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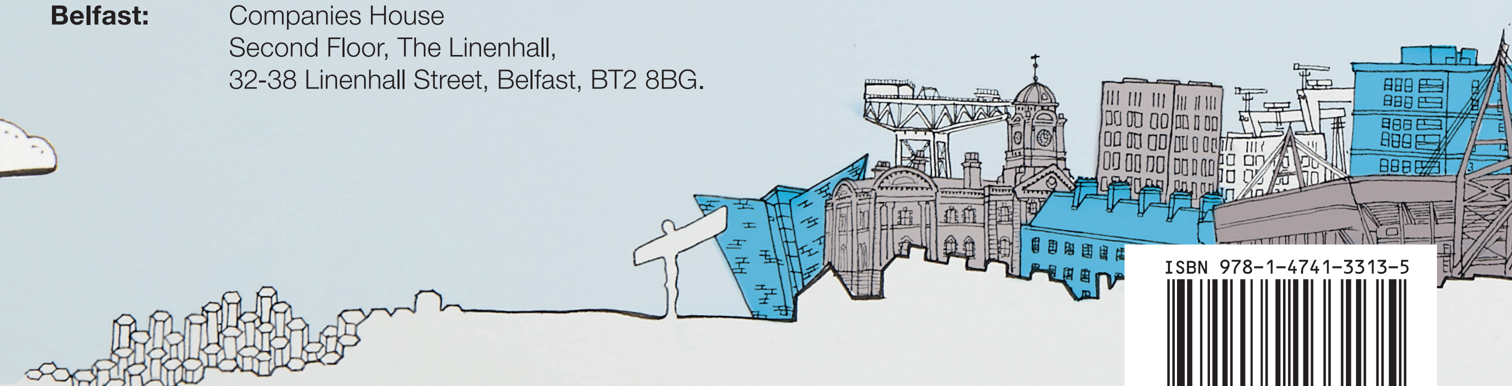

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Companies House | Annual Report and Accounts **2015/16**

Front Cover

Companies House

Companies House
Annual Report and Accounts 2015/16

Inside Cover

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Inside Cover

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Companies House

Annual Report and Accounts 2015/16

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

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

Ordered by the House of Commons to be printed 19 July 2016.

HC 445

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1.

Performance report

Overview

Companies House at a glance

Register size as at 31 March 2016	3,678,860
New incorporations	611,372
Companies restored	6,446
In receivership	6,343
Dissolved companies	399,736
In dissolution	160,419
In liquidation	84,661
Digital take-up	83.7%
Accepted transactions	9,665,130
Paper documents accepted	1,578,218
Accounts compliance (filed earlier or on time)	94.5%
Accounts compliance (filed up to date)	99.1%
Customer satisfaction	88%
Number of times the register is accessed for free information (Excluding Application Programme Interface (API) searches)	1,285,966,526
Number of times the register is accessed for paid information	3,620,596
Staff engagement	60%
Headcount (total employees) as at 31 March 2016	903
Headcount (full-time equivalents) as at 31 March 2016	829.4
Income	£66.3m
Expenditure (including dividend)	£68.8m

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

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Chairman’s and Chief Executive’s review

This has been another challenging but highly successful year for Companies House with major achievements in the areas of:

- customer service and delivery
- digitisation and open data
- introducing legislative changes

The register has continued to grow, with the total number of registered companies reaching 3,678,860 at the end of the year. This represents a growth of 6.2% over last year. Throughout the year we have maintained our focus on customer service and this is clear from the results of the independent customer satisfaction survey which showed that 88% of customers asked were satisfied.

Our strategy of becoming a fully digital business and delivering open data was a key focus in the year. Our online services have been available 99.9% of the time and in January we launched our first digital only service for the reporting of payments to foreign governments by those in the extractives industries. Take up of our digital services reached 87.4% for March 2016 and 83.7% for 2015/16 as a whole, while digital take up of incorporations and digital filing of annual returns reached 99%.

The strategic drive toward more open data led to the launch of Companies House Service (CHS) in June 2015, giving free online access to the register, which has high volumes of daily requests. Customer feedback on this particular service is also exceptionally high, and 76.1% of customers responding were either satisfied or very satisfied with the service. However, the success of free data has led to a number of concerns being raised regarding the availability of personal data. We have received 2,151 complaints from customers about the availability of data online. The public availability of certain data is the trade-off for limited liability and we are legally required to make the data on the register available, and the response to free data indicates that this is an overwhelmingly positive step. However, in the coming year we will look again at how data relating to dissolved companies is handled, particularly where that data relates to individuals.

Much of our work in 2015/16 has been to implement measures from the Small Business Enterprise and Employment Act (SBEEA). In October 2015 we introduced a change to our systems to prevent the display of the day of birth for company directors. From October records for newly appointed directors only show the month and year of birth. This year we also introduced a faster strike off procedure. Companies can now be removed from the Register in just two months, as opposed to the previous three months. In the coming year we will be implementing the more significant aspects of SBEEA. This will include the introduction of the Confirmation Statement, which replaces the annual return, as well as the introduction of the register of People with Significant Control (PSC). This year we have developed systems that will help our customers comply with their new obligations quickly and easily.

The past year has seen us achieve a great deal. This is due to the hard work and expertise of our staff and we are grateful to them for the dedication they have shown, and the hard work they have continually put in to deliver great services for customers.

Brian Landers (Chairman of Companies House)

Tim Moss CBE (Chief Executive and Registrar)

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Introduction

Companies House is an executive agency of the Department for Business, Innovation and Skills (BIS). It is a Trading Fund and receives no monies from the taxpayer. Its main source of income is fees for registration. In addition to this, Companies House receives some income from renting surplus office space to other parts of government. Late Filing Penalties (LFP), collected on behalf of Parliament from companies which file their accounts late, are paid, in full, to HM Treasury. Companies House recovers the costs of running the penalties scheme from BIS.

Companies House operates under the Companies Act 2006 and related legislation. Its accounts are prepared in accordance with a direction from HM Treasury issued under section 4(6) of the Trading Funds Act 1973.

Principal activities

Companies House incorporates and dissolves limited companies, registers the information companies supply under statute, and makes that information available to the public. It also has responsibility for the administration of the LFP regime, delegated from the Secretary of State for BIS.

Companies House's head office is in Cardiff, with smaller offices in Edinburgh, Belfast and London. Company registrations for England and Wales are carried out in Cardiff, while those of Scotland and Northern Ireland are carried out in Edinburgh and Belfast, respectively.

During this year, Companies House has continued to work in line with the key priorities set out in its Strategic Plan, issued in 2014:

- digital transformation to become a 100% digital organisation
- open data that fully links to other government data on companies
- improved register integrity through better investigation and remedies
- reduced burdens through deregulation and joining up across government
- efficiencies and the prospect of the simplification of registration fees

Implementation of the Small Business Enterprise and Employment Act (SBEEA)

Preparations for implementation of the Small Business Enterprise and Employment Act (SBEEA) have been a prime focus for Companies House in the year. All parts of the business have been actively engaged in designing systems and processes to handle the changes that will be brought about, as well as managing the inevitable peak in customer assistance needed with change. In addition to preparing internally, significant focus has been applied by the Customer Care team to communicate with customers through a wide range of channels.

Digital transformation

Working electronically is the way the world is moving and government is no exception. During the year covered by this report, Companies House has launched its first electronic only service, enabling companies working in the extractives industries to meet legal obligations to make public their payments to governments.

Companies House has been working on a joint project with HMRC to deliver a streamlined registration service, which will allow individuals to incorporate a company and register for certain taxes electronically, in a single joined-up process. The service has now completed its discovery phase to determine the user need and the first release will be a private beta to a select audience in late 2016.

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Open data

In June 2015, Companies House launched the Companies House Service (CHS), a new digital service, which underpins its free data strategy and which makes the register available free online for all to access. This model is very popular with users. By the end of the year the new service was satisfying more than 2m search requests per day.

Companies House Service was launched at the end of June 2015 and from then until the end of March 2016, there were 63.9 million searches on the filing history. During the same period, there were 4.7 million equivalent searches on legacy systems. The high take-up of the free data service will enable Companies House to retire its legacy search products (including WebCHeck and Companies House Direct) in the coming year, consolidating all search products under one service, and providing the basis for a similar migration of filing services.

CHS is built around a public Application Programme Interface (API) and allows third parties to access the same data and functionality at no cost for use in their own services, greatly expanding the accessibility and usefulness of Companies House's data. The successful launch of Free Data using common data standards has made the register more transparent and open to use by all parts of the UK economy, maintaining the companies register's position as the trusted source of company data in the UK.

Register integrity

A great deal of preparatory work has been done ahead of the implementation of measures within SBEEA. In preparing for the implementation of the new act, certain data sets needed to be checked and cleansed. This included data for the single alternative inspection location of 75,000 companies, and 5,000 director appointments. As part of the government's transparency agenda, bearer shares were abolished during the year. Companies House worked closely with the 1,300 companies identified as having bearer shares, and over 1,200 companies confirmed they had removed them.

To further its role in assisting in the combating of financial crime, Companies House has strengthened its links with law enforcement agencies and is now receiving an average of 124 requests from them each month, as opposed to 27 per month in 2014/15. Companies House has also worked with the courts to ensure that the information received from the courts on disqualified directors is sent in a timely manner, so that the register accurately reflects the status of someone on whom information is held.

Reduced burdens

Companies House is committed to reducing the burden on companies by making both search and filing services more efficient and easier to access. In 2015/16 secure foundations were put in place to enable material improvements over the coming years. Initially the development of the digital services in Companies House focused on search customers and open access to digital data, with regular functionality improvements through a series of iterations. This has resulted in a steady increase in the popularity of the service. Over the coming year, the service will expand its filing capabilities so that it can eventually replace all legacy services.

