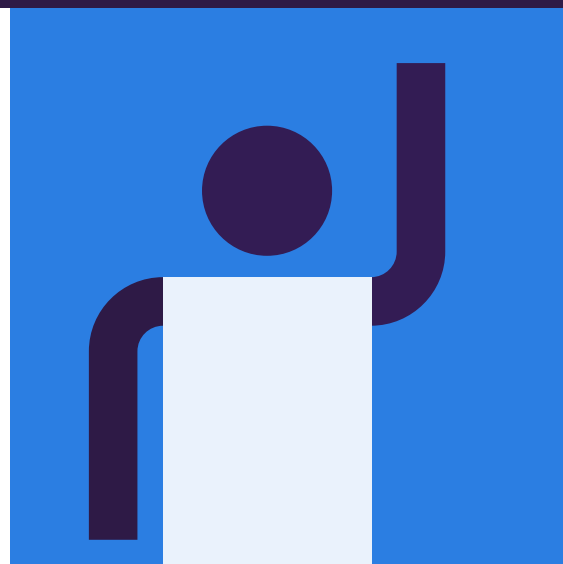
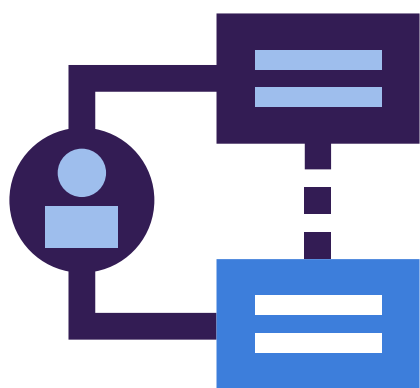




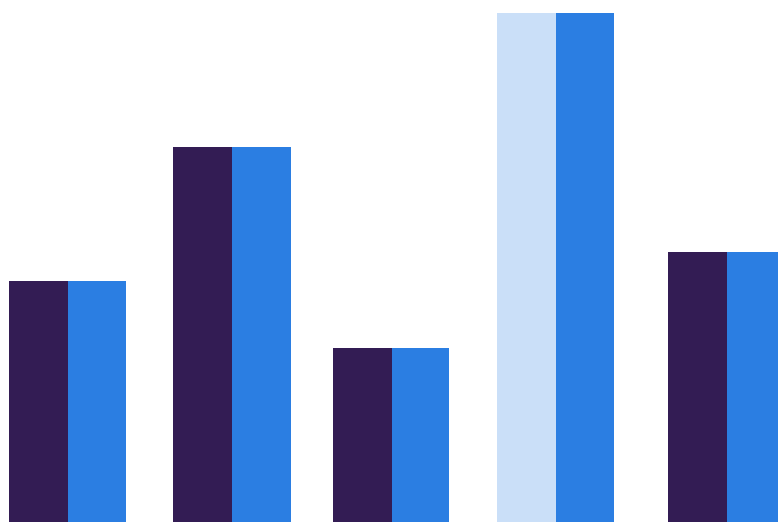
Companies House

Annual Report and Accounts

2019/20



HC 448



ch-0011-annual-report-2020



Companies House

Annual Report and Accounts

2019/20

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, Energy & Industrial Strategy (BEIS).

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HC 448



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Ministerial Foreword

Annual Report and Accounts 2019/20

I have great pleasure in introducing the annual report for Companies House for 2019/20.

The companies register continued to grow last year, and at the end of March held information on over 4 million incorporated companies - a clear sign of the success of doing business in the UK. Whilst it is incredibly pleasing to see the successes of the last year, one cannot look back now without considering COVID-19 and its impact on us all.

The response from Companies House to the pandemic was swift and the team has reacted in exemplary fashion to the extraordinary circumstances we find ourselves in to put in place measures to ease pressures on UK companies. I know this support has been welcomed by the UK business community and can only enhance the reputation Companies House currently has. I want to extend my thanks to all at Companies House for the efforts they have made to ensure this is the case.

