Companies House

Annual Report & Accounts 2013/14

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01

At a Glance

3.3 million UK companies

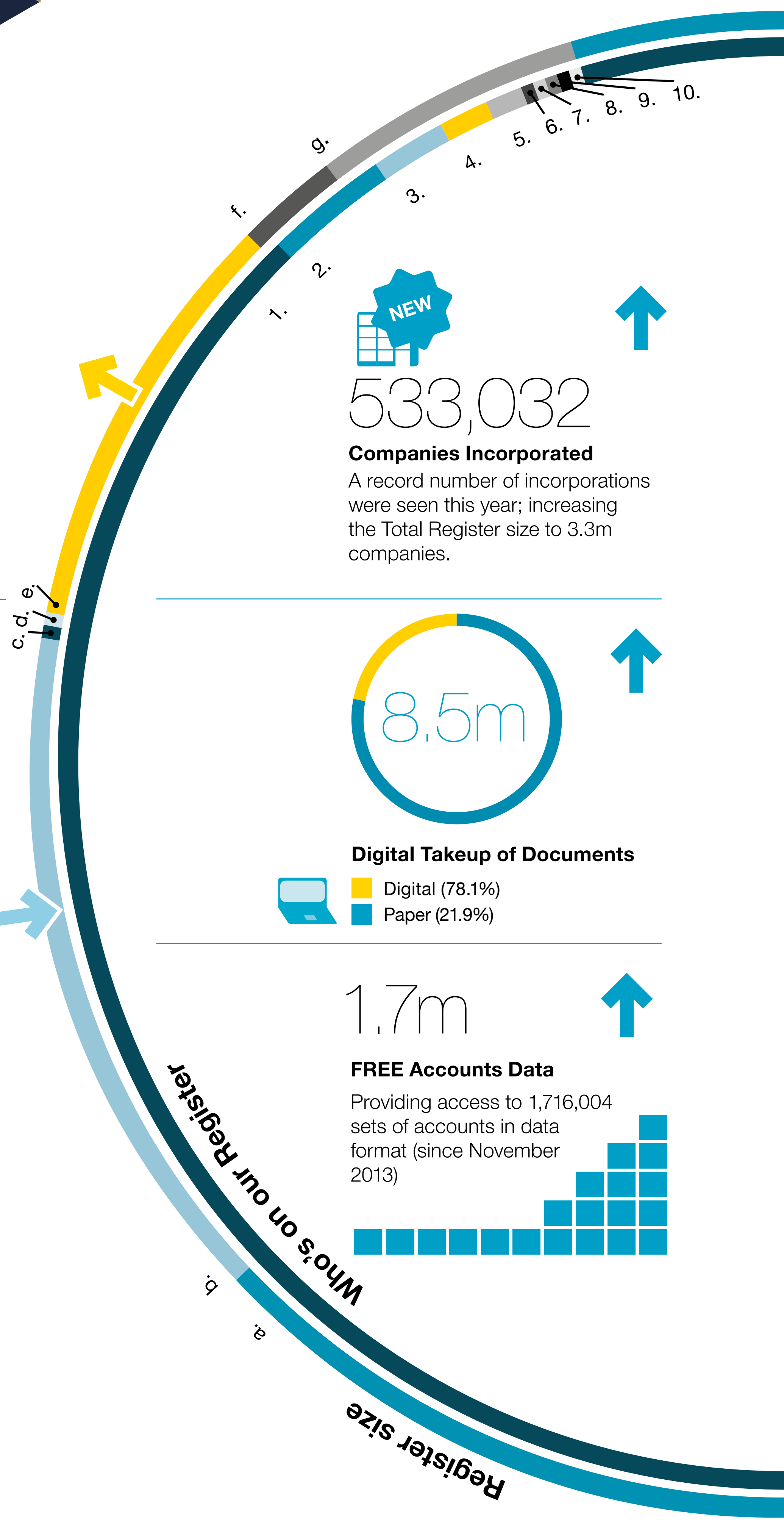
Register Size (outer ring)

a.	**Effective register**	**2,968,099**
	b. New incorporations	533,032
	c. Companies restored	5,177
	d. In receivership	10,681
e.	**Dissolved companies**	**332,275**
f.	**In dissolution**	**199,534**
g.	**In liquidation**	**82,692**

3.3 million companies includes all companies required to file documents to Companies House: companies in the process of receivership; dormant and non trading companies; and actively trading companies (it excludes dissolved companies).

Who's on our Register (inner ring)

1.	Private limited companies	3,103,821
2.	Private limited by guarantee with no share capital	91,879
3.	Limited liability partnerships	59,689
4.	Private limited by guarantee with no share capital (exempt from using 'Ltd')	41,610
5.	Limited partnerships	27,317
6.	Oversea companies	10,282
7.	Industrial and provident societies	10,096
8.	Public limited companies (PLC)	7,821
9.	Private unlimited	5,084
10.	Further categories:	3,045
	- Assurance companies	927
	- Royal charter companies	847
	- Investment companies with variable capital	535
	- European economic interest grouping (EEIG)	266
	- Private unlimited (no share capital)	204
	- Investment companies with variable capital (umbrella)	93
	- Unregistered companies	44
	- Old public companies	27
	- Private limited by share (exempt from using 'Ltd')	17
	- Converted/closed	74
	- Investment companies with variable capital (securities)	11



NEW

533,032

Companies Incorporated

A record number of incorporations were seen this year; increasing the Total Register size to 3.3m companies.

8.5m

Digital Takeup of Documents

Digital (78.1%)

Paper (21.9%)

1.7m

FREE Accounts Data

Providing access to 1,716,004 sets of accounts in data format (since November 2013)

85.1%

Customer Satisfaction

2013/14 saw another increase in customer satisfaction.

240m

Online Searches

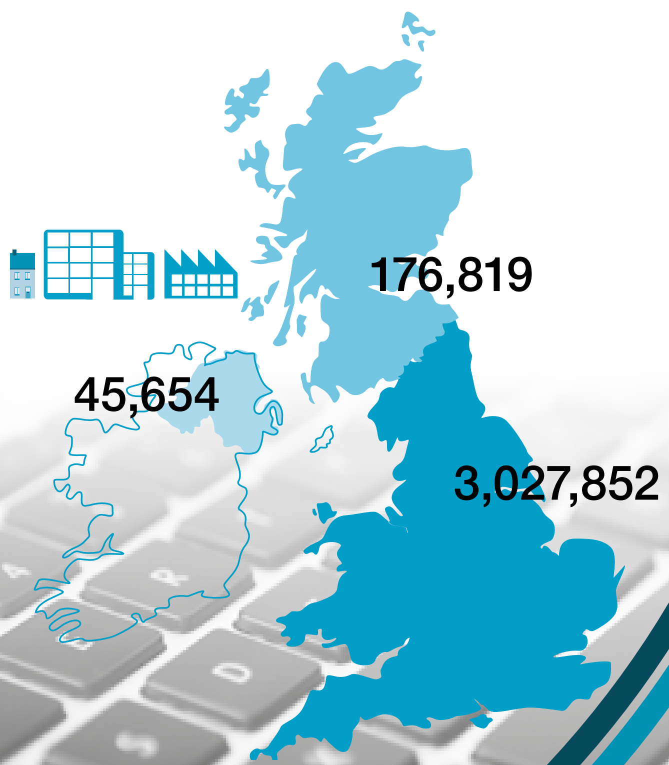
During the reporting year a record number of searches on the Register, with 233m of them free.

95,140

Total App Downloads YTD

66,000 new app downloads this year (2012/13: 29,140), with new features being added.

Total Register Size by Registrar



99.1%

Accounts Compliance

World leading accounts compliance rates have been maintained this year.

64%

Staff Engagement

1% increase in staff engagement in Civil Service wide people survey.

£63.9m

Operating Income

The operating income has remained consistent with our growing Register.

Unless otherwise stated the statistics on this page are from the 1 April 2013 - 31 March 2014.

02

Chairman's Statement

Without limited liability, most of the companies, large and small, which power the UK economy would not exist.

Limited liability encourages individuals to set up new businesses and established companies to invest and innovate. Economic growth depends on companies successfully balancing risk and reward. Shareholders cannot guarantee their rewards but with limited liability they can at least cap their risk. If something goes disastrously wrong, their share of company losses will be limited to the amount they invested.

Any remaining losses, however, do not go away; they simply transfer to others — to suppliers, customers, employees, banks and taxpayers. Limited liability makes us all stakeholders in British business. For that reason it is essential that we are all able to see the risks we are running. Anyone dealing with a company has the right to know who they are dealing with. What assets does the company have? Who are the owners and directors? How healthy are its profits? How long has it been in business?

Society grants companies the privilege of limited liability and in return demands corporate transparency. Companies House provides that transparency. Companies House makes limited liability work and on behalf of the Board I am pleased to report another year in which our services have been provided to more companies and more efficiently than ever before.

2013/14 was both a year of achievement and a year of preparation; our new strategic plan requires significant change over the next five years. The Chief Executive and his team have the board's deep appreciation for what has been done and their full support in meeting the challenges ahead.

Brian Landers
Chairman of Companies House

03

Chief Executive's Review

Making limited liability work is what we do; striking the right balance between the ease of doing business, the integrity of the information on the Register, and the ease of access to the data we hold:

2013/14 was a successful year, with more information accessed than ever before, reflecting the importance of the information on the Register to the economy. There were a number of other notable achievements last year:

- we incorporated 533,032 companies, the highest ever;
- the Register reached a new high of 3.3 million companies;
- 78.1% of all transactions were filed digitally;
- we reached record compliance levels; 99.1% of companies were up to date with their accounts and 98.2% having up to date company details available on the register; and
- we became world leaders when we released a free accounts data product.

We also developed our new strategy for the next 5 years which sets out an exciting and challenging programme of change. It sets the path for Companies House to become a fully digital organisation. It outlines how we will build on our world leading position in corporate transparency and contribute significantly to the government's open data agenda by simplifying filing requirements and our fees. And all of this will be delivered against a backdrop of reduced costs and improved efficiencies.

I am delighted to be leading Companies House through this exciting time, and thrilled that our staff have grasped the opportunity. Along with all my colleagues on the Board, I would like to thank our staff for all they have delivered, and look forward to working with them to make the strategy a reality.

Tim Moss
Chief Executive and Registrar

04

Strategic Report

The disclosure required for the Agency's Strategic Report is shown in the following subsections:

- Our customers
- Our processes
- Our people
- Finances
- Our partnerships
- Sustainability report
- Key performance indicators and public targets

Our Customers

Key achievements

- World leaders in providing company accounts in data format, launching our free Accounts Data Product in November 2013.
- Facility to deliver mortgage charges electronically from April 2013 (27.8% filed digitally).
- New micro-entity accounts filing from December 2013 (98.8% filed digitally).

You said … we did

- Introduced a bulk sign-up facility for our email reminder service.
- Enhanced our mobile app to allow users to sort favourites list by company name, number or document due date.
- Enabled online access to limited partnerships document images.

Customer quote

“Your service is first class in every respect.”

Comment from the customer satisfaction survey.

We continue developing better services for customers by driving the Digital by Default agenda and delivering efficiencies. We listen to customers and have acted on feedback to make it as easy as possible for them to do business with us. We have provided more open data and delivered a number of service improvements throughout the year.

Service Improvements

Our new free Accounts Data Product was launched in November 2013 which allows customers access to company accounts in data format for the first time. Since November, it has provided access to 1,716,004 sets of accounts, proving how valuable this information is to our customers and UK business. This development has seen Companies House become a world leader in providing iXBRL accounts. Making the information free of charge opens up the financial data on companies, increases transparency and makes data analysis more efficient for end users.