In addition to the main service, a parallel project is underway to deliver a streamlined company registration service allowing a customer to incorporate a company and register for certain taxes in a single transaction. This initiative aligns with government policy on delivering data once to government and is a clear example of Companies House using technology to deliver simpler and quicker services, to benefit business and the UK economy.

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Efficiency

Although this has been a year in which Companies House has made preparations for the future by investing further in our people, capability and capacity, it has been successful in continuing to achieve year on year efficiencies. Having been set a challenging target to reduce the average cost per company by 10% in 2015/16, the organisation reached an efficiency saving of 10.1% for the year.

Some of the more notable savings include £462,000 postage costs saved by sending digital reminder letters to customers, £400,000 from a new debt collection contract and £170,000 in postal charges by switching from first to second class post. There has also been a 6.2% growth in the number of companies on the register this year and the additional document volumes received have been fully absorbed by the processing teams without any increases in headcount.

Our people, services and customers

People

Companies House took part in the annual Civil Service wide survey, achieving a response rate of 72% and an engagement index of 60%, which were both lower than the previous year but higher than the civil service average. There was evidence of some great things in the results as well as some areas for improvement. Companies House developed a corporate action plan in February 2016 and is following up issues raised.

Attendance management continued to be a focus. Despite efforts to manage sickness absence, year end results were 8.1 average days absence, against a target of less than 7.5 days. This raises some issues which will be addressed in an action plan for 2016/17, which is currently being developed.

In line with government policy, Companies House successfully negotiated the removal of contractual progression from its pay scheme.

In its approach to working, Companies House has redesigned and refurbished the office space for its digital teams, to encourage more flexible, collaborative and innovative approaches.

Companies House recruited a total of 22 apprentices. These apprentices have been placed in operational delivery, information technology, human resources and finance teams. The apprentices will have the opportunity to gain an associated NVQ qualification, through an externally appointed training provider, with additional support provided by in house “mentors” and “buddies”. Although they have only been with us a short time, they are making a positive contribution to their various teams.

Operational delivery

The overall size of the register increased by 6.2% in the last financial year to nearly 3.7m active companies. One of the main drivers for this increase has been the large number of new businesses registering with Companies House. New registrations can often act as a guide to the state and health of the economy and over 611,000 companies were registered at Companies House during the 2015/16 financial year, an increase of 4.4% on the previous year.

The successful roll out of the new Customer Operations Team function is drawing to a close and is expected to be completed by the end of June 2016. This initiative, which commenced in early 2015, saw the merger of two core business functions within Companies House; document processing and compliance. The overarching purpose of the initiative was to improve the customer experience by providing a ‘one-stop shop’ from which customers could source information on document filing requirements and compliance responsibilities as part of a single interaction with Companies House. An additional benefit was that the initiative provided staff with a more varied role with increased development opportunities. While the success of the initiative has not yet been formally assessed anecdotal evidence indicates a significant improvement in the quality and speed of customer interactions.

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The electronic scanning initiative implemented during 2014/15 has been successfully bedded in across the operational area, delivering key work flow improvements including increased flexibility around resource use. This was particularly apparent during the December 2015 peak filing period when despite the large volume of documents received electronically and by post, processing targets were reached in early January. This was a significant improvement on the previous year's peak filing performance.

Customer Service Excellence

Customer service excellence continues to be at the heart of everything Companies House does, which has been recognised by the retention of the Customer Service Excellence award, with some areas of best practice noted. From listening to customer feedback, the key area highlighted is an improvement in the customer experience of using our services.

Companies House maximises the use it makes of its membership of the Institute of Customer Services, with staff working towards qualifications designed to enhance their customer service skills and assist in Companies House's desire to develop a more multi skilled workforce.

Customer contact centre

Companies House's Contact Centre supports customers via email and telephone. Last year the Centre answered 988,225 telephone calls, which is a 6.9% reduction on last year. This continues the trend of year on year decline in demand as a result of the increased use of digital services and improvements to guidance. The total number of emails received increased by 9.5%. Of the 623,611 emails received, the contact centre answered 99.7% in four hours. These emails play an important role in Companies House's analysis of the reasons for customer contact and help to support the development of new and existing services.

Customer care

Customers have opportunities at one-to-one visits, online or at our regular customer meetings held across the country, to talk to members of Companies House's customer care teams. In these interactions, they may discuss our performance, and raise any issues they have regarding our services.

Risk and uncertainty

Companies House identifies and manages risk to minimise the potential impact on delivery of our services and strategic goals. Details of the risks identified and addressed in 2015/16 are given in the Governance Statement.

There are a number of risks that Companies House will carry forward into the new financial year. These are under control but have yet to be managed down sufficiently or are of an ongoing nature and need continued vigilance. They include:

- infrastructure and applications resilience
- the capacity to deliver legislative change while ensuring that customer satisfaction is upheld and that progress is made against its strategy

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Performance analysis

Public targets

Of our 6 public targets, we have met 5. Companies House met the target for availability of services and exceeded the target for accounts and annual return compliance filing rates.

Public targets	Out-turn
Achieve an overall satisfaction score of 88% of customers scoring 6 or above in the Annual Customer Satisfaction Survey (Annual Independent Survey) conducted by Ipsos Mori by end November 2015	88%
To achieve a compliance rate of 94% of companies filing their Accounts early or on time	94.5%
To achieve a compliance rate of 77% of companies filing their Annual Returns early or on time.	77.7%
All Companies House Services are available 99.9% of the time	99.9%
To achieve an electronic filing target of 85% for all documents filed electronically	83.7%
To reduce the average cost per company, adjusted for inflation and excluding exceptional items, by 10% in 2015/16	10.1%

Financial performance

Financial performance

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

Total income was £66.3m (2014/15: £67.5m). This exceeded the planned amount by £3.9m, reflecting the continued growth in the register arising from record levels of incorporations and also from search income received during the year from the continuing use of Companies House Direct and WebCHeck by our customers. Offsetting this increase was a reduction in income from the administration of the Late Filing Penalties of £1.1m to £4.1m (2014/15: £5.2m).

Costs, at £65.2m (2014/15: £61.1m), were £7.3m more than budget due to litigation costs, staff costs and a variety of other overheads. This was partly offset by a reduction in Late Filing Penalties administrative costs.

As a result, there was a net operating surplus before dividend of £1.3m (2014/15: £6.5m). The net operating deficit was £2.5m (2014/15: surplus of £2.1m) after payment of the dividend of £3.8m (2014/15: £4.4m).

£5.0m (2014/15: £5.8m) was invested in improving systems and developing new services for customers, and improvements to the working environment.

Of this, in-house development costs accounted for £3.2m (2014/15: £3.9m). This was mainly spent on completing the product to support SBEEA. We invested £0.9m (2014/15: £1.8m) in further hardware and upgrades, and £0.9m (2014/15: £0.1m) on improvements to the working environment.

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We have a target to achieve a return, averaged over the period as a whole, of at least 3.5% surplus on ordinary activities after interest and before dividends payable, as a percentage of average capital employed, for the five years from 1 April 2014 to 31 March 2019. We have achieved a return of 1.7% for the year (2014/15: 8.6%).

Our balance sheet remains strong and we have improved our cash balances by £5.7m to £47.1m (2014/15: £41.4m). The independent valuation of the freehold land and buildings at Crown Way, Cardiff as at the end of this financial year, valued the asset at £18.1m. More information on this is provided in note 5 to the financial statements.

Late Filing Penalties

There is a separate trust statement for the Late Filing Penalties (LFP) regime. The cost of operating the scheme was £4.1m (2014/15: £5.2m) compared to a budget of £5.2m, and £57m (2014/15: £56.5m) in penalties collected was paid into the HM Treasury's Consolidated Fund.

Payment Policy

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

In 2015/16, 98.7% of supplier invoices have been paid within this 5 day target (2014/15: 98.6%).

Performance indicators

Average rate of return

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

The return achieved for the year ended 31 March 2016 was 1.7% (2014/15: 8.6%) and the cumulative average return achieved since 1 April 2014 was 5.1%.

Efficiency target

A new efficiency target was introduced in 2015. This was to reduce the average cost per company, adjusted for inflation and excluding exceptional items, by 10% in 2015/16.

The average cost per company on the Register shown above was:

2014/15 (Base Year)	£12.85
2015/16 (Year 1)	£11.54

This is a reduction of 10.1% over the base year cost (2014/15: 8%).

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Sustainability report

Companies House is certified to the environmental management system ISO14001:2004. Since the introduction of the revised standard we have been actively working to align our system and procedures with the requirements of the 2015 standard.

The new standard will provide a robust framework for the organisation to integrate sustainability throughout our decision making and in turn minimise our environmental impact. We are endeavouring to achieve certification of the revised standard during 2017.

Greenhouse gas emissions non-financial indicators (tCO²e)

Scope / emission / energy use	2013/14 tCO²e	2014/15 tCO²e	**2015/16 tCO²e**
Total Scope 1 emissions (gas, fuel for fleet, fugitive emissions)	82	70	**82**
Total Scope 2 emissions (off site electricity generation)			
Belfast office	38	43	**42**
Cardiff office	1,583	1,911	**1,907**
Edinburgh office	25	28	**26**
Total Scope 3 emissions (transmission loss of electricity)			
Belfast office	3	4	**3**
Cardiff office	135	167	**158**
Edinburgh office	2	2	**2**
Total emissions attributed to electricity consumption	1,786	2,155	**2,138**
Emissions attributable to Scope 3 official business travel (rail, taxi, air, underground—all offices)	91	64	**62**
Total emissions (all scopes)	1,959	2,289[1]	**2,282**

1. Our carbon footprint has been restated for 2014/15 in order to account for material changes to the conversion factors provided by Defra for company reporting purposes.