This commitment to customer service in extraordinary times is based on a year-round pursuit of excellence and it is pleasing to note a satisfaction rate of 87% in the past year, 4% above target. I have no doubt that Companies House will continue to strive for this level of service in the face of current challenges and a planned programme of transformational change.

My officials and those in Companies House continue to work closely together and I am pleased to note that the work on the change in status has resulted in a smooth transition at the height of the pandemic, and that with effect from 1 April 2020, Companies House ceased to operate as a Trading Fund. The success of working together in the past year has also seen the publication of a Corporate Transparency and Register Reform consultation, that resulted in significant engagement with, and responses from, Companies House stakeholders and customers. The introduction of services to enable the Fifth Money Laundering Directive to take effect early in 2020 will enhance efforts to address economic crime in the business community where it is committed through corporate vehicles. My officials and the team at Companies House continue to work together to seek legislative routes to further enhance the value of the services Companies House provides in the future.

I am grateful to the teams at Companies House for their work this year to support the UK economy, as well as the ongoing fight against economic crime, and for the advances they have made in strengthening their capability for the future.

Lord Callanan



Companies House

1. Performance report

Overview, covering:

Key figures at a glance

Chair's and Chief Executive's Review

Delivering against our Business Plan

Highlights for the year

What have we done?

Performance analysis and indicators

Sustainability report

2019/20
Key figures
at a glance

**Register
Size**

4.35M

(as at 31 March 2020)

**New
Incorporations**

665.5k



**Companies
Restored**

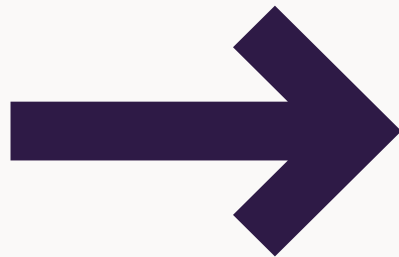
7.8k



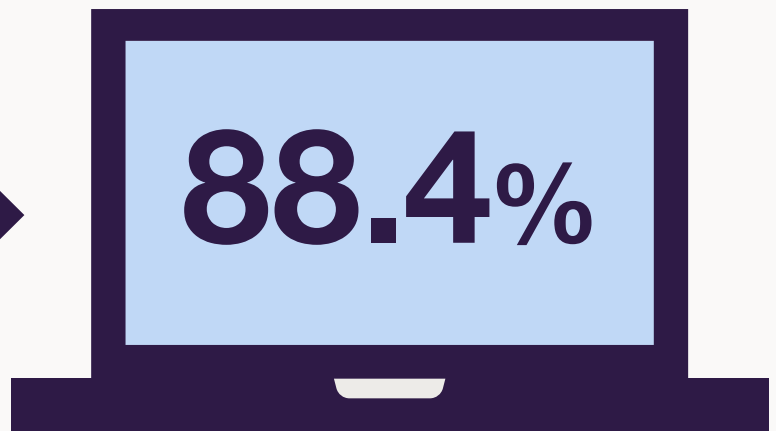
**Dissolved
Companies**

536.9k

**Digital
Take-Up**

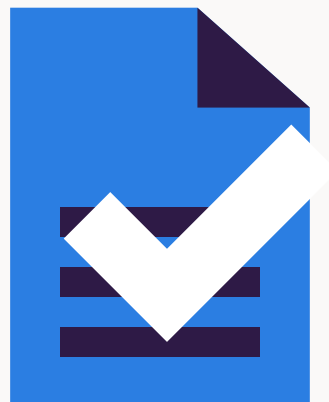


88.4%



**Accepted
transactions**

12.2M



**Paper
documents
accepted**

1.4M

Confirmation Statement

97.2%

Filed up to date



Annual Accounts

98.7%

Filed up to date

Customer Satisfaction



Number of times the register was accessed:

