasury in Accordance with Section 4(6)(a) of The Government Trading Funds Act 1973

This direction applies to Companies House for the Late Filing Penalties scheme.

1. The Trading Fund shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2015 for the revenue and other income, as directed by the Treasury, collected by the Trading Fund as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ("FReM") which is in force for 2014/15.
2. The Statement shall be prepared, so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties and other income by the Trading Fund as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
3. The statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. When preparing the Statement, the Trading Fund shall comply with the guidance given in the FReM (Chapter 8). The Trading Fund shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to
   the Statement and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury and to the principles underlying International Financial Reporting Standards.
5. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgment should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
6. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to enable compliance with the administrative deadline for laying the audited accounts before Parliament before the Summer Recess.
7. The Trust Statement, together with this direction and the Report produced by the Comptroller and Auditor General, under section 4(6)(a) of the Government Trading Funds Act 1973 shall be laid before Parliament at the same time as the Trading Fund's Accounts for the year unless the Treasury has agreed that the Trust Statement may be laid at a later date.

Ross Campbell
Deputy Director, Government Financial Reporting
HM Treasury
18 December 2014

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