Greenhouse gas emissions: related energy consumption (kWh)

Electricity	2013/14 kWh'000	2014/15 kWh'000	**2015/16 kWh'000**
Belfast office	86	86	**92**
Cardiff office	3,551	3,866	**4,127**
Edinburgh office	54	56	**55**
Gas (Cardiff only)	405	343	**392**
Total kWh consumption	4,096	4,351	**4,666**

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The above table illustrates our greenhouse gas emissions and associated financial indicators. Our total energy kWh consumption has risen for the year which is primarily due to new tenants occupying vacant space at our Cardiff office. We have seen a slight reduction in emissions associated with business travel, this can be attributed to the increased usage of our video conferencing facilities.

Greenhouse gas emissions: financial indicators for all offices

Expenditure	2013/14 £'000	2014/15 £'000	**2015/16 £'000**
Energy (gas, electricity)	473	517	**553**
CRC (including fees and allowances)	31	27	**37**
Official business travel (rail, hire cars, taxis, air and fuel)	211	223	**208**

Cardiff office energy apportionment

At our Cardiff office we have a number of government bodies renting our facilities. This helps to lower our property related overheads and helps increase property related efficiency across the government estate. The chart below illustrates where energy (gas and electricity) is attributed on a space occupied basis for financial year 2015/16.

Cardiff office total kWh usage

Energy performance per building user

Energy performance	**Cardiff** [1]	**Belfast** [2]	**Edinburgh**
Total kWh'000 consumption electricity	4,127	92	55
Total kWh'000 consumption gas	392	-	- [3]
FTE (2015/16)	1,670 [4]	18	22
kWh electricity performance per FTE	2,471	5,064	2,505
kWh gas performance per FTE	235	-	-

1. Cardiff office includes tenant's energy consumption.
2. Electricity provides heating and cooling at our Belfast Office.
3. Gas is used for heating and cooling at our Edinburgh office, which is a multi-tenanted building. Gas is charged on a space basis and not sub-metered.
4. FTE includes employees, tenants, contractors and visitors.

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Waste minimisation and management

Non-financial indicators	2013/14 (tonnes)	2014/15 (tonnes)	**2015/16 (tonnes)**
Recycled/reused	199	162	**190**
ICT waste	5	2	**4**
Landfill	70	68	**87**
Food waste	11	11	**11**
Total waste arising	285	243	**292**

Cardiff office only, data not available for other regional offices.

Financial implications	2013/14 (£'000)	2014/15 (£'000)	**2015/16 (£'000)**
Total disposal cost	9	9	**10**

Our waste is collect via a Total Facilities Management framework therefore costs are unable to be segregated per waste stream.

Use of finite resources (water)

Non-financial indicators	2013/14 (m^3)	2014/15 (m^3)	**2015/16 (m^3)**
Water consumption	10,111	9,483	**9,506**

Cardiff office only, data not available for other regional offices.

Financial implications	2013/14 (£'000)	2014/15 (£'000)	**2015/16 (£'000)**
Water supply costs	39	34	**34**

Cardiff office only, data not available for other regional offices.

During the last financial year, we consumed 5.7m^3 of water per FTE which is identified as good practice in the Greening Government Sustainability Guidance.

Paper 2015/16

Usage	A4	A3
Number of reams used	11,875	40
Cost (£'000)	31	0.2

Over the forthcoming years it is our intention to include more comparative data so that our performance can be measured.

Tim Moss CBE

Chief Executive and Registrar
30 June 2016

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2.
Accountability report

2.1 Corporate governance report

Directors' report

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

Members of the Board

Brian Landers: Chairman of Companies House

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

Tim Moss CBE: Chief Executive Officer and Registrar of Companies for England and Wales

Tim became the Registrar in March 2012 and is the 31st Registrar of Companies in a long line that first started back in 1844. Tim joined Companies House in 2002 and spent the first two years running the operations and compliance departments before moving into the role of Director of Corporate Strategy. During his career at Companies House he has been heavily involved in leading digital transformation, the move to open data, major legislative changes, business strategy, and developing cross government services. Before joining Companies House, Tim 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.

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Ann Lewis: Director of Operations and Customer Delivery

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

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

Neil Hartley: Director of Finance

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

Gareth Lloyd: Director of Digital Services

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

Ceri Witchard: Director of Corporate Strategy

Ceri joined Companies House in 2015 and is responsible for leading the policy and strategy development for the organisation. She has extensive experience of policy development within in government, including legislative policy, negotiation and implementation of European directives. In her previous role Ceri led communications and business support teams, and developing online tools to assist small businesses. Ceri is a trustee for a small community transport charity and a community governor at a local primary school. She is also the Regulator for Community Interest Companies. Ceri has a degree in mathematics and post-graduate qualifications in law and intellectual property.

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

Peter Wyman is Chairman of the Care Quality Commission, Chairman of Sir Richard Sutton Limited and Treasurer and Vice-Chair of the University of Bath. During the year he was also Chairman of Yeovil District Hospital NHS Foundation Trust, a Director of the City of London Sinfonia and a Senior Advisor to Albright Stonebridge Group LLC. Previously he was a partner in PricewaterhouseCoopers LLP and President of the Institute of Chartered Accountants in England and Wales.

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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.

Jeff Lynn: Non-executive Board Member

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

Anne Spinali: Non-executive Board Member (BIS)

Anne joined the Shareholder Executive as an executive director in October 2013 and acts as the BIS lead sponsor for Companies House. She has extensive experience of corporate finance and policy development in government. Previously she was head of SME Debt Finance Strategy in BIS, where she led work on establishing a Business Bank and allocating the £100m Business Finance Partnership Investment Programme and on small business finance policies. Before joining BIS, she worked at the Confederation of British Industry and in the charity sector on a range of public policy issues as well as in the European Parliament. Anne has post graduate qualifications in Political Science, International Studies and European Affairs.

Sheila Doyle: Non-executive Board Member

Sheila's period as a NEBM ended in December 2015.

Personal data related incidents

During the reporting year, one personal data related incident was reported to the Information Commissioner's Office (2014/15: nil). No sanctions were imposed by the Information Commissioner's Office. There have been the following minor incidents: 37 unauthorised disclosures (2014/15: 22), 5 IT security incidents (2014/15: 7), and 2 others (2014/15: 2).

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Statement of Accounting Officer's responsibilities

Under section 4(6)(a) of the Government Trading Funds Act 1973, the Treasury has directed Companies House to prepare a statement of accounts for each financial year in the form, and on the basis, set out in the accounts direction, given by HM Treasury on 18 December 2015. 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 a Statement of Comprehensive Income for the year as well as a Statement of Financial Position, a Statement of Changes in Taxpayers' Equity 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

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 Managing Public Money published by HM Treasury.

Accounting Officer's confirmation

As Accounting Officer, as far as I'm aware, there is no relevant audit information of which the agency's auditors are unaware. I have taken all of the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the National Audit Office are aware of that information.

The annual report and accounts as a whole is fair, balanced and understandable and I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

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Governance statement

Scope

Responsibility

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

Purpose

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

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

Companies House governance structure

The board members of Companies House

All boards and committees were well attended during the year, with the occasional unavoidable absence. All discussions and decisions made at these meetings were recorded through minutes and no conflicts of interest were recorded during the year.

Table of attendance of Main Board and its sub-committees (NEBM = Non-executive Board Members; ShEx = Shareholder Executive):

Board members	Main Board Meetings (9 meetings— including strategic planning away day)	Audit Committee (4 Meetings) (4 Meetings)	Remuneration Committee Meeting (3 Meetings)
Brian Landers [1.] (NEBM)	9	-	3
Tim Moss CBE (CEO and Registrar)	8	4	2
Peter Wyman (NEBM)	8	4	-
Sheila Doyle (NEBM) Left organisation 31/12/2015	7	3	2
Jeff Lynn (NEBM)	9	4	-

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Board members	Main Board Meetings (9 meetings—including strategic planning away day)	Audit Committee (4 Meetings) (4 Meetings)	Remuneration Committee Meeting (3 Meetings)
Mike Taylor (NEBM)	9	2 (From 1 February 2016)	-
Anne Spinali (NEBM, ShEx)	9	4	2
Neil Hartley (Executive Director – Corporate Services (including Finance))	9	4	-
Ann Lewis (Executive Director – Customer Delivery)	6	-	-
Gareth Lloyd (Executive Director – Digital Services)	8	-	-
Ceri Witchard (Executive Director – Corporate Strategy) From September 2015	6 (6 from 6 meetings)	-	-

[1.] Brian Landers, Chairman of the Main Board and Remuneration Committee, also attended business planning meetings, SCS recruitment interviews in June and visited Companies House on a number of occasions during the year. He also attended the Audit Committee in December 2015 and February 2016.

Companies House boards and committees

The Companies House Main Board's principal role is to set Companies House strategy, direction and to oversee operational effectiveness. The board of Companies House is made up of directors and Non-executive Board Members and is led by an independent Non-executive Chair, Brian Landers. The Chairman ensures the membership of the Board contains an appropriate mix of skills and experiences to best support the organisation.

During the year the Main Board:

- Received Strategic Direction updates
- Monitored progress of key programmes and projects—in particular progress against preparations for the Small Business Enterprise and Employment Act
- Agreed the contents of the 2016/17 business plan and public targets
- Reviewed and agreed the annual report and accounts
- Reviewed financial performance and efficiency
- Held a strategic planning away day during November 2015

To help fulfil its role the Board has two sub-committees: the Audit Committee and the Remuneration Committee, each chaired by NEBMs.