Since 6 April 2013, companies have been able to submit mortgage charge information to Companies House electronically. This new service has contributed to our aims of becoming a fully digital organisation, improving internal processes and delivering efficiencies, which have been passed onto our customers in the form of lower fees. This new service has proved to be popular with 33.4% (March 2014) of transactions now being filed digitally, far exceeding our initial estimates of 14% take-up. At the end of March 2014, 55,613 charges have been electronically filed.

In December 2013 we launched a new service and developed new functionality to allow companies to file micro-entity accounts. These new account types simplify the reporting requirements for smaller companies and therefore reduce the regulatory burden placed upon them. Over 98.8% of these accounts have been filed digitally.

In April 2014 we developed a digital solution for limited partnerships allowing document images to be made available on our digital search services, when they were previously only available in hard copy.

During the year we ran a trial of sending letters to all newly appointed directors, highlighting their responsibilities and providing help and advice on the best way to keep their company data up to date. We have received positive feedback regarding the letter and continue to see benefits in terms of improved compliance, increased digital take-up and early indications of any fraudulent activity. We will continue with this activity next year.

240 mill ion

Online searches

The information on our Register was searched over 240 million times, a record figure showing just how valuable the information is to business and the general public.

Some customers told us they wanted a facility to register multiple clients and companies to receive email reminders in one go, and we have delivered. As well as satisfying customers' needs, this has helped us to improve efficiencies and reduce postage costs.

Register Integrity

The integrity of the Register is of fundamental value to the UK economy and the majority of companies supply accurate information. Companies House is making continuous improvements in this area with increased investment, which includes the creation of a dedicated unit to strengthen the focus on reducing fraud and errors.

Technological Improvements

We continue to develop our services based on user needs and are committed to increasing free open data and transforming how customers do business with us. We have been working closely with HMRC to improve the joint filing of company accounts and corporation tax returns, which will make it even easier for companies to prepare and enter their data.

We have undertaken a lot of technical work to streamline our search and filing services into one unified online service. The Companies House Service will ultimately replace Companies House Direct, WebCHeck and WebFiling services, with the initial beta version (where users are able to provide feedback to improve the finished service) being launched in the summer of 2014. This will transform our digital services making it better and simpler for customers to view and update company information.

In the coming year we plan to increase our range of digital services, implementing a number of legislative changes designed to increase transparency and reduce the burden on business. We will continue to pass efficiencies on to our customers as part of our drive to deliver more company information free of charge.

Customer Contact Centre

Our contact centre provides support and guidance to our customers via telephone and email. During the year the contact centre answered 1,105,534 telephone calls, which is a 7.5% reduction on last year. This decrease reflects the number of improvements made to our website and online services, and customers' increasing preference to deal with us digitally. The total number of emails we received increased by 9.9% to 518,013.

Customer Engagement and Insight

In April 2013, Companies House introduced a call-recording facility for 500 customer-facing staff within our customer-support teams. Its introduction, and subsequently call analytics, is helping us to understand in greater detail why customers need to call us and identify where we need to make improvements — shaping our future plans and resolving customer issues quickly.

User Research and Usability Suite

The development of our usability suite last year was a huge success. It is a vital part of our user research and is fully integrated into our agile development process, providing fast user feedback as part of all of our projects. It has also been a showcase for other government departments and we have facilitated usability tests using our state-of-the-art eye-tracking equipment on behalf of other government departments, for example, the Intellectual Property Office and Land Registry.

Customer Service

Customer Service Excellence
Following our annual review in September 2013, we were again awarded the Customer Service Excellence Standard (CSE), an accreditation that we have proudly held since 1992 (formally Chartermark). Our continued accreditation reinforces the fact that our customers remain at the heart of our strategy and demonstrates the strong commitment and focus from our staff to ensure that they continually provide a first-rate service for our customers.

Customer Satisfaction
Our customer satisfaction rate at the end of the year was 85.1% (against a public target of 86%). Even though the target was narrowly missed, we undertook an independent survey by Ipsos Mori that reported an improved result of 88% (October 2013). This independent measure against an increased target of 88% will now be used on an annual basis.

For the year ahead, we will continue to treat this as a priority area. We have already improved access to our satisfaction survey, which has increased response rates by 50%, with an average of 1,000 customers per month telling us their views. We have asked customers what is important to them and to tell us their top issues. This will allow us to concentrate on these areas and make the improvements that matter most.

Customer Care
Our customer care managers held a number of one-to-one meetings with customers, providing them with the opportunity to raise issues, make suggestions and to discuss forthcoming changes. The team also assisted software developers with testing of their filing services, as more accounts-production software has become available.

Focus Groups
We have continued to hold the biannual regional focus groups across the UK and many new members have joined the groups during the year. These sessions provide a forum that allows attendees to hear about developments, new initiatives, policy and wider government updates.

Companies House Events
Our events' team ran customer seminars and first-time directors' events throughout the UK and worked closely with the Intellectual Property Office (IPO) on the joint event "Get it Right First Time". This year we introduced a new event aimed at the accountancy profession, demonstrating how easy it is to file company accounts online with Companies House. Our events' team also attends numerous business exhibitions and speaking engagements to raise awareness of our digital services and offers guidance to customers.

User Panel

We have continued to gather customer insight by engaging our user panel, which is a community of customers who help us to develop our online services. Our user panel has increased to 2,175 members. The panel is the primary source of customer insight to all of our projects, with members providing feedback on future developments.

Customers can volunteer to be part of the user panel by registering their interest via our customer satisfaction survey on our website.

Web Analytics
Companies House continues to monitor and report our online performance, using various web-analytical tools. This has allowed us to analyse completion rates, identify problem areas and in turn improve the services for customers.

Companies House
AN EXAMPLE COMPANY
open
data
Directors and Sec
Companies House

Our Processes

Key achievements

Another year of record levels of digital take-up, in particular:

- 98.1% of incorporations;
- 98.5% of annual returns;
- 59.2% of accounts; and
- overall take-up for all documents rose to 78.1%

Customer quote

"Your online services are easy to understand and a pleasure to use. Excellent. Very impressed."

Comment from the customer satisfaction survey.

We have made great progress in driving 'digital by default', with 78.1% of transactions now being made electronically. Our annual return and incorporation documents continue to lead the way with over 98% being filed digitally. We have also made significant strides in driving up the electronic take-up of accounts with over 64.5% filed online in March 2014.

The number of companies signed up to receive email reminders for accounts and annual returns has increased to over 744,000 (2012/13: 579,000). This has increased the timeliness of data held on the Register, improved services to our customers and delivered efficiency savings through reduced postage cost.

Case and Contact Management System

In September 2013, Companies House implemented a new case and contact management system, which has provided the capability to record and log all customer-related contact in a central place. This has meant an improved customer experience as we now offer a more efficient, faster, joined-up service.

Electronic Workflow System

We completed the work on replacing our internal manual paper-flows with a new digital-workflow system, which will help our transformation into a fully digital organisation. The new electronic workflow system was implemented on 7 April 2014 and has improved the efficiency of our core customer process. It has provided the foundation for the scanning on receipt of the two million paper filings received by Companies House every year.

This development will significantly reduce the flow of paper. Customer information will be retained more securely and the swift electronic capture of document images facilitates faster document processing for registration customers.

Business Change and Continuous Improvement

Throughout the last year we have continued to ensure that improvements to processes have focused on the needs of our customer base and made best use of available technology to enhance the customer experience and improve efficiency.

A good example of this has been the implementation of correspondence scanning to all of our operational areas. This change has allowed us to link customer correspondence with our case and contact management system, which in turn streamlines the service to our customers enabling us to answer queries more swiftly and provides us with "one view" of the customer's interactions with Companies House.

Customer quote

“I’ve used the services of Companies House for many years now, and I’m very pleased with the professional and reliable staff and also the online system. This is one government agency that should be used as a standard for some others. Thank you.”

Comment from the customer satisfaction survey.

Continuous improvement has been at the core of our work in this last year and we have further strengthened our in-house capabilities by significantly increasing the number of our staff trained to facilitate LEAN workshops, thereby providing support to our internal teams when considering process changes. In addition, to further strengthen our leadership capability we have been pleased to see both an increase in the number of our staff who can now act as business coaches, combined with an increase in the number of those who have attained a recognised qualification.

Information Security & Cyber Risk
As a digital business, the security of our data is paramount. Electronic communication and transactions are central to the current and future operations of Companies House, and we are proud to be at the forefront of the Government's digitisation of its services to business.

We do not underestimate, and remain vigilant to, the fast-developing threats of cyber security. We continue to invest in training our people, as well as drawing on expertise from other government departments and third parties, in order to ensure the security of our customers' data. Our ongoing cyber security programme covers both our existing services and new services under development.

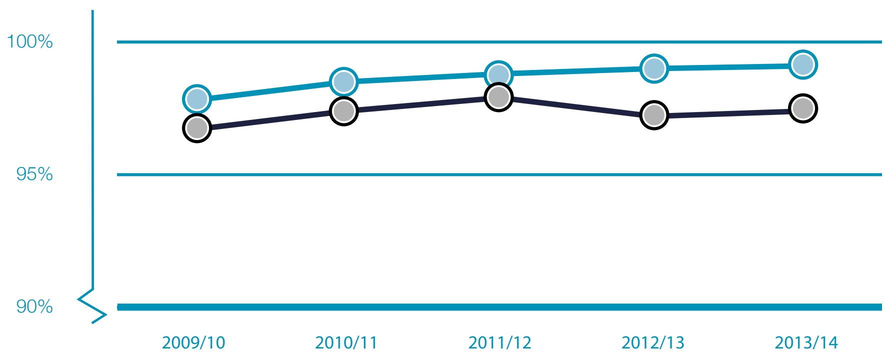
Companies House is an active participant in the Government's identity assurance initiatives for both citizens and businesses, and we will incorporate these into our services when they are available.

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: unauthorised disclosure of data — 22; application security incidents — 5; and 1 other incident.

As the security incident process is now embedded across the organisation, previously unreported incidents may now be reported. None of the incidents logged however, required reporting to the Information Commissioners Office. The ISO 27001 certification noted that "the level of incident reporting seen in the central log demonstrates that the process is effective in capturing a wide range of different types of incidents. And an analysis of breaches includes an evaluation of roots cause, trends and systematic actions being taken".

Compliance and Late Filing Penalties
Record levels of compliance were achieved again this year with 99.1% average compliance for accounts and 98.2% for annual returns. A pro-active approach to annual return compliance was piloted and will be introduced in 2014/15.

Companies that filed their annual return late the previous year are contacted by compliance teams just before their current annual return is due. This has helped increase 'filed on time' compliance even further.



Accounts and annual return compliance rates

Our People

Key achievements

- 64% staff engagement score in 2013 Civil Service People Survey.
- Reduced our average working days lost by 13% to 8.62.
- Launched an all-staff development programme.

Customer quote

"Very pleased with your response time and politeness of the staff."

Comment from the customer satisfaction survey.

Our people are integral to the organisation's success, and their development, well-being and engagement have been paramount to ensure that they continue to provide the best service to our customers. Throughout the year, the senior-management team was keen to engage with staff regarding our long-term strategy and several 'all-staff events' were run, providing the opportunity for clear and open communications about our future plans.

To ensure that our staff are at the heart of our success, we see three key enablers as our focus over the next few years: Culture; Capacity; and Capability. These key themes provide the backdrop for developing our people strategy as we implement the outcomes from the strategic review.