9.46 Billion

(for free - including API searches)

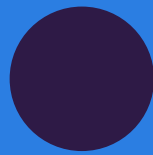
388k

(for paid for information)

87%

Staff Engagement

70%



Headcount as at 31 March 2020

1,062

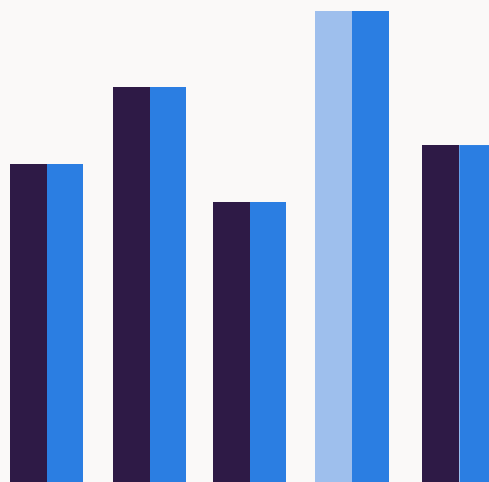
(Total)

977.35

(Full-Time Equivalent)

More information about our statistics follow link below:

www.gov.uk/government/organisations/companies-house/about/statistics



Income

£72.3M

Expenditure (Including Dividend)

£79.1M

Chair's and Chief Executive's review

We are pleased to introduce the 2019/20 Annual Report and Accounts setting out how Companies House has performed over the past financial year. This year has once again been busy and successful as we continued our journey of transformation and prepared for the end of our trading fund status.

Our work on the cultural and people aspects of transformation has really begun to bed in and is critical for our future success as it underpins everything that we do. The engagement of people from across Companies House in our transformation journey has been extraordinary and is reflected in our very positive people survey scores (70% engagement score based on a 92% participation rate).

We are developing new and existing digital services to enable the diverse ways in which our customers need to and want to engage with us - with benefits to them, us and the environment. Our filing processes have been improved, with services developed to support businesses to comply with their legal obligation to file and address instances where they have failed to file.

We have developed an online portal to allow companies to request an extension to the date for filing their accounts, something we developed further to provide support during the COVID-19 pandemic.

The Companies House response to the COVID-19 pandemic has shown our workforce at its best, rallying to support customers and each other. Numerous changes have been made to policies and services to provide easements to business. These have included rapid completion of developments already in train as well as development of entirely new services and embracing new ways of working. Work already underway meant that over 75% of staff were able to switch immediately to home working at the same time as we responded to new demands such as a service to give companies an additional three months to file accounts.

It has been a busy year of planning for the future. Our new five year strategy is developing in line with the priorities of a new Government and will be published later this year. We continue working with colleagues in BEIS and others across Government departments as well as many other customers and stakeholders, many of whom will have responded to last year's consultations; we want to express our thanks for your engagement and contributions. Our work on legislative reform will further enhance the range, quality and usefulness of the information that Companies House maintains. We are also planning for the introduction of a new register for Companies House: a Register of Overseas Entities' Beneficial Owners. This will record the beneficial owners of overseas legal entities that own land in the UK.

It is a pleasure to note that during all these changes our relationship with our customers has remained strong with customer satisfaction for the year measuring 4% above the 83% target. We also continue to build on our strong reputation, where surveys have shown us to be a leader amongst our peers.

In conclusion, in very different times to normal, our thanks to all at Companies House who have not only delivered throughout the year but have gone above and beyond in responding to the COVID-19 pandemic. Their response has been nothing short of outstanding and for that, on top of everything else, we thank them.



Lesley Cowley OBE

Chair



Louise Smyth

Accounting Officer

Chief Executive and Registrar

8 July 2020

Delivering against our 2019/20 Business Plan

Who we are and what we do

For the period that this report covers Companies House was a trading fund and an Executive Agency of the Department for Business, Energy & Industrial Strategy (BEIS). This changed on 1 April 2020 when Companies House ceased to be a trading fund. We remain an Executive Agency of BEIS, with fees set on a cost recovery basis funding our operations.