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

- Received quarterly reports of the management and progress against the organisation's corporate risks
- Approved the internal audit plan and reviewed progress reports against the plan on a quarterly basis, and advised on the implications for the overall control framework as well as adequacy of management responses
- Reviewed the annual report and accounts and the Companies House Governance Statement
- Received reports and held discussions on specific areas during the course of the year including: cyber security, operational processes, information security and systems resilience

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

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

The committee met three times during the year in May, November and March. The following items were discussed:

- Parameters for pay negotiations approval of the pay remit from BIS
- Awards scheme
- Forward look including recruitment and retention
- Non-money benefits update
- Removal of contractual progression

In addition, the Accounting Officer had the assistance of three advisory panels who met monthly to monitor key business plan deliverables and risks within their scope

Change Advisory Panel discussed and advised on:

- All live projects and programmes
- Benefits
- Project and programme finance

People, Places and Resource Advisory Panel discussed and advised on:

- All related staff issues including recruitment, attendance etc.
- Internal systems including payroll and attendance
- Health and safety management
- Finance

Service Delivery Advisory Panel discussed and advised on:

- Customer satisfaction
- Customer compliments and complaints
- Services
- Companies House performance
- Resource planning

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Each panel contains members of the Corporate Leadership Group and is chaired by a member of the Executive Team of Companies House ensuring a clear line of sight for escalation of issues through the organisation and to the Main Board and Audit Committee if required.

Information provided to the board

The information provided to the Board is generally to a good standard and provided in plenty of time ahead of the meetings. The Board often comment that the information was useful and allowed them to make any necessary decisions without the need for further information. However, there is a need to improve the forward planning of papers to ensure the Board are getting early sight of issues.

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 Advisory Panels 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.

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

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

Risks successfully managed down during the year included:

- Ability to deliver April 2016 measures of the Small Business Enterprise and Employment Act
- Possible requirement to adopt new enforcement responsibilities
- Maintaining customer satisfaction throughout legislative change

There are a number of risks that we will carry into 2016/17. 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:

- Resilience of key infrastructure and applications will continue to be monitored closely until Companies House completes the move to cloud hosting planned for December 2016
- We will continually monitor the risk to customer satisfaction as a result of legislative change, and its impact on our services
- A number of changes to our systems and policies have been made to minimise the risk of registration errors affecting insolvency occurring in the future

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Whistleblowing procedures

Companies House reviewed and amended its whistleblowing policy and procedures in line with the Civil Service Employee Policy (CSEP) and published the new documents on the Companies House Intranet site in March 2015. The policy and procedure was tested when a complaint was received under the policy in August 2015. The complaint was investigated in accordance with the revised guidelines, with recommendations presented in a report, and the complainant informed of the outcome. A review of the process confirmed that the policy and procedure were fit for purpose.

Internal Audit

In November, the Companies House Internal Audit Team migrated to the new Government Internal Audit Agency (GIAA), but the people working with Companies House remains the same. The objective is to share in the benefits that the agency will realise around, for example, sharing best practice and specialist resources across the UK. The service delivery to Companies House continues to operate to the 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 third parties in addition to their day-to-day oversight
- Identification of stakeholder expectations, including external certification requirements

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

- Finance
- Debt collection
- Efficiencies
- Key customer filing interfaces
- Register integrity
- Time critical registration processes

The Head of Internal Audit offered 'Satisfactory' assurance in his annual assessment, i.e.: the framework of governance, risk management and control is adequate and effective.

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Review of effectiveness

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

- Customer Service Excellence
- Investor in People—Gold Standard
- ISO 27001:2013 - Information Security
- ISO 14001—Environmental Management
- OHSAS 18001—Health & Safety
- Member of the Institute of Customer Services

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.

At the end of last year, we reviewed our internal structure to enable the organisation to become more agile. We introduced three advisory panels made up of senior members which monitor progress against our business plan targets and the progression of project and programmes. The panels advise on the desired direction of resource and processes to ensure the organisation successfully meets its milestones and ultimate goals. This structure has become embedded in the organisation and will continue through 2016/17.

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

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

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

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2.2 Remuneration and staff report

Remuneration

Remuneration policy

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 Commission can be found at: www.civilservicecommission.independent.gov.uk

Salary

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

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Benefits in kind

No directors received a benefit in kind in 2015/16 (2014/15: £2,300).

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

Employee contributions are salary-related and range between 3% and 8.05% (2014/15: between 1.5% and 6.85%) of pensionable earnings for classic and 4.6% and 8.05% (2014/15: between 3.5% and 8.85%) for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (2014/15: between 3% and 12.5%) (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% (2014/15: 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.

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

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

Senior managers

Senior managers have been defined using the definition of 'Key Management' contained within the IAS 24 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

This section has been audited.

	2015/16	2014/15
	£'000	£'000
Brian Landers	25-30	25-30
Peter Wyman	10-15	10-15
Sheila Doyle (Resigned 31 December 2015)	5-10	10-15
Full year equivalent	(10-15)	
Jeff Lynn	10-15	10-15
Mike Taylor	10-15	10-15
Anne Spinali [1.]	nil	nil

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

Executive disclosure

This section has been audited.

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 highest paid director (taking the mid-point of the range disclosed) and the median full time equivalent remuneration of all other Companies House employees.

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

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		2015/16	2014/15	% Change
Highest paid director remuneration	£'000	**125-130**	125-130	0%
Median remuneration	£	**22,311**	22,120	0%
Ratio		**5.71**	5.77	(1%)
Range of staff remuneration (including temporary and agency staff)	£'000	**16-115**	16-116	

This has been restated to take account of the use of contractors as required by the change in the Financial Reporting Manual 2015/16. This resulted in no change in the median remuneration and a change in ratio amounting to 0.01.

Single total figure of remuneration

This section has been audited.

		Tim Moss	Ann Lewis	Neil Hartley [1.]	Gareth Lloyd	Ceri Witchard [2.]
2015/16						
Salary	£'000	85-90	70-75	35-40	125-130	25-30
Full year equivalent	£'000					(50-55)
Performance payments	£'000	10-15	0-5	0-5	0-5	0-5
Benefits in kind (to nearest £100)	£	nil	nil	nil	nil	nil
Pension benefits	£'000	-	29	18	49	24
Total remuneration package	£'000	100-105	100-105	55-60	175-180	50-55
2014/15						
Salary	£'000	85-90	70-75	75-80	120-125	nil
Performance payments	£'000	0-5	0-5	0-5	0-5	nil
Benefits in kind (to nearest £100)	£	nil	nil	2,300	nil	nil
Pension benefits	£'000	27	9	12	46	nil
Total remuneration package	£'000	110-115	80-85	90-95	170-175	nil
Real increase in pension	£'000	0-2.5	0-2.5	0-2.5	2.5-5	0-2.5
and lump sum at age 60	£'000	(2.5)-(5)	2.5-5	nil	nil	0-2.5
Total accrued pension at age 60 as at 31/03/16	£'000	15-20	35-40	30-35	5-10	10-15
and related lump sum	£'000	40-45	115-120	nil	nil	40-45
CETV at 31/03/16	£'000	267	835	464	60	195
CETV at 31/03/15	£'000	249	748	403	30	164
Real increase in CETV funded by employer	£'000	(10)	27	18	18	15

1. On 1 April 2015 Neil Hartley started a dual role where 50% of time is with Intellectual Property Office (IPO) and 50% with Companies House. Although he is employed by Companies House the IPO is charged for the work undertaken on its behalf. The total remuneration package reflects the amount charged for this role. It is not possible to determine what portion of the pension entitlement and CETV relates to IPO or Companies House. These values are also reported in full in the IPO annual report and accounts 2015/16.

2. On 7 September 2015 Ceri Witchard started a dual role where 25% of time is spent as the Regulator of Community Interest Companies (CIC) and 75% with Companies House. Although she is employed by Companies House the CIC is charged for the work undertaken on its behalf. The total remuneration package reflects the amount charged for this role. It is not possible to determine what portion of the pension entitlement and CETV relates to CIC or Companies House. These values are also reported in full in the CIC's annual report and accounts 2015/16.

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The remuneration of the highest paid director in Companies House in the financial year 2015/16 was £127,260 (2014/15: £125,215).

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

It does not include employer pension contributions, pension benefits 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.

Compensation for loss of office

This section has been audited.

Companies House did not run an exit release scheme during 2015/16. This means that no members of staff left (2014/15: 90) during the year under a voluntary exit scheme and no compensation payments (2014/15: £2.8m) were made during the year. Prior year departure costs were paid in accordance with the provisions of the Civil Service Compensation Scheme applicable at that time.

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Reporting of Civil Service and other compensation schemes—exit package

Exit package cost band	**2015/16** **Number of staff**	2014/15 Number of staff
£1,000 - £10,000	-	9
£10,000 - £25,000	-	33
£25,000 - £50,000	-	38
£50,000 - £100,000	-	7
£100,000 - £200,000	-	3
Total number of exit packages	-	90
	£'000	£'000
Total resource cost	- [1.]	2,822

[1.] There was no resource cost for 2015/16, but there was an amount amended by PCSPS in relation to a payment made in 2014/15 which amounted to £12,000.

Staff

This section has been audited.

Analysis of staff numbers and costs

The number of senior civil service staff (or equivalent) by band:

Senior civil service staff band	**2015/16** **Number of senior service staff**	2014/15 Number of senior service staff
Band 1	**4**	3
Band 2	**1**	1
Total	**5**	4

One director was appointed in September 2015.