Culture
This year we have again seen an increase in our staff engagement score to 64% (2012/13: 63%). We are proud of these results (Civil Service average 58%) and we have been pro-active in seeking out ways to ensure that our staff are as fully engaged as they can be. For example, during the year the Chief Executive and directors held discussions with individual teams to the ensure that all staff understood how they contributed to the delivery of the organisation's objectives as outlined in our business plan.

Looking ahead, we will continue to identify opportunities to engage with staff on a regular basis as we work to align their individual needs with the needs of the business. The future organisational model will be different from the one that staff know to date, and the engagement of our staff will be paramount in ensuring its success. Our business model will ensure that we have the right structure to deliver our future goals and challenges

There will also be many new development opportunities for staff and some are already benefiting from the new technology that is being introduced. The new ways of working will mean that, staff will benefit from a more flexible and agile approach, and customers will benefit as we meet their needs more quickly and efficiently. We will continue to champion the need for a multi-skilled workforce that is collaborative and innovative in its approach. This will provide staff with diverse and interesting work, greater responsibility, autonomy and accountability, and the development of a creative, flexible working environment.

Capacity
In line with our corporate digital agenda, we have moved to a digital recruitment process, with our main focus on our future recruitment needs. We have experienced market difficulties in attracting key specialist skills, particularly in IT, and are working hard within government-wide recruitment and spending controls to make sure that we present an attractive employment offering to candidates with those specialist skills.

Capability
Improving performance and developing our staff skills are a key priority. We have re-enforced our commitment to training and encouraged all staff to spend a minimum of 5 days per year refreshing their skills and learning new ones. A new approach to attendance management has seen absence rates reduce significantly and our new performance-management policies are becoming more embedded. Work on both these priorities will continue.

We have identified a future need for highly developed skills in a number of areas: digital, customer service, communication, decision making, leadership, data analysis and project management. We are conducting a skills audit to inform a development programme across the organisation to ensure that we have and will improve our skill levels in these areas.

Principles and Values

As we work toward delivering our ambitious agenda, Companies House will rise to the challenges and take full advantage of the opportunities it will present, and will ensure that everything we do is underpinned by the organisations three principles:

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

And how we operate is underpinned by our three values:

- Doing it Right
- And Working Together to
- Make a Difference.

Pay, Rewards and Incentives
We have enhanced our entire benefits package to incentivise our staff beyond their basic pay. Staff who demonstrate our values and who strive to add value are recognised through our reward and recognition scheme.

Flexible Working Environment
We will be mirroring the digital transformation visible to our external stakeholders and customers with a transformation in the way we work internally. Wider use of up-to-date mobile technology and a modern user interface, together with the creation of improved meeting rooms and work spaces will enhance the provision of a contemporary working environment.

Corporate Social Responsibility
We continue to play an active part in our local communities with volunteer opportunities for staff and fund raising activities for charities nominated by our staff. This forms a part of our modernised employment proposition.

Trade Union
We continue to work constructively with our Trade Union colleagues who are fully engaged with management on delivering the strategic plan.

Finances

Financial performance has again exceeded expectations. The cost per company on the register averaged just £12.59 down from £13.28 the previous year, which represents a reduction of 28.7% in four years.

As a Trading Fund, Companies House receives no taxpayer funding. It is financed entirely by its fees and pays a dividend to BIS reflecting its cost of capital. Late filing penalties are paid in their entirety to HM Treasury.

Financial Performance

We were able to reduce prices significantly which has had an impact on our income in 2013/14 and as a consequence, although the number of companies on the register increased by 6.7%, our income was only fractionally higher at £63.9m (2012/13: £63.7m).

The number of new incorporations was up by over 10% at 533,032, and annual return volumes were up by 7.8% at 2.57m. Both of these products achieved increases in electronic take-up; 98.1% of incorporations were filed electronically in 2013/14 (2012/13: 97.5%) and 98.5% of annual returns were filed electronically (97.9% last year). Total income from these products was £42.5m which was £1.2m more than last year, and income from dissolutions and mortgage registrations also increased. Search income fell by £1m partly as a result of price changes in October 2012, which made additional data products free of charge.

Companies House is undertaking a significant change in the way it will do business in the future, and the levels of expenditure in the year reflect some of that change activity. For example, as capability in the development and testing teams was enhanced to build our future products and services. As a result, total operating expenditure for the year rose to £56.9m, an increase of £3.6m compared to last year. Investment in product development and licences accounted to over £10.9m of expenditure.

We have a strong balance sheet and have built cash reserves of £37.3m (2012/13: £32.5m) to fund our future strategic direction, which will require further capital investment as well as paying for exit schemes as staff numbers reduce.

The operating surplus before interest for the year ending 31 March 2014 was £7.0m (2012/13: £10.3m). After finance costs and declaring a dividend on public dividend capital of £4.4m, a net surplus of £2.8m was transferred to reserves.

Key achievements

- Investing £4.7m in IT capacity and capability to commence delivery of the 5 year strategy.
- Driving efficiencies into processes and procurement has enabled the operating cost per company to fall to £12.59 this year (2012/13: £13.28).
- Further rationalisation of contract spend which includes a move to a pan-government print services contract generating future savings of approximately £0.5m per year.

Late Filing Penalties

There is a separate trust statement for the Late Filing Penalties (LFP) regime. The cost of operating the scheme in 2013/14 was £5m (2012/13: £4.9m) and £58m of the penalties collected were paid into HM Treasury's Consolidated Fund.

Investment

We invested a total of £5.2m in capital and development activities this year. £4.7m was invested in improving our IT capability and capacity by committing in-house development teams to commence building the new Companies House Service, to further enhance the main Companies House operational software (CHIPS), and to upgrade the necessary hardware. We also spent £0.5m on improving the infrastructure and working environment of our buildings. The annual valuation of the Crown Way site remains unchanged at £17.3m (on an existing use basis).

We have a public target to achieve a return, averaged over the period as a whole, of at least a 3.5% surplus on ordinary activities before interest and dividends payable, as a percentage of average capital employed, for the five year period from 1 April 2009 to 31 March 2014. We have achieved an average cumulative return of 10.8%, which meets the public target as specified in the Treasury Minute (see page 70).

Efficiency

2013/14 is the final year of our three-year efficiency target; to achieve by 31 March 2014 a reduction in real terms of 15% in the operational monetary cost per company on the register compared with the 2010/11 baseline. This year we have achieved a cumulative 28.7% reduction (24.8% in 2012/13), after adjusting for inflation.

Our Partnerships

Public Data Group (PDG)
The PDG is focused on making data more accessible and usable. Companies House has made a significant contribution through releasing our free accounts data product. This product provides access to company accounts in data format, allowing users flexibility to manipulate accounts data. The product is updated daily and consists of a file containing iXBRL or XBRL data of all digital accounts registered by Companies House the previous day. This is a world leading product, launched by the Rt Hon Francis Maude MP at the Open Government Partnership event in October 2013.

Companies House also continues to actively engage with partner organisations in the PDG (Land Registry, Met Office and Ordnance Survey). Notably, the organisations have shared good practice on digital services, social media and continuous improvement. Work is ongoing to identify further opportunities for collaboration across the PDG members.

Financial Reporting Council (FRC)
Along with HMRC, Institute of Chartered Accountants in England and Wales (ICAEW), XBRL UK, major accounting firms and software providers, Companies House is collaborating with FRC on their development of taxonomies for UK company reporting in accordance with the new accounting standards FRS101 & FRS 102. Companies House is a member of the FRC's Taxonomy Governance Board and their Taxonomy Task Force.

Other Partners in Government
During the year we have worked with partners in government to deliver effective services for the benefit of customers. In particular, we have worked with Cabinet Office and the Government Digital Service (GDS), aligning our service improvements with the wider government approach. Companies House and HMRC have also been working together to develop a replacement online accounts filing facility, allowing companies to enter data once, and file twice with different Departments. And of course, we continue to enjoy a particularly close working relationship with colleagues in the Department for Business, Innovation and Skills (BIS) in developing forthcoming legislation.

Fraud
We are working with the National Crime Agency (NCA) to establish how best Companies House's data is used in their efforts to combat fraud.

Through its membership of EBR, we are helping to co-ordinate the European Union's European Beneficial Ownership and Control Structures (EBOCS) Project. This will develop services to provide easy access to data held by registers on business ownership and control structures, aiming to increase transparency on legal entities such as companies. The project is designed to help agencies involved in the fight against financial and economic crime.

International
Companies House has worked to deliver benefits in terms of developing an international outlook in Europe and beyond. We have helped to develop the international transparency needed for business registers to consolidate their position supporting economic performance. Our contribution has been recognised through the extension of our Presidency of the global Corporate Registers' Forum (CRF) and our continuing membership of the Board of the European Business Register (EBR).

As a member of the European Commerce Registers Forum (ECRF), we have played a key role in the expansion of ECRF's benchmarking report, comparing the performance of business registers. This originally covered Europe but now includes members of CRF and International Association of Commercial Administrators (IACA) and covers a wider range of issues relevant to the performance of business registers across the world.

We continue to work with colleagues in EBR, the European Union's project eCommunication via Online data Exchange (eCODEX) and with the European Commission on the definition of a Business Registers' Interconnection System, and on the technology to support this. This work helps support the UK's position as a key player in the development of international standards for recording and making available data on companies.

Sustainability Report

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

Green House Gas Emissions

Scope / Emission / Energy Use	2011/12	2012/13	**2013/14**
Non-financial indicators	tCO^{2}e	tCO^{2}e	tCO^{2}e
Total Scope 2 emissions (Off site electricity generation)	2,005	1,695	**1,644**
Total Scope 3 emissions (Transmission loss of electricity)	171	134	**141**
Total emissions attributed to electricity consumption	**2,176**	**1,829**	**1,785**
Total Scope 1 emissions (Gas, fuel for fleet, fugitive emissions)	90	75	**82**
Emissions attributable to Scope 3 official business travel (Rail, taxi, air, underground)	62	61	**91**
Total Emissions (All Scopes)	**2,328**	**1,965**	**1,958**

Related energy consumption	kWh'000	kWh'000	kWh'000
Electricity 'Green Tariff'	4,436	3,685	**3,691**
Gas	455	392	**405**
Total Consumption	**4,891**	**4,077**	**4,096**

Financial implications	£'000	£'000	£'000
Expenditure on Energy (Gas, electricity)	513	421	**473**
Expenditure on Carbon Reduction Commitment (including fees and allowances)	31	26	**31*****
Expenditure on official business travel (Rail, hire cars, taxis, air and fuel)	152	160	**211**

The data calculated in the sustainability report is based on our buildings in Crown Way, Cardiff. Our carbon footprint has been restated for all years in order to account for material changes to the conversion factors provided by Defra for company reporting purposes.

* Estimated for this financial year.

We have continued to invest in low-carbon technologies to maintain the progress achieved in recent years. During this year, we have installed LED lighting throughout our basement and continued to consolidate our server farms. These savings have enabled us to reduce our Display Energy Certificate operational rating to 59, a good C rating.

Over the coming year we will be investigating the feasibility of solar PV array and free cooling in our server farms, to reduce our carbon consumption.

Waste

	2011/12	2012/13	**2013/14**
Non-financial indicators	(tonnes)	(tonnes)	(tonnes)
Recycled/reused	398	237	**210**
ICT waste	2.5	2	**5**
Landfill	110	75	**70**
Financial implications	£'000	£'000	£'000
Total disposal costs	30	19	**9**

Since 2008, we have operated a binless office; this has enabled us to reduce the amount of waste we send to landfill. The binless office enables our employees to easily recycle 10 of our most common waste streams.