We incorporate companies and make available the information they are required to provide to us in exchange for limited liability. Companies are legally responsible for the information they provide to the Registrar. Companies House provides services to assist the fulfilment of these obligations by businesses.

The companies register is an important part of the UK's fair and open corporate regulatory framework, underpinning the Government's approach to business by helping to deliver a strong, transparent and attractive business environment. Register data is made widely and freely available, supporting the UK and wider business community to make decisions. Our services underpin the UK economy and support business confidence, business growth and increasingly tackle economic crime.

Our head office is in Cardiff, and we also have offices in Edinburgh, Belfast and London.

Our Strategy

This 2019/20 Annual Report and Accounts marks the final year of the strategy for 2017 to 2020. That strategy outlined that we would:

- Achieve excellence in company registration and search;
- Make the register as complete and accurate as possible; and
- Build a high-performance culture.

This report marks the final year of that strategic plan three year period that has seen significant changes in our external environment. This means that, whilst we have delivered on a substantial proportion of that plan and the vision and goals have remained valid, we have changed how we are delivering against some of them.

These changes have been reflected in our business plans for each year and in associated annual reports. We are proud of what we have achieved and the position we are in as we move forward with our new five year strategy.

During 2019 and the early part of 2020 we have developed a new five year strategy. Our intention is to launch this in conjunction with the publication of the Government response to the consultation on Corporate Transparency and Register Reform expected later in 2020. Our new strategy enhances the work we have undertaken to date and puts us in a stronger position in the 2020s to ensure the UK continues to be regarded as a world leading place to do business and that we as an organisation are fully equipped to play a pivotal role in the fight against economic crime.

Risk management

We take the management of risk seriously at Companies House and it is included in the way we approach our day to day operations and project management. We continue to build on improvements from previous years maintaining our risk policy, our strategic risk register and reviewed and agreed the Companies House Risk Management Framework.

We are an active member of the BEIS Risk Network making the most of shared best practice across the BEIS partner organisations. For more information about our risk management see the Governance Statement on page 48. Risk management has been built into our new five year strategy based around a strategic assumptions approach that will enable us to review risks as they emerge and provide mitigation where required or alter our planning where necessary.

Highlights for the year

2019 /20



Our recently launched **Streaming API** service already has **320** registered users. Each of those can read up to **80,000** company updates per day in real time.



Our blog was the most read blog across government in 2019.



Information sharing enabled **HMRC** to identify **£100m** of tax at risk and take action to collect revenue.



New Incorporations **665,495**.



Worked to ensure Companies House ceased to operate as a **Trading Fund** and changed its status to a **Central Government Organisation** on **1 April 2020**.



Staff Survey - engagement is measured by our Civil Service People Survey results for organisational objectives and purpose. For organisational objectives and purpose, we achieved a score of **89%**, **6%** higher than the previous year and **2%** higher than the high performing Civil Service departments benchmark.



Digital services are available **99.97%** of the time.



Delighted to win **“Employer of the Year”** in the HR Wales Awards **2019/20**.

Highlights for the year

2019 /20



We have published our customer charter which outlines the service customers can expect from Companies House.



We have been successful in retaining the **Customer Service Excellence** award, recognising our commitment to the provision of excellent customer service.



Corporate Social Responsibility - over **500** volunteering days provided to local organisations and **£21,000** raised through fundraising.



Operating Income for the year was **£72.3m (2018/19: £71.7m)**; an increase of **£0.6m** compared with last year.



Smarter ways of working
When the COVID-19 pandemic lockdown was triggered, we were ready with just under 90% of colleagues already mobile device enabled.



Continued Transformation Programme to ensure customers benefit from seamless digital services, new services are developed using modern technologies to improve customer experience.