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

Staff numbers by location	**2015/16** **Total Employees**	**2015/16** **Full Time Equivalent Posts (FTE)**	2014/15 Total Employees	2014/15 Full Time Equivalent Posts (FTE)
Cardiff	**838**	**766**	901	809
Belfast	**17**	**16**	17	16
Edinburgh	**22**	**21**	24	22
London	**7**	**7**	7	7
Total	**884**	**810**	949	854

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Staff numbers by activity	2015/16 Total Employees	2015/16 Full Time Equivalent Posts (FTE)	2014/15 Total Employees	2014/15 Full Time Equivalent Posts (FTE)
Customer Delivery Directorate and Late Filing Penalties	**536**	**482**	585	516
Digital Services	**199**	**192**	188	177
Corporate Services	**102**	**93**	121	110
Strategy	**28**	**25**	35	32
Chief Executive and Registrar and Legal	**19**	**18**	20	19
Total	**884**	**810**	949	854
Staff who worked on capital projects (also included above)	**85**		122	

In addition, there were a total number of contract staff of 23 (2014/15: 19) of which 16 (2014/15: 18) were included on projects.

Staff Costs (for the above persons)	2015/16 £'000	2014/15 £'000
Salaries	**23,741**	24,039
National Insurance	**1,570**	1,550
Voluntary Exit Scheme (VES) costs [1.]	**12**	2,822
Pension costs	**4,427**	3,992
Income Seconded Staff	**(148)**	(73)
Contract staff [2.]	**1,669**	1,853
Capitalised staff costs (included above)	**(2,035)**	(2,274)
Capitalised contract staff project costs (included above)	**(1,131)**	(1,450)
Staff costs per operating account	**28,105**	30,459

1. This is the amount amended by PCSPS in relation to a payment made in 2014/15.

2. The classification of contract staff has altered which has resulted in an amended disclosure for 2014/15.

Pensions

For 2015/16 the banded charges averaged 20.7% of pensionable pay for permanent staff (2014/15: 18.2%). This equates to a charge for the year of £4.4m (2014/15: £4m), at 1 of the 4 rates in the range 20.0% to 24.5% (2014/15: 16.7% to 24.3%) of pensionable pay, based on salary bands.

Employer contributions are to be reviewed every 4 years following a full scheme valuation by the Government Actuary. The date of the last actuarial valuation was 31 March 2012 (prior date was 31 March 2010). The contribution rates are set to meet the cost of the benefits accruing during 2015/16 to be paid when the member retires and not the benefits paid during this period to existing pensioners. Companies House has provided for early retirement / voluntary exit

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costs, which are disclosed more fully in note 14 of the financial statements. All other liabilities incurred in the year were satisfied by the year end. This is an unfunded multi-employer defined benefit scheme but Companies House is unable to identify its share of the underlying assets and liabilities.

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

Off-payroll engagements

Off-payroll appointments as of 31 March, for more than £220 per day and that last longer than six months are shown below:

	2015/16	2014/15
The total number of such engagements	**11**	14
The number that have existed for less than one year	**11**	14
Declaration that all of the above appointments have been subject to a risk based assessment regarding the payment of correct tax	**Yes**	Yes

For all new off-payroll appointments, or those that reach six months in duration, between 1 April and 31 March for more than £220 per day and will last for longer than six months:

	2015/16	2014/15
The number of new engagements or those that reached six months during the period	**11**	14
The number of these engagements which include contractual clauses giving the department the right to request assurance in relation to tax obligations	**11**	14
The number for whom assurance has been requested	**11**	14
The number for whom assurance has been requested and received	**11**	14
The number for whom assurance has been requested but not received	**-**	-
The number that have been terminated from non-receipt of assurance	**-**	-

Consultancy and the use of contingent labour

	2015/16 **£'000**	2014/15 £'000
Consultancy expenditure	**838**	526
Contingent labour expenditure	**1,669**	1,853

The movement is due to an increased requirement for specialist technical resource.

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Staff numbers

Staff numbers by contract type (average headcount)	2015/16	2014/15
Permanent	**884**	949
Contractor/agency/temporary	**23**	19
Inward secondment	**3**	4
Total	**910**	972

Permanent employees (average headcount)	2015/16			2014/15		
	Female	**Male**	**Total**	Female	Male	Total
Directors (senior civil servants)	**2**	**3**	**5**	1	3	4
Employees	**486**	**393**	**879**	533	412	945
Total	**488**	**396**	**884**	534	415	949

Companies House Main Board

There were 5 independent Non-executive Board Members as at 31 March 2016 (2014/15: 6).

Pension liabilities

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

Employees

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

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

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

The level of sickness absence was 8.1 average working days lost per person (2014/15: 7.6 days).

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Late Filing Penalties

This section has been audited.

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 2015/16 was £57.0m (2014/15: £56.5m).

Included in Companies House income is £4.1m 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 (2014/15: £5.2m).

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

Future developments

Our future developments are set out throughout the Performance report.

Political and charitable gifts

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

Audit service

This section has been audited.

The statutory external audit was performed by the National Audit Office (NAO) and reported on by the Comptroller and Auditor General at a cost of £36,000 (2014/15: £36,000). An audit was also carried out for the Trust Statement at a cost of £12,000 (2014/15: £12,000). The NAO did not perform any non-audit services.

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

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

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2.3 Parliamentary accountability and audit report

Parliamentary accountability

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. The assets and liabilities of Companies House are reviewed by senior management on a total basis and not on a segmental reporting basis. For reporting purposes, therefore, management considers that there is only one operating segment.

Fees and charges

This section has been audited.

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.

	Income		Cost of services [4]		Surplus/ (Deficit)	
	2015/16 £m	2014/15 £m	**2015/16 £m**	2014/15 £m	**2015/16 £m**	2014/15 £m
Registration activities [1.]	**57.9**	55.6	**63.2**	54.0	**(5.3)**	1.6
Dissemination activities [2.]	**6.9**	10.4	**4.4**	10.3	**2.5**	0.1
Other Services [3.]	**1.5**	1.5	**1.2**	1.1	**0.3**	0.4
Total as per operating account	**66.3**	67.5	**68.8**	65.4	**(2.5)**	2.1

1. Registration activities—includes incorporation, annual registration, change of name, mortgage registration, dissolution, liquidation and recharges of costs incurred in the administration of late filing penalties.

2. Dissemination activities—includes searches delivered on paper, electronically and to bulk users.

3. Other services—includes income from rentals and surplus office space.

4. Cost of services includes interest payable, interest receivable and dividends payable in accordance with the cost recovery principles of the Treasury's "Managing Public Money". Support costs are apportioned based on the usage made by the main service providers. Costs are directly attributable to services where possible. During the year we further refined the allocation of costs to better reflect the current processes, services and headcount levels. We have not restated previous years' allocations.

Long term expenditure trends

Longer-term expenditure plans are being driven by the key strands of the Strategic Plan (2014 – 19), namely: to facilitate a transformation to become a 100% digital organisation; to provide an open data service that fully links to other government data on companies; to improve register integrity through better investigation and remedies; to reduce burdens through deregulation and joining up across government, as well as simplification of registration fees. These will enable further efficiencies and savings to be derived as the organisation reduces paper transactions over this period.

Special payments and losses

This section has been audited.

Total payments under this category which are linked to litigation amount to £6.48m (2014/15: £0.35m). The appropriate amounts have been accounted for in provisions for liabilities and charges (note 14 of the financial statements) and in non-staff administration costs (note 7 of the financial statements).

Remote contingent liabilities

There are no remote contingent liabilities (2014/15: Nil).

Tim Moss CBE

Chief Executive and Registrar
30 June 2016

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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 2016 under the Government Trading Funds Act 1973. The financial statements comprise: the 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 and Staff Report and the Parliamentary Accountability Disclosures that is described in that report as having been audited.

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 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 2016 and of its net operating deficit 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.

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Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability and Audit Report to be audited have 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability and Audit 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

6 July 2016

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

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3.
Financial statements

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Statement of comprehensive income for the year ended 31 March 2016

	Notes	2015/16 £'000	2014/15 £'000
Operating income	2	**66,333**	67,451
Administration costs:			
Staff costs	3	**(28,105)**	(30,459)
Non-staff administration costs	7	**(37,070)**	(30,629)
Gross administration costs		**(65,175)**	(61,088)
Operating surplus before interest		**1,158**	6,363
Interest receivable	8	**164**	137
Interest payable and finance costs	8	**(22)**	(13)
Net operating surplus before dividend		**1,300**	6,487
Dividend	9	**(3,840)**	(4,363)
Net operating (deficit)/surplus		**(2,540)**	2,124
Other Comprehensive Income			
Net gain on revaluation of land and buildings	5, 10	**844**	456
Comprehensive (expenditure)/income for the year ended 31 March		**(1,696)**	2,580

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

The notes on Pages 42 – 56 form part of these accounts.

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Statement of financial position as at 31 March 2016

	Note	**31 March 2016 £'000**	31 March 2015 £'000
Non-current assets			
Property, plant and equipment	5	**22,464**	22,082
Intangible assets	6	**16,703**	19,049
Total non-current assets		**39,167**	41,131
Current assets			
Trade and other receivables	11	**6,827**	6,533
Cash and cash equivalents	12	**47,102**	41,400
Total current assets		**53,929**	47,933
Total assets		**93,096**	89,064
Current liabilities			
Trade and other payables	13	**(11,265)**	(11,442)
Provisions	14	**(6,419)**	(439)
Total current liabilities		**(17,684)**	(11,881)
Non-current assets plus net current assets		**75,412**	77,183
Non-current liabilities			
Provisions	14	**(80)**	(155)
Total non-current liabilities		**(80)**	(155)
Assets less liabilities		**75,332**	77,028
Taxpayers' equity			
Public dividend capital		**15,889**	15,889
General Fund		**52,251**	54,791
Revaluation reserve	10	**7,192**	6,348
Total		**75,332**	77,028

Tim Moss CBE
Chief Executive and Registrar
30 June 2016

The notes on Pages 42 – 56 form part of these accounts.