Use of Finite Resources (Water)

	2011/12	2012/13	**2013/14**
Non-financial indicators	(m^3)	(m^3)	(m^3)
Water consumption	-	-	10,111
Financial implications	£'000	£'000	£'000
Water supply costs	50	37	39

Biodiversity

Companies House is committed to sustainable development and to continually reducing the effects of its activities on the global and local environment. During the year we have identified an area within our grounds that we have developed into a wildlife meadow area, helping to protect and encourage flora and fauna.

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 is not possible to provide accurate water consumption data for these financial years.

Key Performance Indicators and Public Targets

Registration Activity 1 April 2013 - 31 March 2014	**2011/12 '000**	**2012/13 '000**	**2013/14 '000**
Total Register (as at 31 March)	2,857	3,045	**3,250**
Incorporations	456	483	**533**
Removals from the Register (Dissolutions)	290	300	**332**
Statutory Documents	7,815	8,001	**8,539**

Workload Volumes 1 April 2013 - 31 March 2014	**Total Filed**	**Paper Filed**	**Digitally Filed**	**% Paper Filed**	**% Digitally Filed**
Incorporations	533,032	10,061	522,971	1.9%	**98.1%**
Change of Name	55,917	20,193	35,724	36.1%	**63.9%**
Annual Returns	2,573,005	39,528	2,533,477	1.5%	**98.5%**
Annual Accounts	2,362,112	964,733	1,397,379	40.8%	**59.2%**
Mortgage	199,987	144,374	55,613	72.2%	**27.8%**
Liquidations	159,906	159,906	N/A	100.0%	N/A
Second filing of a document previously delivered	11,404	11,404	N/A	100.0%	N/A
Other Documents *	2,643,482	522,179	2,121,303	19.8%	**80.2%**
Total Documents	**8,538,845**	**1,872,378**	**6,666,467**	**21.9%**	**78.1%**

* Other documents include: officer appointments/ terminations/ changes; share capital and shareholder changes; resolutions; dissolution applications/ withdawls; change of registered office address; single alternative address notifications; restoration applications; change of constitution; application for change of company name; registrars powers applications and re-registration applications.

Company Image Searches 1 April 2013 - 31 March 2014	**2011/12 '000**	**2012/13 '000**	**2013/14 '000**
Individual Images	5,979	5,404	**5,178**

Manpower	**2011/12**	**2012/13**	**2013/14**
Actual year-end Full-Time Equivalents (FTE)	902	882	**869**
Average Full-Time Equivalents (FTE)	957	890	**874**

During the reporting year, Companies House's performance against its public targets is regularly monitored to ensure that these important targets are met. These targets are agreed by ministers and are intentionally stretching.

We have just missed the targets in some areas, but have still shown improvements throughout the year. The following table outlines our performance against our public targets:

Key Ministerial Targets for 2013/14 (1 April 2013 - 31 March 2014)

	2011/12	2012/13	2013/14		2014/15
Customer Targets	**Out-turn**	**Out-turn**	Target	**Out-turn**	Target
Customer satisfaction	84.2%	85.0%	86.0%	**85.1%**	88.0%
Accounts compliance rate	98.9%	99.0%	99.0%	**99.1%**	99.0%
Annual returns compliance rate	-	98.1%	98.0%	**98.2%**	98.0%
Resolve complaints within 5 days	98.8%	99.1%	99.0%	**99.5%**	99.0%
Search customers can access requested documents in 35 seconds. *2011/13: target was 40 seconds.	99.4%*	98.8%*	98.0%	**97.7%**	98.0%
Service availability of WebCHeck	99.8%	99.7%	99.7%	**100.0%**	99.7%
Service availability of Companies House Direct	-	99.8%	99.7%	**100.0%**	99.7%
Service availability of WebFiling	99.8%	99.9%	99.7%	**99.2%**	99.7%
Service availability of Software filing	-	99.9%	99.7%	**99.9%**	99.9%
Reply to CEO letters/cases within 10 days	100.0%	99.1%	100.0%	**100.0%**	100.0%
People Targets					
Average work days lost per person	10.8	9.9	<8.5	**8.6**	<7.5
Process Targets					
Electronic transactions received are available to view on public record (image format) within 48 hours. *2011/13: target was 72 hours.	99.9%*	99.9%*	99.9%	**100.0%**	99.9%
Images placed on Companies House image system are legible and complete	99.7%	99.7%	99.8%	**99.3%**	99.8%
To achieve the electronic filing target for accounts	47.1%	50.1%	60.0%	**59.6%**	70.0%
To achieve the electronic filing target for all transactions apart from accounts	82.6%	83.1%	85.0%	**85.3%**	87.5%
To reduce carbon emission rating for Companies House headquarters building by 2% based on last financial year	10.5%	8.0%	8.0%	**8.6%**	-
Reduce carbon created from utilities by 10% per building user at Crown Way	-	-	-	**-**	10.0%
Finance Targets					
To achieve an average rate of return based on the operating surplus expressed as a % of average net assets	12.2%	15.3%	3.5%	**9.8%**	3.5%
Achieve by 2013/14 a reduction of 15% compared with 2010/11 in the operational monetary cost of the registry per company on the Register	13.6%	24.8%	15.0%	**28.7%**	25.0%
Payment of invoices within 5 days	95.2%	97.9%	90.0%	**98.7%**	95.0%

Tim Moss
Chief Executive and Registrar
30 June 2014

05

Directors' Report

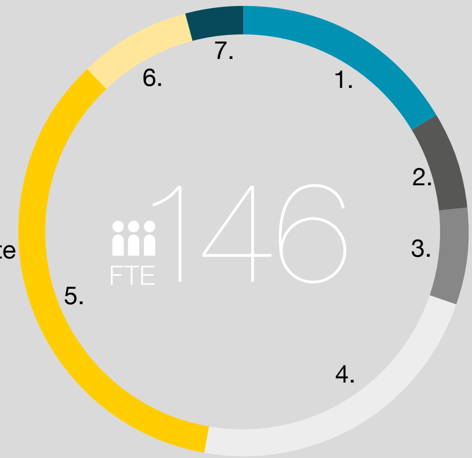
This disclosure required for the Agency's Directors' report is shown in the following subsections:

- The board members' directorships and other significant interests are shown within the 'Governance Statement' on page 40.
- Organisational chart
- Main board

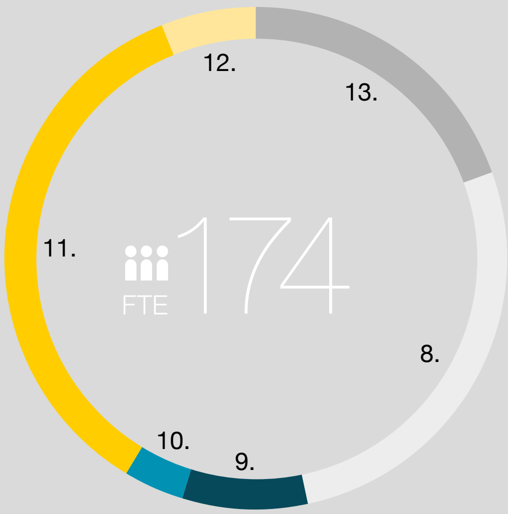
Organisational Chart

Tim Moss
Registrar of Companies for England & Wales
& Chief Executive of Companies House

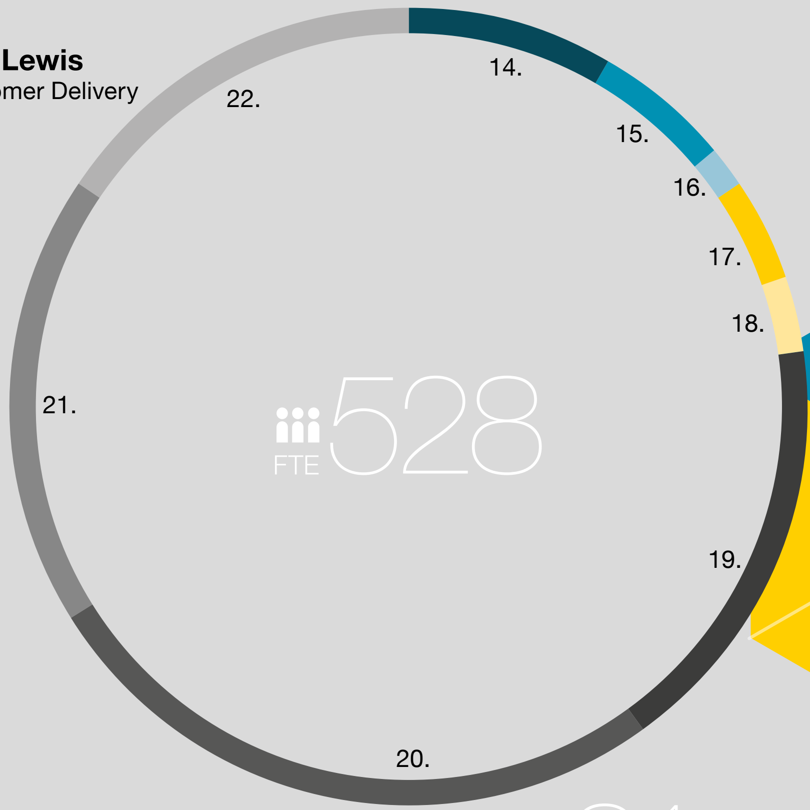
Neil Hartley
Strategy & Corporate Services



Gareth Lloyd
Digital Services



Ann Lewis
Customer Delivery



The diagram reflects the directorates and their proportional size in Companies House

Strategy & Corporate Services
1. Strategy & policy
2. Assurance risk & consultancy
3. Estates
4. Human resources
5. Finance
6. Finance LFP
7. Procurement

Digital Services
8. Systems development
9. Business & systems analysts
10. Software management
11. Technical ops management
12. Programme & project management
13. Corporate communications & customer insight

Customer Delivery
14. Late filing penalties (LFP)
15. Business change & development
16. London office
17. Edinburgh office
18. Belfast office
19. Enforcement
20. eFiling & document services
21. Considerative Processing and Examination Support
22. Customer support services

Other
23. Legal
24. Directors and support

FTE: Actual year-end Full-Time Equivalents

Main Board

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1

1. Brian Landers
Chairman of Companies House

Brian Landers was appointed as the Chairman of Companies House on 1st August 2012. Brian is a member of the Competition Appeal Tribunal and an Audit Commissioner. He was previously 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.

2. Tim Moss
Registrar of Companies for England & Wales & Chief Executive of Companies House

Tim became the Registrar in March 2012 and is the 31^{st} Registrar of Companies in a long line that first started back in 1844. Tim joined Companies House in 2002 and spent the first couple of years running the operations and compliance departments before moving into the role of Director of Corporate Strategy. In that role he had a wide portfolio of work including business strategy, corporate policy, marketing, internal audit, corporate communications as well as leading the work on moving to a fully electronic register and service transformation. Before joining Companies House he spent 12 years in senior operational roles in the manufacturing industry. He has a Natural Sciences degree from Cambridge University, an MBA from Swansea University and lives on a farm in South Wales.

3. Ann Lewis
Director of Operations and Customer Delivery

Ann joined Companies House in July 2009 and is responsible for the Central Operations department, for Customer Service and for Enforcement. Prior to joining Companies House, Ann was a Deputy Director within the Office for National Statistics (ONS) based in Newport. Ann has spent over 30 years at the ONS covering a variety of roles with a great deal of experience of introducing and managing major business-change strategies. Ann has managed various large teams delivering complex portfolios, specialising in operational management and driving forward business change and efficiencies.