Part of the programme has, for example, made significant improvements and additions to our services to support companies in all aspects of filing accounts, taking a holistic view of users' journeys rather than solely the act of filing.



Progressing legislation

- Partnership work with BEIS and Other Government Departments on the reform agenda
- Publication of Corporate Transparency and Register Reform consultation – significant engagement with a high number of responses from a range of stakeholders
- Introduction of Fifth Anti Money Laundering Directive.



Delivering corporate transparency and combatting money laundering including developing the Register of Overseas Entities' Beneficial Owners.

Delivering against our 2019/20 Business Plan

How we manage our agency

As a trading fund, we worked within a framework agreed with BEIS as our parent department. This set out our governance, accountability, key relationships, and our financial management and sponsorship arrangements. In April 2020, following our re-classification as part of central government and change of status away from being a trading fund, we adopted the BEIS framework to reflect our changed status whilst retaining fundamental good practice already established in those areas.

Further information on classification of public bodies can be found at:

www.gov.uk/government/publications/classification-of-public-bodies-information-and-guidance

Our board consists of a Non-Executive Chair, Chief Executive and Accounting Officer, five Executive Directors and six Non-Executive Directors. For more information about our governance, see our website:

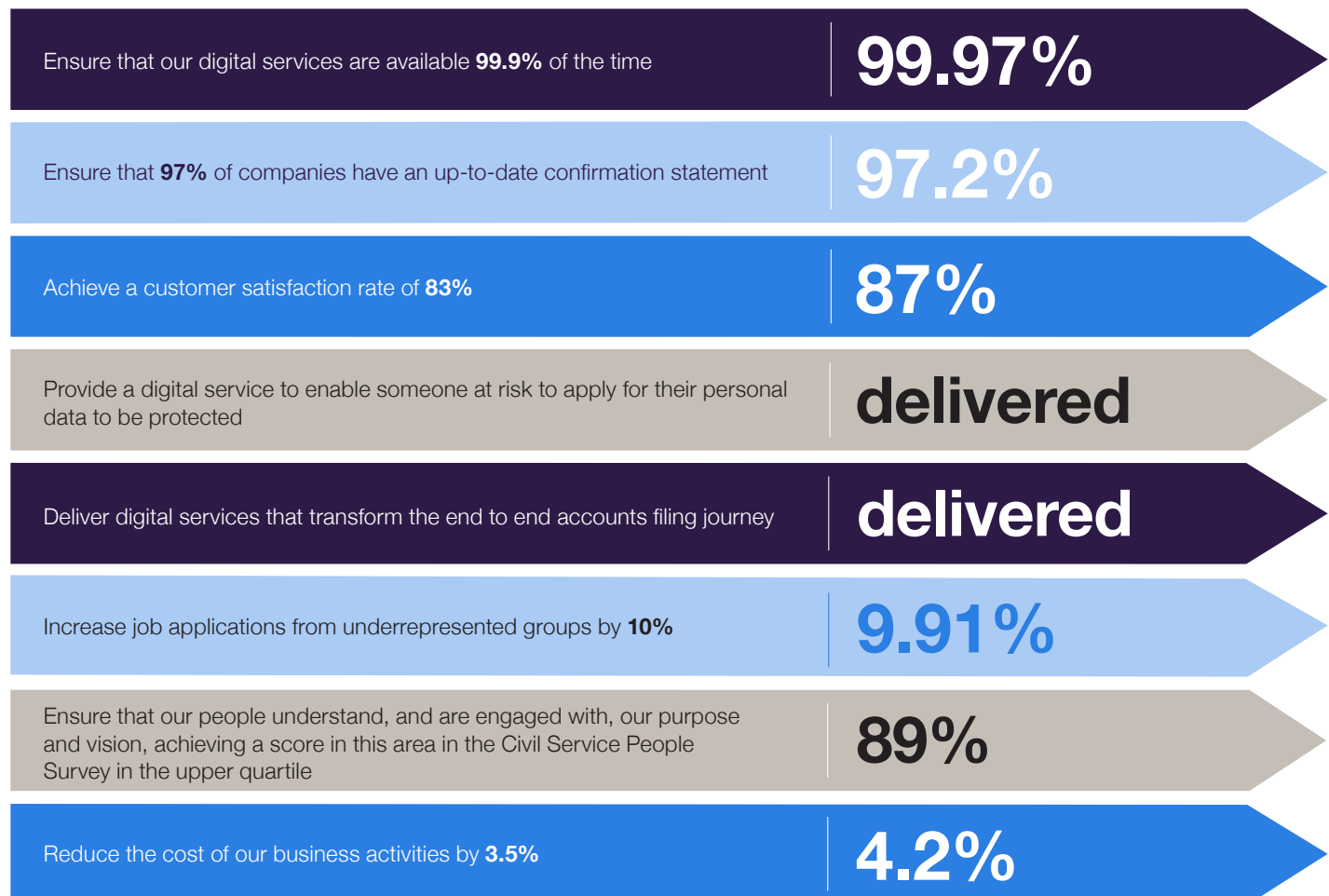
www.gov.uk/government/organisations/companies-house/about/our-governance