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Statement of cash flows for the year ended 31 March 2016

	Note	2015/16 £'000	2014/15 £'000
Cash flows from operating activities			
Net operating surplus before dividend		**1,300**	6,487
Adjustment for non-cash transactions	7	**7,809**	7,257
(Increase)/Decrease in trade and other receivables	11	**(294)**	(916)
(Decrease)/Increase in trade payables and other current liabilities		**(214)**	1,929
Increase/(Decrease) in current provisions	14	**5,980**	(320)
(Decrease)/Increase in non-current provisions	14	**(75)**	(138)
Net cash inflow from operating activities		**14,506**	14,299
Cash flows from investing activities			
Dividend paid		**(4,363)**	(4,357)
Purchase of property, plant and equipment		**(1,240)**	(2,009)
Purchase of intangible assets	6	**(3,201)**	(3,858)
Net cash outflow from investing activities		**(8,804)**	(10,224)
Net increase in cash and cash equivalents in the period		**5,702**	4,075
Cash and cash equivalents at the start of the period	12	**41,400**	37,325
Cash and cash equivalents at the end of the period	12	**47,102**	41,400

The notes on Pages 42 – 56 form part of these accounts.

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Statement of changes in taxpayers' equity for the year ended 31 March 2016

	Public Dividend £'000	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2014	**15,889**	**52,657**	**5,902**	**74,448**
Recognised in statement of comprehensive income	-	2,124	456	2,580
Transfers between funds	-	10	(10)	-
Balance as at 31 March 2015	**15,889**	**54,791**	**6,348**	**77,028**
Balance at 1 April 2015	**15,889**	**54,791**	**6,348**	**77,028**
Recognised in statement of comprehensive income	-	(2,540)	844	(1,696)
Balance as at 31 March 2016	**15,889**	**52,251**	**7,192**	**75,332**

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

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

The notes on Pages 42 – 56 form part of these accounts.

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Notes to the accounts for the year ended 31 March 2016

1. Principal accounting policies

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 2015/16 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounts conform to, insofar as is practicable and appropriate, international financial reporting standards, the Companies Act 2006 and specific Treasury guidance.

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 Property, Plant and Equipment.

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

Intangible assets

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

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

CHIPS	10 years
IT Projects	3 to 10 years

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

Depreciation and amortisation

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

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

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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.

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.

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.

Financial instruments

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

Revenue recognition

Income, which excludes VAT, represents fees and charges in respect of services provided.

Other operating income includes 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. Income is recognised when expenditure is incurred.

Any miscellaneous income, for example rent receivable, is classed as other operating income, and is recognised in the period to which it relates.

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.

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 and Staff Report.

Provisions

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

Where the time value of money is material, Companies House discounts the provision to its present value using a discount rate of 1.37%, the government standard rate, (2014/15: 1.3%). 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.

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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.

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.

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 2015/16 and not applied, which would materially affect Companies House Financial Statements. In addition we have not adopted any standards early.

2. Income

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)	
	2015/16 £m	2014/15 £m	**2015/16 £m**	2014/15 £m	**2015/16 £m**	2014/15 £m
Registration activities [1.]	**57.9**	55.6	**63.2**	54.0	**(5.3)**	1.6
Dissemination activities [2.]	**6.9**	10.4	**4.4**	10.3	**2.5**	0.1
Other Services [3.]	**1.5**	1.5	**1.2**	1.1	**0.3**	0.4
Total as per operating account	**66.3**	67.5	**68.8**	65.4	**(2.5)**	2.1

1. Registration activities—includes incorporation, annual registration, change of name, mortgage registration, dissolution, liquidation and recharges of costs incurred in the administration of late filing penalties.

2. Dissemination activities—includes searches delivered on paper, electronically and to bulk users.

3. Other services—includes income from rentals and surplus office space.

4. Cost of services includes interest payable, interest receivable and dividends payable in accordance with the cost recovery principles of the Treasury's "Managing Public Money". Support costs are apportioned based on the usage made by the main service providers. Costs are directly attributable to services where possible. During the year we further refined the allocation of costs to better reflect the current processes, services and headcount levels. We have not restated previous years allocations.

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3. Staff costs

Staff Costs	2015/16 £'000	2014/15 £'000
Salaries	**23,741**	24,039
National Insurance	**1,570**	1,550
Voluntary Exit Scheme (VES) costs	**12**	2,822
Pension costs	**4,427**	3,992
Income Seconded Staff	**(148)**	(73)
Contract staff [1.]	**1,669**	1,853
Capitalised staff costs (included above)	**(2,035)**	(2,274)
Capitalised contract staff project costs (included above)	**(1,131)**	(1,450)
Staff costs per operating account	**28,105**	30,459

1. The classification of contract staff has altered which has resulted in an amended disclosure for 2014/15.

4. Pensions

For 2015/16 the banded charges averaged 20.7% of pensionable pay for permanent staff (2014/15: 18.2%). This equates to a charge for the year of £4.4m (2014/15: £4m), at 1 of the 4 rates in the range 20.0% to 24.5% (2014/15: 16.7% to 24.3%) of pensionable pay, based on salary bands. Employer contributions are to be reviewed every 4 years following a full scheme valuation by the Government Actuary. The date of the last actuarial valuation was 31 March 2012 (prior date was 31 March 2010). The contribution rates are set to meet the cost of the benefits accruing during 2015/16 to be paid when the member retires and not the benefits paid during this period to existing pensioners. Companies House has provided for early retirement / voluntary exit costs, which are disclosed more fully in note 14. All other liabilities incurred in the year were satisfied by the year end. This is an unfunded multi-employer defined benefit scheme but Companies House is unable to identify its share of the underlying assets and liabilities.

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

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5. Property, plant and equipment

Property, plant and equipment (2015/16)

	Land £'000	Buildings £'000	Leasehold Improvement £'000	Plant and Machinery £'000	Computer Equipment [1.] £'000	**Total** **£'000**
Cost or revaluation						
At 1 April 2015	**3,300**	**14,220**	**653**	**4,336**	**12,627**	**35,136**
Additions	-	-	-	943	857	1,800
Revaluation (Note 10)	135	425	-	-	-	560
Disposal/assets written off	-	-	-	(501)	(406)	(907)
At 31 March 2016	**3,435**	**14,645**	**653**	**4,778**	**13,078**	**36,589**
Depreciation						
At 1 April 2015	**-**	**-**	**648**	**2,818**	**9,588**	**13,054**
Charged in year	-	284	5	297	1,676	2,262
Revaluation (Note 10)	-	(284)	-	-	-	(284)
Disposal/assets written off	-	-	-	(501)	(406)	(907)
At 31 March 2016	**-**	**-**	**653**	**2,614**	**10,858**	**14,125**
Net book value at 31 March 2016	**3,435**	**14,645**	**-**	**2,164**	**2,220**	**22,464**
Net book value at 31 March 2015	3,300	14,220	5	1,518	3,039	22,082

1. Balances for finance leases have been reclassified to computer equipment.

The land and buildings were independently valued as at 31 March 2016 by Messrs DTZ Debenham Tie Leung Limited (Cusham & Wakefield) (Chartered surveyors) on the basis of existing use as set out in the RICS Appraisal and Valuation Manual. This basis is appropriate for use when valuing, for financial statements, property that is occupied for the purpose of the business operating within it.

7,542m^2 (2014/15: 7,509m^2) of 29,862m^2 net internal space of the Crown Way building was rented to other government departments.

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Property, plant and equipment (2014/15)

	Land	Buildings	Leasehold Improvement	Plant and Machinery	Computer Equipment	Finance Leases	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost or revaluation							
At 1 April 2014	**3,300**	**14,045**	**1,377**	**4,363**	**11,470**	**449**	**35,004**
Additions	-	-	-	130	1,766	-	1,896
Revaluation (Note 10)	-	175	-	-	-	-	175
Disposal/assets written off	-	-	(724)	(157)	(651)	(407)	(1,939)
At 31 March 2015	**3,300**	**14,220**	**653**	**4,336**	**12,585**	**42**	**35,136**
Depreciation							
At 1 April 2014	**-**	**-**	**1,307**	**2,658**	**8,408**	**449**	**12,822**
Charged in year	-	281	65	317	1,789	-	2,452
Revaluation (Note 10)	-	(281)	-	-	-	-	(281)
Disposal/assets written off	-	-	(724)	(157)	(651)	(407)	(1,939)
At 31 March 2015	**-**	**-**	**648**	**2,818**	**9,546**	**42**	**13,054**
Net book value at 31 March 2015	**3,300**	**14,220**	**5**	**1,518**	**3,039**	**-**	**22,082**
Net book value at 31 March 2014	3,300	14,045	70	1,705	3,062	-	22,182

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6. Intangible assets

Intangible assets (2015/16)

Intangible assets are software and the associated implementation costs

	Software £`000	Assets in the course of construction £'000	**Total £'000**
Cost			
At 1 April 2015	**60,331**	**2,036**	**62,367**
Additions	-	3,201	3,201
Disposals	(1,603)	-	(1,603)
Impairment	-	(295)	(295)
Asset transfer	1,629	(1,629)	-
As at 31 March 2016	**60,357**	**3,313**	**63,670**
Amortisation			
At 1 April 2015	**43,318**	**-**	**43,318**
Charged in year	5,252	-	5,252
Disposal	(1,603)	-	(1,603)
Impairment	-	-	-
As at 31 March 2016	**46,967**	**-**	**46,967**
Net book value at 31 March 2016	**13,390**	**3,313**	**16,703**
Net book value at 31 March 2015	17,013	2,036	19,049

£5m of the closing Net Book Value (NBV) relates to Companies House Information Processing System (CHIPS) and £1.5m for Companies Act Programme (CAP) projects (2014/15: £10m). The remaining amortisation period for CHIPS and CAP is 2 years.

£3.7m of the closing NBV relates to Companies House Service (CHS) and other small in-house projects. The remaining amortisation period for these assets is 3-10 years.