4. Neil Hartley
Director of Strategy & Corporate Services

Neil joined Companies House in November 2012 and is responsible for Corporate Services including the strategy and policy team, HR, estates, finance, procurement and internal audit. An accountant by profession, Neil has experience of a range of finance, corporate service and change leadership roles. He has worked in a number of departments and arms-length bodies, including the Planning Inspectorate, the Infrastructure Planning Commission, Government Offices for the Regions, Communities and Local Government, the former electricity regulator and HMRC. Prior to joining Companies House, Neil worked on a review of new business models for central Government functions, the merger of two national planning bodies and a national transformation programme for the Government Office Network's finance and procurement functions.

5. Gareth Lloyd
Director of Digital Services

Gareth joined Companies House in February 2014 and is responsible for leading the digital transformation of the organisation, with a particular focus on 'digital by default' and open data. He manages the Technology, Corporate Communications and Customer Insight teams. Gareth has held digital leadership roles in blue-chip businesses in the UK and Australia, as both Chief Information Officer and Chief Operating Officer. In addition, he sits as a Non Executive Director on the board of Curo, a large social housing organisation in the South West. In his earlier career, Gareth was a director at Deloitte in London and Sydney. He is a Chartered Accountant, has a postgraduate qualification in Law and, more recently, an Oxford Saïd Masters' Diploma in Strategy & Innovation.

6. 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.

7. Peter Wyman
Non-executive Board Member

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's Settled Estates, 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.

8. Anne Spinali
Non-executive Board Member

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 CBI and in the charity sector on a range of public policy issues as well as in the European Parliament.

9. Jeff Lynn
Non-executive Board Member

Jeff is CEO and co-founder of Seedrs, one of the world's leading equity crowd-funding platforms. He also serves as founding Chairman of The Coalition for a Digital Economy (Coadec), which advocates on behalf of digital startups and SMEs on policy and regulatory issues. Jeff is a passionate supporter of digital innovation and is a strong believer that the UK is the best place in the world to build a high-growth, global-facing business today. Jeff began his career as a corporate lawyer, practising with Sullivan & Cromwell LLP in New York and London. He has an MBA and BCL from the University of Oxford, a JD from the University of Virginia and a BA from the University of Pennsylvania.

10. 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.

Tim Moss
Chief Executive and Registrar
30 June 2014

06

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

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 Commissioners can be found at: www.civilservicecommissioners.gov.uk

Salary

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

Benefits in Kind

One senior manager received a benefit in kind of £4,343 in 2013/14, this amount is included in the main remuneration table (2012/13: £1,300).

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.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with 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 6.25% of pensionable earnings for classic and 3.5% and 8.25% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2014. 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 his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with 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 three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

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 2014.

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.

Non-executive Salary

	2013/14	2012/13
	£'000	£'000
Brian Landers (Appointed August 2012)	25-30	15-20
Andrew Summers (Resigned December 2012)	nil	5-10
Nicky Alberry (Resigned September 2012)	nil	0-5
Peter Wyman	10-15	10-15
Sheila Doyle	10-15	10-15
Jeff Lynn (Appointed March 2013)	10-15	0-5
Mike Taylor (Appointed March 2013)	10-15	0-5
Craig Lester (Resigned January 2014)[1.]	nil	nil
Anne Spinali (Appointed December 2013)[1]	nil	nil

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

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 total remuneration of all other Companies House employees.

	2013/14	2012/13	% Change
	£'000	£'000	
Lead executive total earnings	**120-125**	90-95	32.2%
Median total earnings	**21**	21	0%
Ratio	**5.95**[1]	4.50[2]	32.2%

1. The calculation for 2013/14 is based on annualised salary of Gareth Lloyd who joined Companies House on the 25 February 2014.

   Had the calculation referred to Tim Moss' FTE salary, as per 2012/13 calculation, the ratio would have been 4.15 which would not have had such an impact on the year-on-year percentage change.
2. The calculation for 2012/13 is based on total earnings for Tim Moss.

Single Total Figure of Remuneration

		Tim Moss	**Ann Lewis**	**Neil Hartley**[2.]	**Gareth Lloyd**[2.]
2013/14					
Salary	£'000	80-85	70-75	75-80	10-15
Performance Payments	£'000	0-5	10-15	0-5	nil
Benefits in kind (to nearest £100)	£	nil	nil	4,300	nil
Pension benefits	£'000	16	102	52	5
Total remuneration package	£'000	100-105	180-185	130-135	15-20
2012/13					
Salary	£'000	80-85	65-70	25-30	nil
Performance Payments	£'000	10-15	0-5	nil	nil
Benefits in kind (to nearest £100)	£	nil	nil	1,300	nil
Pension benefits	£'000	70	72	6	nil
Total remuneration package	£'000	160-165	140-145	30-35	nil
Real increase in pension and lump sum at age 60	£'000 £'000	0-2.5 2.5-5	2.5-5 12.5-15	2.5-5 nil	0-2.5 nil
Total accrued pension at age 60 at 31/03/14 and related lump sum	£'000 £'000	10-15 40-45	35-40 110 -115	25-30 nil	0-5 nil
CETV at 31/03/14 [1.]	£'000	217	714	358	3
CETV at 31/03/13 [1.]	£'000	193	590	304	nil
Real increase in CETV funded by employer	£'000	10	85	31	2

1. CETV: The opening may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with the occupation Pension Scheme (Transfer Values) Amendment Regulation 2008.
2. Neil Hartley was appointed on the 12 November 2012. Gareth Lloyd was appointed on the 25 February 2014. His annualised salary would be £125,000.

The remuneration of the highest paid director in Companies House in the financial year 2013/14 was £11,905. The annualised salary would be £125,000 (2012/13: £95,000).

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.

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.

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.

Companies House Main Board

There were 6 independent Non-executive Board Members as at the 31 March 2014.

Tim Moss
Chief Executive and Registrar
30 June 2014

07

Companies House Accounts 2013/14

The following pages contain the accounts for Companies House Trading Fund and the Late Filing Penalties Trust Statements for year ended 31 March 2014 with supporting disclosure notes.

Foreword to the Accounts

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

History

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

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

Statutory Background

Major UK legislation under which the agency operates includes the accounting requirements of the Companies Acts.

Principal Activities

Companies House has two main areas of activity:

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

Financial Background

The largest source of finance during the year continues to be the surpluses accumulated since commencing trading fund status in October 1991. The land and buildings' value remain at £17.3m, and the main database supporting the registration activity of Companies House (CHIPS), which was capitalised on 1st March 2008, and which has been further enhanced during the year, has been subject to an annual impairment review under IAS 36, with no adjustment required. Other intangible assets were revalued and an annual impairment was agreed of £107,000.

Results and Appropriations

The operating surplus before interest was £7m (2012/13: £10.3m). After charging interest payable of £21,000 (2012/13: £34,000) and declaring dividends payable of £4.4m (2012/13: £4.3m), a net surplus for the year of £2.8m (2012/13: £6.2m) remained and was added to the General Fund which at 31 March 2014 was £52.7m.

We have complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Business Review

The number of companies on the total Register rose by 0.3m during the year to 3.3m companies (2012/13: 3m). The number of companies incorporated during the year was up by 10% to just over 533,000 (2012/13: 483,000), whilst the number of companies dissolved increased slightly to 332,000 from 300,000, in the previous year. Mortgage registrations rose by 19,000 during the year to 200,000 (2012/13: 180,000).

Income from registration activities (excluding Late Filing Penalty (LFP) fees) was £47.1m, an increase of £1.3m compared with 2012/13. Income from incorporations was £8m as 533,032 companies were added to the register, of which 98.1% were received electronically. Increased take-up for electronic annual returns continued with 98.5% of all returns filed during the year received via this channel (2012/13: 97.9%).

Gross Administration cost was £56.9m, an increase of £3.6m (2012/13: £53.3m). This was attributed to increased spend in IT, specialised consultancy and depreciation charges to cover major development projects. An additional provision was also charged to cover a potential under payment to HMRC. The cost of running the LFP scheme, including the issuing, collection and enforcement of the penalties, was £5m (2012/13: £4.9m) all of which was invoiced to BIS on a cost-recovery basis.

The total number of documents filed was 8.5m, which is a 6.3% increase on the 8m documents filed in 2012/13. Improvements to operational processes, as well as enhancements to operational software and additional growth in transactions processed electronically, has increased the overall efficiency and effectiveness of the organisation by 5.2% year on year, and by a cumulative 28.7% since introducing this measure in April 2011.

Consequently, the average number of employees for the year was 967 compared with 982 in 2012/13. The average associated full-time equivalent posts were 874 (890 in 2012/13), recognising the need to ensure that an appropriate level of staff with the necessary skills was employed to fulfill the obligations of the Trading Fund.

Investment in capital expenditure during 2013/14 was £5.2m (2012/13: £4.6m). Of this, £4.7m was spent on improving IT capability and capacity by further enhancing the main operational software as well as replacing servers. £0.5m was spent on improvements to the infrastructure and working environment, the same amount as in the previous year.

Cash Balances

Net cash inflow for the year was £4.8m taking the cash balances at this year end to £37.3m. We have ensured that sufficient funds have been available during the year not only to carry out core activities but also to finance other developments.

Cash balances are managed, in accordance with Treasury guidelines, via deposit arrangements made with the National Loans Fund, which provides higher rates of interest than those which are available on current commercial bank accounts.

Value of Land & Buildings

The independent valuation of the freehold land and buildings at Crown Way, Cardiff, valued the asset at £17.3m (2012/13: £17.3m). More information on this is provided in notes 5a and 5b.

Audit Service

The statutory external audit was performed by the National Audit Office and reported on by the Comptroller and Auditor General at a cost of £36,000 (2012/13: £36,000). An audit was also carried out for the Trust Statements at a cost of £12,000 (2012/13: £12,000).

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

Payment Policy

Companies House aims to reduce invoice payment times to 5 working days and all valid invoices for goods and services received are paid as soon as they have been authorised by the Companies House officials responsible for the contract. 98.7% of invoices were paid within 5 days (2012/13: 97.9%). We are applying this policy to all suppliers of goods and services but will not be changing our existing contractual terms and conditions.

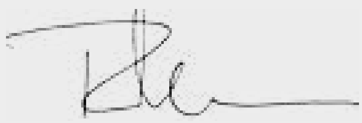
Political & Charitable Gifts

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

Main Board

The Main Board members of the agency were:

Brian Landers Chairman of Companies House	**Tim Moss** Chief Executive and Accounting Officer
Gareth Lloyd Director of Digital Services (Appointed 25 February 2014)	**Ann Lewis** Director of Customer Delivery
Neil Hartley Director of Corporate Services	**Sheila Doyle** Non-executive Board Member
Mike Taylor Non-executive Board Member	**Peter Wyman** Non-executive Board Member Chairman of the Audit Committee
Jeff Lynn Non-executive Board Member	**Craig Lester** Non-executive Board Member (Resigned 31 January 2014)
Anne Spinali Non-executive Board Member, Shareholder Executive Member (Appointed 1 December 2013)	



Tim Moss
Chief Executive and Registrar
30 June 2014

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 20 December 2013. 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's 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's Governance Structure

The Strategic Review was completed in the first quarter 2013; it was agreed by the Board and was sent to the Minister in May for approval. Following that approval, communication sessions were held with all Companies House staff to inform them of the content and vision of the review.