The purpose of this document

This Annual Report and Accounts sets out our performance and achievements for the year. For more information, see our Business Plan for 2019 /20.

www.gov.uk/government/publications/companies-house-business-plan-2019-to-2020

Corporate targets



What have we done?

Excellence in company registration and search

Our role in government

Companies House plays a pivotal role in driving confidence in the UK economy. Our role is vital to ensuring the UK's business environment has, and maintains, a high standard of corporate governance relating to those entities that enjoy the benefits of limited liability. These benefits are conferred in exchange for standards of transparency and accountability which are essential to give confidence to business, investors, society, consumers and the economy.

This year has seen ongoing organisation-wide transformation and we have continued to pursue our vision of brilliant people, using brilliant systems to deliver brilliant services. Initiatives that will deliver significant culture change and redesign Companies House's structure, systems and services have continued at pace.

It has also been a busy year of planning for the future. We have been working in partnership with colleagues in BEIS and with others across government on legislative reform. In its 2019 consultation on corporate transparency and register reform, BEIS set out the Government's vision for a future expanded role for Companies House and the companies register. The consultation recognised the potential for Companies House to deliver a stronger contribution to tackling economic crime, strengthening our contribution to driving confidence in the UK economy.

Wider collaboration with HMRC and the Cabinet Office has also delivered the first use of the Digital Economy Act, setting a standard for joint working that can be built on as we await further development of the Government agenda. A pilot project identified fraud amounting to £14.6m and potential for saving over £100m per annum were the pilot to be made operational.

Planning is underway for the introduction of a new register for Companies House: a Register of Overseas Entities Beneficial Owners that own land in the UK, targeted at combatting money laundering and achieving greater transparency in the UK property market.

Our value to the UK Economy

It is well understood that requirements on companies to provide data to Companies House imposes costs on those companies. Less well understood is the extent to which the consolidation of Companies House data provides benefits for businesses, consumers and the wider UK Economy. Work to further understand our contributions in this area is something we are increasingly keen to evidence. In the past year we worked with colleagues in central government on research to quantify our value to our users and society at large.

In aggregate, the annual user benefits of Companies House data are estimated to be up to £3 billion per year. Interviews with providers of public goods (e.g. government departments, law enforcement agencies and transparency groups) suggested that the use of Companies House data also delivers significant public benefits, such as supporting policy making and action against corruption, fraud and money laundering.

Full details of the report on the value of our work to the economy can be found here:

www.gov.uk/government/publications/companies-house-data-valuing-the-user-benefits

What have we done?