In accordance with Companies House policy, all intangible assets were reviewed at year end for impairment. An impairment provision of £295,000 was made in relation to certain costs capitalised on the joint account replacement project with HMRC. These costs were impaired due to changes required to software programming languages.

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Intangible assets (2014/15)

Intangible assets are software and the associated implementation costs

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

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

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

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7. Non-staff administration costs

	2015/16 £'000	2014/15 £'000
Audit remuneration		
Audit services	**48**	48
Other services	**-**	-
Subtotal	**48**	48
Administration costs		
Chief Executive and senior managers' travel and subsistence	**39**	50
Other employees travel and subsistence	**285**	358
Staff related costs	**419**	490
Recruitment and training	**506**	629
Printing and stationery	**4,517**	4,297
Communications and awareness	**975**	862
Maintenance contracts/leases	**2,784**	2,299
Repair and maintenance – buildings	**2,124**	1,480
Accommodation cost	**2,543**	2,541
Property rental	**612**	590
Office equipment	**999**	856
Software	**479**	551
Other administration costs	**921**	955
Subtotal	**17,203**	15,958
Professional services (including contact centre, debt recovery and costs of litigation)	**12,010**	7,366
Subtotal (audit remuneration, administration costs & professional services)	**29,261**	23,372
Non-cash Items		
Depreciation and amortisation	**7,514**	7,165
Impairment	**295**	92
Subtotal	**7,809**	7,257
Total non-staff administration costs	**37,070**	30,629

Included in audit services is £12,000 for work carried out on LFP Trust Statement (2014/15: £12,000).

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8. Interest and finance costs

	2015/16	2014/15
	£'000	£'000
Short-term daily interest receivable from the Government Banking Service and National Loans Fund	**164**	137
Unwinding of discount of early retirement scheme	**(22)**	(13)

9. Dividend

A dividend of £3.8m (2014/15: £4.4m) was payable to BIS. The dividend is calculated as a return on the average capital employed in accordance with the Treasury Minute dated 14 May 2014.

10. Revaluation reserve

	Land and Buildings	Plant and Machinery	Total
	£'000	£'000	£'000
Balance brought forward 1 April 2014	**5,892**	**10**	**5,902**
Revaluation of property, plant and equipment at 31 March 2015	456	-	456
Transfer to general fund at 31 March 2015	-	(10)	(10)
Balance brought forward 1 April 2015	**6,348**	**-**	**6,348**
Revaluation of property, plant and equipment at 31 March 2016	844	-	844
Transfer to general fund at 31 March 2016	-	-	-
Balance carried forward 31 March 2016	**7,192**	**-**	**7,192**

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11. Trade receivables and other current assets

	31 March 2016 £'000	31 March 2015 £'000
Trade receivables	**3,223**	3,333
Other receivables	**1,377**	1,530
Prepayments and accrued income	**1,629**	1,055
Amounts due from BIS	**598**	615
Total	**6,827**	6,533

No amounts fall due after more than one year (2014/15: Nil).

12. Cash and cash equivalents

	31 March 2016 £'000	31 March 2015 £'000
Balance at 1 April	**41,400**	37,325
Net change in cash and cash equivalent balances	**5,702**	4,075
Balance at 31 March	**47,102**	41,400

	£'000	£'000
The following balances at 31 March were held at:		
Government Banking Service (GBS) / Citibank	**30,900**	24,915
Commercial banks and cash in hand	**16,202**	16,485
Balance at 31 March	**47,102**	41,400

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

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13. Trade payables and other current liabilities

	31 March 2016 £'000	31 March 2015 £'000
Amounts falling due within one year		
Trade payables	**448**	174
Accruals and customer prepayments	**6,013**	5,990
Other payables	**964**	915
Dividend payable	**3,840**	4,363
Total	**11,265**	11,442

No amounts fall due after more than 1 year (2014/15: Nil).

14. Provisions for liabilities and charges

	Voluntary retirement schemes [1.] £'000	Costs of litigation [2.] £'000	Total £'000
Balance at 1 April 2015	**594**	**-**	**594**
Provided in the year	**-**	**6,300**	**6,300**
Provisions utilised in the year	**(417)**	**-**	**(417)**
Unwinding of discount	**22**	**-**	**22**
Balance at 31 March 2016	**199**	**6,300**	**6,499**
Analysis of expected timings of provisions			
Amounts due within 1 year	**119**	**6,300**	**6,419**
Amounts due within 2 – 5 years	**80**	**-**	**80**
Total	**199**	**6,300**	**6,499**

1. 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 1.37% (2014/15: 1.3%).

2. Provision has been made for litigation costs agreed and paid after the year end.

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15. Operating lease commitments

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

	31 March 2016 £'000	31 March 2015 £'000
Amounts due		
Not later than one year	**498**	498
Later than one year and not later than five years	**1,190**	1,407
Later than five years	**794**	1,074
Total	**2,482**	2,979

These leases relate to the offices in Belfast, Edinburgh and London.

16. Future income due under non-cancellable operating leases

	2015/16 £'000	2014/15 £'000
Land and buildings:		
Receivable within 1 year	**380**	375
Receivable within 2–5 years	**319**	557
Total	**699**	932

The lease information above relates to the sub-letting of surplus space in the Cardiff Office. Companies House has 7 tenants (2014/15: 7). This reflects the cash payments expected over the remaining non-cancellable term of each lease. A separate rates and service charge is also levied (and is included in other income in note 2) to recover the cost of utilities and other facilities costs borne by Companies House. This charge is not included within the figures above as it varies annually.

17. Financial commitments

Companies House has entered into non-cancellable contracts (which are not leases or PFI (and other service concession arrangement) contracts), for a variety of services such as debt collection service, IT maintenance, contact centre and printing and mail services.

The total payments to which the agency is committed are as follows:

	2015/16 £000	2014/15 £000
Not later than one year	**9,025**	16,356
Later than one year and not later than five years	**159**	9,226
Total	**9,184**	25,582

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18. 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.

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	**2015/16**	2014/15
	£'000	£'000
Total debt outstanding	**3,223**	3,333
Overdue but not provided for yet in following periods:		
Not yet due	**3,137**	3,231
1 – 30 days	**59**	66
31 – 60 days	**11**	20
61 – 90 days	**8**	5
> 91 days	**8**	11

No amounts fall due after more than one year (2014/15: Nil).

19. Subsequent events

Events after the reporting period date.

The result of the referendum held on 23 June 2016 was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event can not be made.

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

The accounts were authorised for issue on the date of the certificate and report of Comptroller and Auditor General.

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20. Related party transactions

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

Neil Hartley is the Director of Finance for Companies House and the Intellectual Property Office (IPO), IPO is a related party. Details of Neil Hartley's remuneration and that of all the Companies House directors are available in the Remuneration and Staff Report.

Ceri Witchard is the Director of Corporate Strategy for Companies House and Regulator of Community Interest Companies (CIC), CIC is a related party. Details of Ceri Witchard's remuneration and that of all the Companies House directors are available in the Remuneration and Staff Report.

Related organisation	**Income** **£'000**	**Amounts owed by related party** **£'000**
Intellectual Property Office	318	185
Community Interest Companies	13	Nil

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Treasury minute

Dated 14 May 2014

1. Section 4(1) of the Government Trading Funds Act 1973 ("the 1973 Act") provides that a trading fund established under that Act shall be under the control and management of the responsible Minister and, in discharge of his function in relation to the fund it shall be his duty:
   (a) to manage the funded operations so that the revenue of the fund:
      (i) consists principally of receipts in respect of goods or services provided in the course of the funded operations, and
      (ii) is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and
   (b) to achieve such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
2. The Trading Fund for Companies House was established on 1 October 1991 under the Companies House Trading Fund Order 1991 (SI 1991 No.1795).
3. The Secretary of State for the Department for Business, Innovation and Skills, being the responsible Minister for the purposes of section 4(1)(b) of the 1973 Act, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by the Companies House Trading Fund to achieve, over the period from 1 April 2014 to 31 March 2019, a return, averaged over the period as a whole, of at least 3.5 per cent real [1] in accordance with Managing Public Money. This will take the form of an operating surplus on ordinary activities post exceptional items and interest (payable and receivable), but before dividends, expressed as a percentage of average capital employed. Capital employed shall equate to the total assets from which shall be deducted the total liabilities.
4. This Minute supersedes that dated 21 July 2009.
5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4(1)(b) of the Government Trading Funds Act 1973.

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

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4.

Trust Statement: Late Filing Penalties 2015/16

Accounting Officer's foreword to the trust statement

Scope

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

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

Statutory background

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

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

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

Neither I nor my fellow Registrars have the power to cancel a penalty once it has accrued. There is limited discretion not to collect an LFP (Section 453(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.

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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.

From 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 value levied.

Business review

During the financial year 194,987 penalties were levied (2014/15: 177,620), which was an increase of 17,367 on the previous year. There was an overall increase in the value of the penalties issued to £91.8m (2014/15: £84.5m).

During 2015/16 a total of 40,441 double penalties (2014/15: 37,431) were levied with a value of £39.2m (2014/15: £36.7m) against companies which had filed their accounts late in successive years. This is the fifth 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

76% of the penalties levied in 2015/16 were collected in full (2014/15: 83%). Those penalties which either I or my fellow Registrars exercised our discretion not to collect are excluded from these figures.

Penalties and any associated court costs which were written off during the financial year as uncollectable amounted to £26.2m (2014/15: £27.3m). There was an increase in the bad and doubtful debt provision of £5.1m (2014/15: £2.8m decrease in provision)

Results and appropriations

The net revenue for the Consolidated Fund was £58.3m (2014/15: £59.2m). The transfer of receipts to the Consolidated Fund from the Trust in the year was £57m (2014/15: £56.5m), which left a balance due to the Consolidated Fund of £22.9m (2014/15: £21.6m) at 31 March 2016.