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 who sent in comments on the agenda items prior to the meeting or sent a representative. All discussions and decisions made at these meetings were recorded through minutes and no conflicts of interest were recorded during the year.

Companies House Main Board declaration of interest:

Board Members	Business Interests	Charitable/voluntary organisation	Other
Brian Landers	-	-	Member Competition Appeal Tribunal and Member of Competition Service Audit Committee Audit Commissioner and Member Audit Commission Audit Committee
Peter Wyman	Albright Stonebridge Group LLC (Senior Advisor) Sir Richard Sutton's Settled Estates (Chair) Peter Wyman Private Clients Principal Focal & Co, Member of Supervisory Board	City of London Sinfonia (Director) Somerset Community Foundation (Chair) Worshipful Company of Chartered Accountants in England and Wales Almoner	University of Bath (Treasurer and Member of Council) Institute of Chartered Accountants (Chair of the Outstanding Achievements Award Panel) Yeovil District Hospital NHS Foundation Trust (Chairman)
Jeff Lynn	Seedrs Limited (CEO and Director) Seedrs Nominees Limited (Director)	The Coalition for a Digital Economy (Chairman)	UK Crowdfunding Association (June 2013 to December 2013) (Director)
Craig Lester	NNL Holdings Limited	-	Institute of Directors, Member

Board Members	Business Interests	Charitable/voluntary organisation	Other
Sheila Doyle	BP (Shareholder) Telstra (Shareholder) SMD Tech Consulting (Owner) Norton Rose Fulbright	-	-
Mike Taylor	Innovise Ltd (Shareholder and CEO) (Director of all subsidiaries) Cardinal Security Limited (Shareholder)	-	Microsoft Corp (Member of SMS&P Partner Advisory Council)
Gareth Lloyd	-	Curo Group (Non-executive director)	Institute of Chartered Accountants in England & Wales, Member Institute of Directors, Member

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

Board Members	Main Board Meetings (12 Meetings)	Audit Committee Meetings (5 Meetings)	Remuneration Committee Meeting (2 Meetings)
Brian Landers (Non-executive Board Member (NEBM))	12 Chairman	-	2 Chairman
Peter Wyman (NEBM)	12	5 Chairman	-
Tim Moss (CEO & Registrar)	12	5	2
Sheila Doyle (NEBM)	12	5	2
Craig Lester (NEBM, Shareholder Executive Member)	10	3	2
Jeff Lynn (NEBM)	9	3	-
Mike Taylor (NEBM)	10	-	-
Anne Spinali (NEBM, Shareholder Executive Member)	3	2	-
Ann Lewis (Executive Director – Customer Delivery)	8	-	-
Neil Hartley (Executive Director – Corporate Services (including Finance))	12	5	-
Gareth Lloyd (Executive Director – Digital Services)	2	-	-

Leavers/appointments to Companies House Board/committees during the year:

Gareth Lloyd (Director of Digital Services)	Appointed February 2014
Anne Spinali (Non-executive Board Member)	Appointed December 2013
Craig Lester (Non-executive Board Member)	Resigned January 2014

Companies House's 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 Chairman, Brian Landers. It comprises senior executives and Non-executive Board Member (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:

- reviewed and agreed the Companies House Strategic and Business Plans;
- received a Strategic Direction update;
- monitored progress of key programmes and projects;
- agreed the contents of the 2014/15 Business Plan and public targets;
- reviewed and agreed the Annual Report and Accounts;
- reviewed financial performance and efficiency.

As the Board was newly formed it did not carry out an annual review of its performance this year. Its first review is due to be carried out during the first quarter of 2014/15.

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

Our vision for a digital future has resulted in a review of our structure culminating in the recognition of the need for a new role: a Director of Digital Services. This role was filled in February 2014 when Companies House welcomed Gareth Lloyd to the Board.

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 management responses;
- reviewed the Annual Report and Accounts and the Companies House Governance Statement.

Membership of the Audit Committee consists of a Non-executive Chairman, Peter Wyman, and two independent Non-executive Board Members (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's 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 chairman, 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;
- awards scheme;
- process for senior civil servants' year-end performance review;
- forward look including recruitment and retention;
- digital director's recruitment;
- non-money benefits;
- pensions.

The Operational Board included executive members of the Main Board, Companies House Senior Leadership Team, associate members and voluntary observers. The Board's area of responsibility is the day-to-day running of the business. It is responsible for the delivery of the Business Plan, and targets (both internal and public).

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);
- managed risks which affected Companies House's processes;
- owned the results of the annual Civil-Service-wide staff-engagement survey and commissioned actions from the Senior Leadership Team for improvement;
- managed financial performance.

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's 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 review current 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.

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 within the risk-management process of all members of Companies House from Board level down.

Activities completed during the year include:

- the Chief Executive, senior management and the Assurance Risk and Consultancy team's (ARC) annual review of the organisation's risk appetite along with the Companies House Risk-Management Policy and Strategy;
- improvements to the reporting of operational level and possible future risks;
- risk training for new entrants at management level;

Risks, subject to Board scrutiny, successfully managed down during the year included:

- finance Managed Services — potential business discontinuity with the winding up of a key supplier;
- staff absence — the impacts of an absentee rate unacceptably beyond the public-sector benchmark;
- iXBRL — the prospect that an updated taxonomy to support efiling would not be available;
- micro-entities — the potential for last-minute changes to filing requirements and the impact on the rest of our change agenda.

There are a number of risks that we will carry into the new 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:

- our organisational capacity to deliver a busy change agenda;
- our ability to deliver our existing services to the accustomed high standard during the transitional period;
- Companies House if found by the Courts to have a duty of care to companies for information on the register resulting in major processing changes;
- continuous vigilance and monitoring of cyber security;
- management of reputation risk as a consequence of register integrity, system errors and customer experience.

Internal Audit

Companies House's 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.

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 3rd parties in addition to their day-to-day oversight;
- identification of stakeholder expectations, including external certification requirements.

Assurance was also provided over the delivery of significant corporate support activities such as the delivery of our most sensitive company-registration processes; the systems to ensure the confidentiality, integrity and availability of the data we hold; management of issues around the delivery of the new facilities management solution; accuracy of key management information and progress on key projects such as the new Companies House Service product.

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 substantially 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 standard;
- Investors in People;
- ISO 27001 — Information Security;
- ISO 14001 — Environmental Management;
- OHSAS 18001 — Health & Safety.

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 Chief Executive and Registrar and a senior Board 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.

In conclusion I am confident that the organisation operated in accordance with the "Corporate Governance in central government departments: Code of good practice 2011" and complied with the recommendations of the Alexander Tax Review.

Tim Moss
Chief Executive and Registrar
30 June 2014

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 2014 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 2014 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

1 July 2014

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

Statement of Comprehensive Income for the year ended 31 March 2014

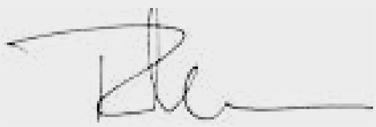
	Note	**2013/14** £'000	2012/13 £'000
Operating income	2	**63,895**	63,658
Administration costs:			
Staff costs	3	**(27,387)**	(27,391)
Non-staff administration costs	7	**(29,506)**	(25,934)
Gross administration costs		**(56,893)**	(53,325)
Operating surplus before interest		**7,002**	10,333
Interest receivable	8	**131**	156
Interest payable & finance costs	8	**(21)**	(34)
Net operating surplus before dividend		**7,112**	10,455
Dividend	9	**(4,357)**	(4,261)
Net operating surplus		**2,755**	6,194
Other Comprehensive Income			
Net Gain/(Loss) on revaluation of land and buildings	5	**172**	(569)
Comprehensive income for the year end 31 March 2014		**2,927**	5,625

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

The notes on Pages 52 – 69 form part of these accounts.

Statement of Financial Position as at 31 March 2014

	Note	**31 March 2014 £'000**	31 March 2013 £'000
Non-current assets			
Property, plant and equipment	5	**22,182**	21,586
Intangible assets	6	**19,996**	21,654
Total non-current assets		**42,178**	43,240
Current assets			
Trade and other receivables	11	**5,617**	6,814
Cash and cash equivalents	12	**37,325**	32,530
Total current assets		**42,942**	39,344
Total assets		**85,120**	82,584
Current liabilities			
Trade and other payables	13	**(9,620)**	(10,413)
Provisions	15	**(759)**	(191)
Total current liabilities		**(10,379)**	(10,604)
Non-current assets plus net current assets		**74,741**	71,980
Non-current liabilities			
Provisions	15	**(293)**	(459)
Total non-current liabilities		**(293)**	(459)
Assets less liabilities		**74,448**	71,521
Taxpayers' equity			
Public dividend capital		**15,889**	15,889
General Fund		**52,657**	49,902
Revaluation reserve	10	**5,902**	5,730
Total		**74,448**	71,521



Tim Moss
Chief Executive and Registrar
30 June 2014

The notes on Pages 52 – 69 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2014

	Note	**2013/14** £'000	2012/13 £'000
Cash flows from operating activities			
Net operating surplus		**7,112**	10,455
Adjustment for non-cash transactions	7	**6,418**	5,624
(Increase)/Decrease in trade and other receivables	11	**1,197**	(1,105)
(Decrease)/Increase in trade payables		**(849)**	171
Increase/(Decrease) in non-current provisions	15	**(166)**	(158)
Increase/(Decrease) in current provisions	15	**568**	(14)
Net cash inflow from operating activities		**14,280**	14,973
Cash flows from investing activities			
Dividend paid	9	**(4,261)**	(2,269)
Purchase of property, plant and equipment		**(2,554)**	(2,508)
Purchase of intangible assets	6	**(2,670)**	(1,712)
Net cash outflow from investing activities		**(9,485)**	(6,489)
Net increase in cash and cash equivalents in the period		**4,795**	8,484
Cash and cash equivalents at the start of the period	12	**32,530**	24,046
Cash and cash equivalents at the end of the period	12	**37,325**	32,530

The notes on Pages 52 – 69 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2014

	Public Dividend £'000	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2012	**15,889**	**43,708**	**6,299**	**65,896**
Recognised in Statement of Comprehensive Income	-	6,194	(569)	5,625
Balance as at 31 March 2013	**15,889**	**49,902**	**5,730**	**71,521**
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**

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 52 – 69 form part of these accounts.

Notes to the Accounts for the Year Ended 31 March 2014

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 2013/14 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	4 to 10 years

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

(d) Depreciation & Amortisation

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

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

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

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

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

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

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

Where the time value of money is material, Companies House discounts the provision to its present value using a discount rate of 1.8%, the Government standard rate, (2012/13: 2.35%). 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 2013/14 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)	
	2013/14	2012/13	**2013/14**	2012/13	**2013/14**	2012/13
	£m	£m	**£m**	£m	**£m**	£m
Registration activities [1]	**52.1**	50.7	**49.1**	46.3	**3.0**	4.4
Dissemination activities [2]	**10.3**	11.3	**10.6**	9.9	**(0.3)**	1.4
Other Services [3]	**1.5**	1.7	**1.4**	1.3	**0.1**	0.4
Total as per operating account	**63.9**	63.7	**61.1**	57.5	**2.8**	6.2

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, magnetic tape 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; otherwise by floor areas. 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 2013/14 was £58m (2012/13: £60.5m).

Included in Companies House income is £5m 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 (2012/13: £4.9m).

Further information is available in the Trust Statement for Late Filing Penalties from page 71.

3. Staff Costs

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

	2013/14 Total Employees	**2013/14 Full Time Equivalent Posts (FTE)**	2012/13 Total Employees	2012/13 Full Time Equivalent Posts (FTE)
3(a) Staff numbers by location				
Cardiff	**917**	**827**	932	843
Belfast	**17**	**16**	17	16
Edinburgh	**25**	**24**	25	24
London	**8**	**7**	8	7
	967	**874**	982	890
3(b) Staff numbers by activity				
Central Operations, Customer Support & Late Filing Penalties	**604**	**535**	631	562
Digital Services	**154**	**146**	150	142
Finance, HR, Legal, Policy & Communications	**197**	**181**	190	175
Senior Managers and Support	**12**	**12**	11	11
	967	**874**	982	890
Staff who worked on Capital projects (also included above)	**111**		110	

In addition, there were a total number of contract staff of 13 (2012/13: 4) of which 13 (2012/13: 4) were included on projects.

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

	2013/14 £'000	2012/13 £'000
Salaries	**23,480**	23,251
National Insurance	**1,569**	1,529
Voluntary Early Retirement (VER) costs	**-**	74
Pension costs	**3,951**	3,924
Income Seconded Staff	**(79)**	(42)
Contract staff	**1,019**	332
Capitalised staff costs (included above)	**(1,908)**	(1,606)
Capitalised contract staff project costs (included above)	**(645)**	(71)
Staff costs per operating account	**27,387**	27,391

4. Pensions

For 2013/14 the banded charges averaged 18.1% of pensionable pay for permanent staff (2012/13: 18.2%). This equates to a charge for the year of £4m (2012/13: £3.9m), at 1 of the 4 rates in the range 16.7% to 25.8% 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 2013/14 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 and early retirement costs, which are disclosed more fully in note 15. All other liabilities incurred in the year were satisfied by the year end. This is an unfunded multi-employer Defined Benefits Scheme but Companies House is unable to identify its share of the underlying assets and liabilities.

5. Property, Plant and Equipment

5(a) 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

5(b) Property, Plant and Equipment (2012/13)

	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 2012	**3,900**	**14,300**	**1,183**	**3,681**	**8,372**	**449**	**31,885**
Additions	-	-	194	697	1,955	-	2,846
Revaluation (Note 10)	(300)	(555)	-	-	-	-	(855)
Disposal/Assets written off	-	-	-	(336)	(41)	-	(377)
At 31 March 2013	**3,600**	**13,745**	**1,377**	**4,042**	**10,286**	**449**	**33,499**

Depreciation							
At 1 April 2012	**-**	**-**	**1,136**	**2,323**	**6,954**	**449**	**10,862**
Charged in year	-	286	104	416	901	-	1,707
Revaluation (Note 10)	-	(286)	-	-	-	-	(286)
Disposal/Assets written off	-	-	-	(329)	(41)	-	(370)
At 31 March 2013	**-**	**-**	**1,240**	**2,410**	**7,814**	**449**	**11,913**

Net book value at 31 March 2013	**3,600**	**13,745**	**137**	**1,632**	**2,472**	**-**	**21,586**
Net book value at 31 March 2012	3,900	14,300	47	1,358	1,418	-	21,023

The land and buildings were valued as at 31 March 2014 by Messrs DTZ Debenham Thorpe on the basis of existing use as set out in the RICS Appraisal and Valuation Manual. This basis is appropriate for use when valuing, for financial statements, property that is occupied for the purpose of the business operating within it.

6,768m^2 of the 29,862m^2 net internal space of the Crown Way building was rented to other government departments.

6. Intangible Assets

6(a) Intangible Assets (2013/14)

Intangible assets are software and the associated implementation costs

	Software £`000	Assets in the course of construction £'000	**Total £'000**
Cost			
At 1 April 2013	**53,405**	**2,434**	**55,839**
Additions	-	2,670	2,670
Disposals	-	-	-
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

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

£16.9m of the closing Net Book Value relates to Companies House Information Processing System (CHIPS) and CAP projects (2012/13: £19.2m). The remaining amortisation period for CHIPS is 4 years.

In accordance with Companies House policy an impairment review of the capitalised project costs for Companies House Service (CHS) was carried out at year end. This review concluded that certain capitalised costs properly incurred in development during the early phases of work, prior to bringing CHS in-house, could no longer be considered as it no longer represented fair capital value to the project, therefore a total of £107,000 was written off as a result of the impairment review.

6(b) Intangible Assets (2012/13)

Intangible assets are software and the associated implementation costs

	Software £'000	Assets in the course of construction £'000	**Total £'000**
Cost			
At 1 April 2012	**53,159**	**968**	**54,127**
Additions	-	1,712	1,712
Disposals	-	-	-
Asset Transfer	246	(246)	-
As at 31 March 2013	**53,405**	**2,434**	**55,839**

Amortisation			
At 1 April 2012	**30,268**	**-**	**30,268**
Charged in year	3,917	-	3,917
Impairment	-	-	-
As at 31 March 2013	**34,185**	**-**	**34,185**

Net book value at 31 March 2013	**19,220**	**2,434**	**21,654**
Net book value at 31 March 2012	22,891	968	23,859

7. Operating Surplus

	2013/14 £'000	2012/13 £'000
Audit Remuneration (This is stated after charging the following)		
Audit Services	**48**	48
Other Services	**-**	-
Professional Services (including Contact Centre and Debt Recovery)	**6,079**	4,320
Non-Staff Administration costs		
Chief Executive and Senior Managers' Travel & Subsistence	**31**	35
Other Employees Travel & Subsistence	**369**	316
Staff Related Costs	**504**	287
Recruitment & Training	**487**	315
Printing & Stationery	**4,496**	4,338
Communications & Awareness	**692**	605
Maintenance Contracts/Leases	**3,071**	3,191
Repair & Maintenance – Buildings	**1,117**	1,422
Accommodation Cost	**2,434**	2,225
Property Rental	**830**	1,151
Office Equipment	**778**	595
Software	**1,089**	582
Other Administration Costs	**1,063**	880
	23,088	20,310

Non Cash Items		
Depreciation and amortisation	**6,311**	5,624
Impairment	**107**	-
Total non-staff administration costs	**29,506**	25,934

Included in Audit Services is £12,000 for work carried out on LFP Trust Statements (2012/13: £12,000).

There were no programme costs to report in the year (2012/13: Nil).

8. Interest & Finance Costs

	2013/14	2012/13
	£'000	£'000
Short-term daily interest receivable from the GBS and National Loans Fund	**131**	156

Unwinding of discount of early retirement scheme	**(21)**	(34)

9. Dividend

A dividend of £4.4m (2012/13: £4.3m) was payable to BIS. The dividend is calculated as a return on the average capital employed in accordance with the Treasury Minute dated 21 July 2009.

10. Revaluation Reserve

	Land & Buildings	Plant and Machinery	Total
	£'000	£'000	£'000
Balance brought forward 1 April 2012	**6,289**	**10**	**6,299**
Revaluation of property, plant & equipment at 31 March 2013	(569)	-	(569)
Balance brought forward 1 April 2013	**5,720**	**10**	**5,730**
Revaluation of property, plant & equipment at 31 March 2014	172	-	172
Balance carried forward 31 March 2014	**5,892**	**10**	**5,902**

11. Trade Receivables and Other Current Assets

	31 March 2014 £'000	31 March 2013 £'000
Trade receivables	**3,181**	4,217
Other receivables	**1,249**	1,013
Prepaid expenditure	**863**	1,038
Amounts due from BIS	**324**	546
Total	**5,617**	6,814

No amounts fall due after more than one year (2012/13: Nil).

12. Cash and Cash Equivalent

	31 March 2014 £'000	31 March 2013 £'000
Balance at 1 April 2013	**32,530**	24,046
Net change in cash and cash equivalent balances	**4,795**	8,484
Balance at 31 March 2014	**37,325**	32,530

	£'000	£'000
The following balances at 31 March 2014 were held at:		
Government Banking Service (GBS) / Citibank	**20,903**	15,908
Commercial banks and cash in hand	**16,422**	16,622
Balance at 31 March 2014	**37,325**	32,530

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

13. Trade Payables and Other Current Liabilities

	31 March 2014 £'000	31 March 2013 £'000
Amounts falling due within one year		
Trade payables	**279**	382
Accruals and customer prepayments	**4,952**	5,740
Other payables	**32**	30
Dividend payable	**4,357**	4,261
	9,620	10,413

All amounts due under Trade Payables are current (2012/13: current).

No amounts fall due after more than 1 year (2012/13: Nil).

14. Finance Leases

There are no finance leases obligations to report in the period 2013/14 (2012/13: Nil).

15. Provisions for Liabilities and Charges

	2013/14 Current Liabilities £'000	Non-current Liabilities £'000	Total £'000	2012/13 Current Liabilities £'000	Non-current Liabilities £'000	Total £'000
Balance at 1 April	**191**	**459**	**650**	205	617	822
Provided in the year	**572***	**-**	**572**	-	-	-
Provisions utilised in the year	**(191)**	**-**	**(191)**	(206)	-	(206)
Provisions not required in the year	**-**	**-**	**-**	-	-	-
Transfer to current liabilities	**187**	**(187)**	**-**	192	(192)	-
Unwinding of discount	**-**	**21**	**21**	-	34	34
Balance at 31 March	**759**	**293**	**1,052**	191	459	650

Analysis of expected timings of provisions						
Amounts due within 1 year	**759**	**-**	**759**	191	-	191
Amounts due within 2 – 5 years	**-**	**259**	**259**	-	391	391
Amounts due after 5 years	**-**	**34**	**34**	-	68	68
Total	**759**	**293**	**1,052**	191	459	650

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 1.8% (2012/13: 2.35%).

* Provided in the year under current liabilites is an additional provision of £572,000 to cover a potential under payment of VAT to HMRC.

16. Operating Lease Commitments

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

	31 March 2014 £'000	31 March 2013 £'000
Operating leases which expire		
Within one year	**100**	281
In the second to fifth years inclusive	**285**	9
Over five years	**2,297**	2,897
	2,682	3,187

17. Payment Policy

In May 2010, all government departments were set new guidelines of paying 80% of supplier invoices within 5 days. In 2013/14 98.7% of invoices have been paid within this 5 day target (2012/13: 97.9%).

18. Disclosure of Intra-government Balances

	31 March 2014		31 March 2013	
	Payables	**Receivables**	Payables	Receivables
	£'000	**£'000**	£'000	£'000
Balances with other central government bodies	**4,521**	**1,276**	4,755	1,354
Balances with local/external authorities	**-**	**-**	-	-
Balances with NHS trusts	**-**	**-**	-	-
Balances with public corporations and other Trading Funds	**-**	**-**	-	-
Balances external to government	**5,099**	**4,341**	5,658	5,460
Total	**9,620**	**5,617**	10,413	6,814

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 8 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	**2013/14** **£'000**	2012/13 £'000
Total Debt Outstanding	**3,181**	4,217
Overdue but not provided for yet in following periods:		
Not yet due	**2,741**	3,873
1 – 30 days	**320**	236
31 – 60 days	**110**	104
61 – 90 days	**8**	3
> 91 days	**2**	1

No amounts fall due after more than one year (2012/13: 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 30 June 2014.

21. Performance Indicators

(a) Average rate of return

As defined in the Treasury Minute of 21 July 2009, Companies House has a target to achieve a return for the 5 year period from 1 April 2009 to 31 March 2014, averaged over the period as a whole, of at least 3.5% in the form of a surplus on ordinary activities before interest payable and dividends payable expressed as a percentage of average capital employed.

The return achieved for the year ended 31 March 2014 was 9.8% and the average return achieved since 1 April 2009 was 10.8%.