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Case handling

During the financial year 31,788 (2014/15: 32,776) appeals were received against penalties levied. Having levied a penalty, I and my fellow Registrars have applied limited discretion not to collect 3% of penalties (2014/15: 3.1%) 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 2015/16 the total debt written off was £26.2m (2014/15: £27.2m) of which 86% related to dissolved companies (2014/15: 91%).

The provision for bad debts for the year has increased by £5.1m to £70.1m (2014/15: £65m) and has been constructed in line with the accounting policy (note 1).

Independent adjudicators

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

Court costs

Court costs awarded are shown within other income and in 2015/16 amounted to £1m (2014/15: £3.2m). 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. 2015/16: £0.4m (2014/15: £1.1m). The Registrars of Scotland and Northern Ireland exercise their discretion outside England and Wales against the companies on their respective registers. The reduction in income recorded and subsequent collection and transfer of payments, has arisen due to the implementation of a new contract where the risk and rewards of recoverable legal disbursements are not borne by the Late Filing Penalty scheme.

Funding

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

Cash balances

Net cash inflow from revenue activities for the year was £54.4m (2014/15: £58m). After payments of £57m to the consolidated fund (2014/15: £56.5m), the net decrease in cash for the year was £2.6m, taking cash balances at the year end to £2.4m. Cash balances are managed in accordance with Treasury guidelines. Companies House transfers to the Consolidated Fund, on a monthly basis, the penalty income receipted.

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Audit service

The statutory external audit was performed by the Comptroller and Auditor General at a cost of £12,000 (2014/15: £12,000).

Registrars

Tim Moss CBE—Registrar of Companies for England and Wales

Dorothy Blair—Registrar of Companies for Scotland (Resigned 30 June 2015)

Aoife Martin—Registrar of Companies for Scotland (Appointed 10 August 2015)

Helen Shilliday—Registrar of Companies for Northern Ireland (also interim Registrar of Companies for Scotland from 1 July 2015 to 9 August 2015)

Tim Moss CBE

Chief Executive and Registrar
30 June 2016

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Statement of Accounting Officer's responsibilities

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, other income and expenditure; Statement of financial position; and Statement of cash flows for the financial year.

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

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

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

Accounting Officer's confirmation

As Accounting Officer, as far as I'm aware, there is no relevant audit information of which the agency's auditors are unaware. I have taken all of the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the National Audit Office are aware of that information.

The annual report and accounts as a whole is fair, balanced and understandable and I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

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Performance report and accountability report

The Agency's Performance Report covering both the Trading Fund and the Trust Statement, is shown on page 2.

The Agency's Accountability Report covering both the Trading Fund and the Trust Statement, is shown on page 13.

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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 2016 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 give a true and fair view of the state of affairs of the Companies House Trust Statement as at 31 March 2016 and of the net revenue 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 Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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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

6 July 2016

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

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Statement of revenue, other income and expenditure for the year ended 31 March 2016

	Note	2015/16 £'000	2014/15 £'000
Revenue			
Penalties	2	**91,836**	84,483
Discretion applied under section 453(3) Companies Act 2006	2	**(2,814)**	(2,891)
Total		**89,022**	81,592
Other income			
Recoverable court costs	1	**957**	3,195
Total revenue		**89,979**	84,787
Expenditure			
Court costs transferred	1	**(360)**	(1,108)
Bad and doubtful debts	4	**(31,307)**	(24,481)
Total expenditure		**(31,667)**	(25,589)
Net revenue for the consolidated fund	6	**58,312**	59,198

There were no recognised gains or losses accounted for outside the above Statement of revenue, other income and expenditure (2014/15: Nil).

The notes on pages 69 – 73 form part of this statement.

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Statement of financial position as at 31 March 2016

	Note	**31 March 2016 £'000**	31 March 2015 £'000
Current assets			
Trade and other receivables	3	**21,379**	16,920
Cash and cash equivalents	7	**2,357**	4,937
Total current assets		**23,736**	21,857
Total assets		**23,736**	21,857
Current liabilities			
Trade and other payables	5	**(845)**	(278)
Total current liabilities		**(845)**	(278)
Assets less liabilities		**22,891**	21,579
Balance on consolidated fund account as at 31 March	6	**22,891**	21,579

Tim Moss CBE

Chief Executive and Registrar
30 June 2016

The notes on pages 69 – 73 form part of this statement.

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Statement of cash flows for the year ended 31 March 2016

	Note	2015/16 £'000	2014/15 £'000
Net cash flow from revenue activities		**54,420**	58,046
Cash paid to consolidated fund	6	**(57,000)**	(56,500)
(Decrease)/increase in cash and cash equivalent		**(2,580)**	1,546

Notes to the statement of cash flows

Reconciliation of net cash flow to movement in net funds

Net revenue for consolidated fund		**58,312**	59,198
(Increase) in non-cash assets	3	**(4,459)**	(1,197)
Increase in liabilities	5	**567**	45
Net cash flow from revenue activities		**54,420**	58,046

Analysis of changes in net funds

(Decrease)/increase in cash in this period		**(2,580)**	1,546
Net funds as at 1 April (opening cash at bank)	7	**4,937**	3,391
Net cash as at 31 March (closing cash at bank)		**2,357**	4,937

The notes on pages 69 – 73 form part of this statement.

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Notes to the accounts for the year ended 31 March 2016

1. Principal accounting policies

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.

Accounting convention

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

Revenue recognition

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

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

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.

Receivables

Receivables are shown net of a provision for doubtful debts.

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, other income 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.

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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.

Provision for doubtful debts

A provision is made for doubtful debts based on the ageing profile of actual cash collected for penalties levied and any awarded court costs, which is updated monthly thereby enabling the calculation at year end. The debt is initially pursued by Companies House staff. When the debt has been pursued as far possible the process is transferred to a debt collection company.

The calculated provision for doubtful debts varies depending on position in the debt collection process and the ageing of the debt, for example, a debt is generally more highly provided for the older it is and if it has been transferred to a collection company.

2. Revenue and other income

Penalties

The following is information of late filing penalties by registry:

		2015/16		2014/15
	Number of Penalties '000	**£'000**	Number of Penalties '000	£'000
England and Wales	**182**	**85,526**	165	78,161
Scotland	**10**	**4,733**	10	4,733
Northern Ireland	**3**	**1,577**	3	1,589
Total	**195**	**91,836**	178	84,483

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

Receivables falling due after more than one year

	2015/16 £'000	2014/15 £'000
Penalties levied and court costs	**266**	-
Provision for doubtful debts	**(63)**	-
Total	**203**	-

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Receivables falling due within the year

	2015/16 £'000	2014/15 £'000
Penalties levied and court costs	**91,208**	81,912
Provision for doubtful debts	**(70,032)**	(64,992)
Total	**21,176**	16,920

Total receivables due

	2015/16 £'000	2014/15 £'000
Penalties levied and court costs	**91,474**	81,912
Provision for doubtful debts	**(70,095)**	(64,992)
Total	**21,379**	16,920

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.

The provision for doubtful debts reflects the type of debt incurred and the length of time taken in collecting the debt. This is calculated in line with the policy in note 1.

4. Bad and doubtful debts

	2015/16 £'000	2014/15 £'000
Debt written off – dissolved companies	**22,594**	24,726
Other write offs	**3,610**	2,542
Revenue losses	**26,204**	27,268
Increase/(decrease) in provision for doubtful debt	**5,103**	(2,787)
Total	**31,307**	24,481

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.

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5. Trade and other payables

	2015/16 £'000	2014/15 £'000
Other payables	**845**	278
Total	**845**	278

No amounts fall due after more than one year (2014/15: Nil).

6. Balance on consolidated fund

	2015/16 £'000	2014/15 £'000
Balance on the consolidated fund as at 1 April	**21,579**	18,881
Net revenue for the consolidated fund	**58,312**	59,198
Less amounts paid to consolidated fund	**(57,000)**	(56,500)
Balance on the consolidated fund as at 31 March	**22,891**	21,579

7. Cash and cash equivalents

	2015/16 £'000	2014/15 £'000
Balance with GBS	**1,666**	4,408
Balance with commercial banks	**691**	529
Total	**2,357**	4,937

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.

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8. Expenditure

In managing the scheme Companies House incurred expenditure of £4.1m (2014/15: £5.2m). This expenditure is included in Companies House accounts because there is no express statutory provision for these costs to be deducted from the revenue collected and paid over to the Consolidated Fund.

	2015/16	2014/15
	£'000	£'000
Appeal administration		
Staff costs	**1,270**	1,274
Overheads	**496**	679
Debt collection		
Staff costs	**539**	319
Overheads	**1,772**	2,930
Total	**4,077**	5,202
Average employees FTE	**51.6**	54.5

9. Related party

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

10. Subsequent events

Events after the reporting period date.

The result of the referendum held on 23 June 2016 was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event can not be made.

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

The accounts were authorised for issue on the date of the certificate and report of Comptroller and Auditor General.

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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 2016 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 2015/16.
2. The Statement shall be prepared, so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties and other income by the Trading Fund as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
3. The statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. When preparing the Statement, the Trading Fund shall comply with the guidance given in the FReM (Chapter 8). The Trading Fund shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury and to the principles underlying International Financial Reporting Standards.
5. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgment should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
6. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to enable compliance with the administrative deadline for laying the audited accounts before Parliament before the Summer Recess.
7. The Trust Statement, together with this direction and the Report produced by the Comptroller and Auditor General, under section 4(6)(a) of the Government Trading Funds Act 1973 shall be laid before Parliament at the same time as the Trading Fund's Accounts for the year unless the Treasury has agreed that the Trust Statement may be laid at a later date.

Ross Campbell
Deputy Director, Government Financial Reporting
HM Treasury

18 December 2015

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