(b) Efficiency target

A new efficiency target was introduced in 2011. This was to achieve by 2013/14 a reduction, in real terms, of 15% compared with 2010/11 in the operational monetary cost of the registry per company on the Register.

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

2010/11 (base year)	£17.65
2011/12 (Year 1)	£15.25
2012/13 (Year 2)	£13.28
2013/14 (Year 3)	£12.59

This is a reduction of 28.7% over the base year cost per company.

The previous 3 year efficiency reduction achieved was 22%.

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 Steering Board members or senior managers has undertaken any material transactions with Companies House during the year.

23. Special Payments and Losses

There is a statutory requirement to disclose special payments and losses above £250,000 during the year. There were no special payments or losses made by Companies House for the year ended 31 March 2014 (2012/13: Nil).

24. Contingent Liabilities

Companies House is defending the £8.8m claim for damages made against it and reported last year. The case is listed for trial in the High Court in November 2014. Companies House does not accept the quantum of the alleged damage nor any liability for it.

Treasury Minute

Dated 21 July 2009

1. Section 4(1) of the Government Trading Funds Act 1973 ("the 1973 Act") provides that a trading fund established under the Act shall be under the control and management of the responsible Minister and, in discharge of his function in relation to the fund it shall be his duty:

   (a) to manage the funded operations so that the revenue of the fund:

      (i) consists principally of receipts in respect of goods or services provided in the course of the funded operations, and

      (ii) is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and

   (b) to achieve such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.

2. The Trading Fund for the Companies House Executive Agency was established on 1 October 1991 under the Companies House Trading Fund Order 1991 (SI 1991 No.1795).

3. The Secretary of State for Business, Innovation and Skills, being the responsible Minister for the purposes of section 4(1)(a) of the 1973 Act, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by the Companies House Trading Fund for the 5 year period from 1 April 2009 to 31 March 2014 shall be to achieve a return, averaged over the period as a whole, of at least 3.5% in the form of a surplus on ordinary activities before interest payable and dividends payable, expressed as a percentage of average capital employed. Capital employed shall consist of the capital (PDC and long-term element of loans) and reserves.

4. This Minute supersedes that dated 12 October 2004.

5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4(1) of the Government Trading Funds Act 1973.

08

Trust statement

Late Filing Penalties 2013/14

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 the department (BIS) for the cost of administering the scheme.

Statutory Background

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

A company that delivers its accounts late is liable to a late filing penalty ("LFP"). This is a civil penalty that arises automatically by operation of law (s453(1) of the Companies Act 2006 (the "Act")). The amount of penalty due is calculated by reference to the date upon which the accounts are finally delivered: the longer the period of default, the greater the penalty. A public company is liable to pay a greater penalty than a private company for the same period of default. A company 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 (s453(3)).

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

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

Financial Background

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

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

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 173,711 penalties were levied (2012/13: 170,174), which was an increase of 3,537 on the previous year. There was an overall reduction in the value of the penalties issued to £86m (2012/13: £86.1m). Compared to the previous year the number of double penalties has reduced by 2,310 resulting in the change to the overall value of penalties levied.

During 2013/14 a total of 37,706 double penalties (2012/13: 40,016) were levied with a value of £38.6m (2012/13: £40.1m) against companies which had filed their accounts late in successive years. This is the third 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

68% of the penalties levied in 2013/14 were collected in full (2012/13: 72%). Those penalties which either I or my fellow Registrars exercised our discretion not to collect are excluded from these figures.

This decrease of 4% on debt collection reflects the current economic situation where some of these companies are unable to settle as they have no assets or are in the process of dissolution.

Penalties and any associated court costs which were written off during the financial year as uncollectable amounted to £19.2m (2012/13: £15.5m). The increase in the bad and doubtful debt provision of £6.3m (2012/13: £8.8m) has arisen mainly because of the increase in the value of the penalties imposed since February 2009 and current economic situation.

Results and Appropriations

The net revenue for the Consolidated Fund was £59.1m (2012/13: £60.4m). The transfer of receipts to the Consolidated Fund from the Trust in the year was £58m (2012/13: £60.5m), which left a balance due to the Consolidated Fund of £18.9m (2012/13: £17.8m) at 31 March 2014.

Case Handling

During the financial year 32,710 (2012/13: 31,645) appeals were received against penalties levied. Having levied a penalty, I and my fellow Registrars have applied limited discretion not to collect penalties in 3.3% of cases (2012/13: 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 2013/14 the debt written off was £19.2m (2012/13: £15.5m) of which 96% related to dissolved companies (2012/13: 99%)

The provision for bad debts for the year has increased by £6.3m to £67.8m (2012/13: £61.5m) and has been constructed in line with the accounting policy (note 1). The main reasons for the increase has been the higher value of penalties imposed since February 2009.

Independent Adjudicators

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

Court Costs

Court costs awarded are shown within income and in 2013/14 amounted to £3m (2012/13: £2.8m). 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. 2013/14: £1.1m (2012/13: £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 outflow for the year was £59m (2012/13: £61.3m) taking cash balances at the year end to £3.4m. 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 (2012/13: £12,000) (Note 7 Page 62).

Registrars

Tim Moss
Registrar of Companies for England and Wales

Dorothy Blair
Registrar of Companies for Scotland

Helen Shilliday
Registrar of Companies for Northern Ireland

Tim Moss
Chief Executive and Registrar
30 June 2014

Trust Statement

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

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

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

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

The Treasury has appointed the Chief Executive of Companies House as the Accounting Officer for the Trust Statement. His relevant responsibilities as Accounting Officer, including responsibility for the propriety and 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

Governance Statement, Strategic Report and Director’s Report

The Agency’s Governance Statement, covering both the Trading Fund and the Trust Statement, is shown on pages 40 to 45.

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 24.

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 2014 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 2014 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

1 July 2014

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 2014

	Note	**2013/14 £'000**	2012/13 £'000
Revenue			
Penalties	2a	**86,025**	86,126
Discretion Applied Under s453(3) Companies Act 2006	2b	**(3,322)**	(3,230)
Total		**82,703**	82,896
Other Income			
Recoverable Court Costs	1c	**2,995**	2,809
Total Revenue		**85,698**	85,705
Expenditure			
Court Costs Transferred	1c	**(1,072)**	(973)
Bad and Doubtful Debts	4	**(25,505)**	(24,330)
Total Expenditure		**(26,577)**	(25,303)
Net Revenue for the Consolidated Fund	6	**59,121**	60,402

There were no recognised gains or losses accounted for outside the above Statement of Revenue and Expenditure (2012/13: Nil).

The notes on pages 83 – 87 form part of this statement.

Trust Statement

Statement of Financial Position as at 31 March 2014

	Note	31 March 2014 £'000	31 March 2013 £'000
Receivables falling due after more than one year	3a	**1,073**	483
Current assets			
Trade and Other Receivables	3b	**14,650**	15,105
Cash and cash equivalents	7	**3,391**	2,391
Total current assets		**18,041**	17,496
Total assets		**19,114**	17,979
Current liabilities			
Trade and Other Payables	5	**(233)**	(219)
Total current liabilities		**(233)**	(219)
Non-current assets plus net assets		**18,881**	17,760
Assets less liabilities		**18,881**	17,760
Balance on Consolidated Fund Account as at 31 March	6	**18,881**	17,760

Tim Moss
Chief Executive and Registrar
30 June 2014

The notes on pages 83 – 87 form part of this statement.

Trust Statement

Statement of Cash Flows for the year ended 31 March 2014

	Note	2013/14 £'000	2012/13 £'000
Net Cash Flow from Revenue Activities		**59,000**	61,329
Cash paid to Consolidated Fund	6	**(58,000)**	(60,500)
Increase in cash and cash equivalent		**1,000**	829

Notes to the Statement of Cash Flows

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

Net Revenue for Consolidated Fund		**59,121**	60,402
(Increase)/Decrease in Non-cash Assets	3	**(135)**	901
Increase in Liabilities	5	**14**	26
Net Cash Flow from Revenue Activities		**59,000**	61,329

(b) Analysis Of Changes in Net Funds

Increase in Cash in this Period		**1,000**	829
Net Funds as at 1 April (Opening Cash at Bank)	7	**2,391**	1,562
Net Cash as at 31 March (Closing Cash at Bank)		**3,391**	2,391

The notes on pages 83 – 87 form part of this statement.

Trust Statement

Notes to the Accounts for the Year Ended 31 March 2013

1. Principal accounting policies

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

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

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

(b) Accounting Convention
The Trust statement has been prepared in accordance with the historical cost convention.

(c) Revenue Recognition
Penalties are measured in accordance with IAS 18. Revenue is recognised when:

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

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

(e) 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:

	2013/14		2012/13	
	Number of Penalties '000	£'000	Number of Penalties '000	£'000
England & Wales	161	79,361	157	78,913
Scotland	9	4,939	10	5,286
Northern Ireland	3	1,725	3	1,927
Total	**173**	**86,025**	170	86,126

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) Receivables falling due after more than 1 year

	2013/14 £'000	2012/13 £'000
Penalties levied and Court Costs	46,869	41,324
Provision of Doubtful Debts	(45,796)	(40,841)
Total	**1,073**	483

3(b) Trade and Other Receivables

	2013/14 £'000	2012/13 £'000
Penalties levied and Court Costs	36,633	35,785
Provision of Doubtful Debts	(21,983)	(20,680)
Total	**14,650**	15,105

3(c) Penalties levied and Court Costs

	2013/14 £'000	2012/13 £'000
Not Yet Due (Instalment agreements)	**1,457**	1,403
1 – 30 days	**5,704**	6,341
31 – 60 days	**5,159**	4,974
61 – 90 days	**3,609**	3,458
91 – 365 days	**20,704**	19,609
< 365 days	**36,633**	35,785
> 365 days	**46,869**	41,324
Total	**83,502**	77,109

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

	2013/14 £'000	2012/13 £'000
Debt written off — dissolved companies	**19,147**	15,420
Other write offs	**100**	109
Revenue losses	**19,247**	15,529
Increase in provision for doubtful debt	**6,258**	8,801
Total	**25,505**	24,330

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

	2013/14	2012/13
	£'000	£'000
Other payables	**233**	219
Total	**233**	219

No amounts fall due after more than one year (2012/13: Nil).

6. Balance on Consolidated Fund

	2013/14	2012/13
	£'000	£'000
Balance on the Consolidated Fund as at 1 April	**17,760**	17,858
Net Revenue for the Consolidated Fund	**59,121**	60,402
Less Amounts paid to Consolidated Fund	**(58,000)**	(60,500)
Balance on the Consolidated Fund as at 31 March	**18,881**	17,760

7. Cash and Cash Equivalents

	2013/14	2012/13
	£'000	£'000
Balance with GBS	**3,048**	2,093
Balance with commercial banks	**343**	298
Total	**3,391**	2,391

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 £5m (2012/13: £4.9m). This expenditure is included in Companies House Resource accounts because there is no express statutory provision for these costs to be deducted from the revenue collected and paid over to the Consolidated Fund.

	2013/14	2012/13
	£'000	£'000
Appeal Administration		
Staff Costs	**1,345**	1,446
Overheads	**721**	607
Debt Collection		
Staff Costs	**269**	247
Overheads	**2,680**	2,614
Total	**5,015**	4,914
Average Employees FTE	**56.3**	60.4

9. Related Party

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

10. Subsequent events

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

The accounts were authorised for issue 30 June 2014.

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 2014 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 2013/14.
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 13). The Trading Fund shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury and to the principles underlying International Financial Reporting Standards.
5. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
6. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to 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
20 December 2013

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