Transformation

The initial tranche of our transformation programme centred on customer needs and delivered the first components of a complete redesign of our digital services, structure and culture change. To ensure customers benefit from seamless digital services, new services are developed using modern technologies to improve customer experience. Part of the programme has, for example, made significant improvements and additions to our services to support companies in all aspects of filing accounts, taking a holistic view of users' journeys rather than solely the act of filing.

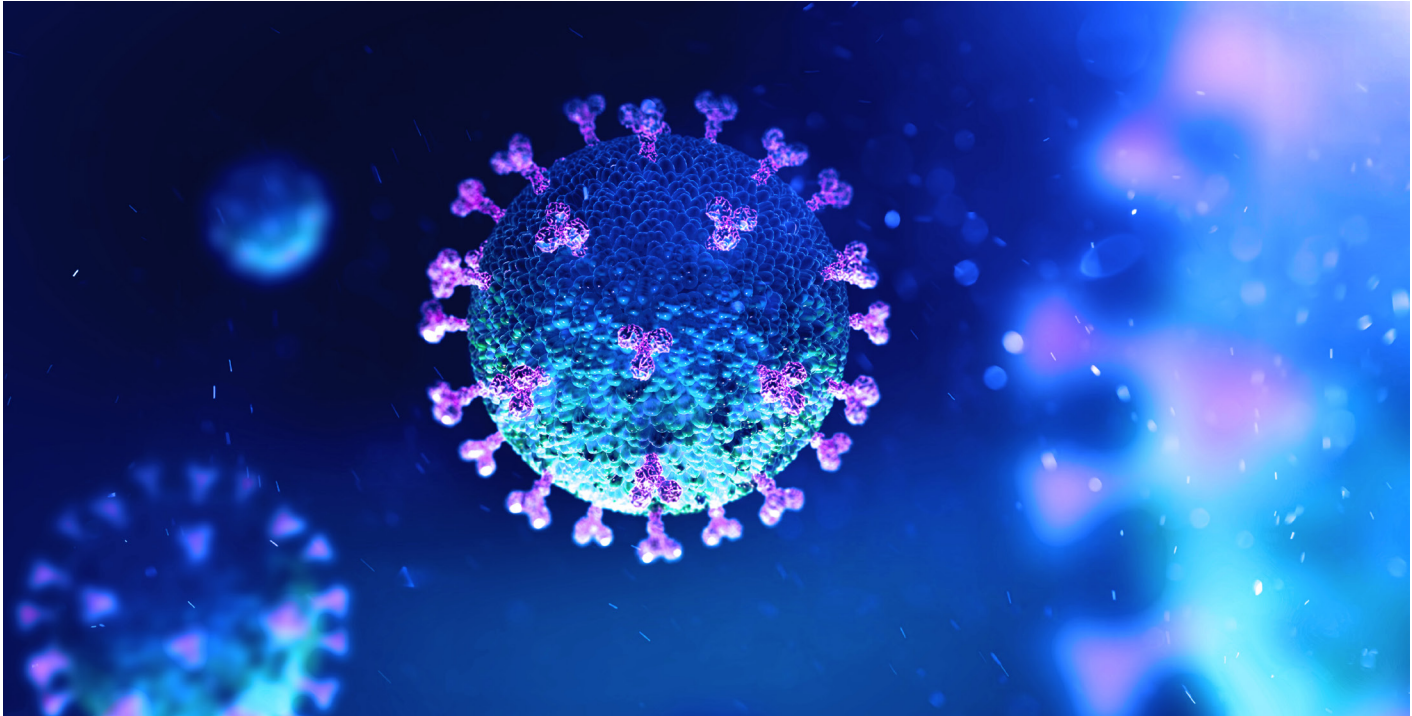
These have included:

- Development of an online portal to allow companies to request an extension to the date for filing their accounts. This included automated processing of straightforward cases and, in response to the recent COVID-19 pandemic, was extended to automatically grant a three-month extension for applications from companies struggling in the crisis. By the end of May 2020, over 107,000 extension requests have been accepted and the service has achieved a 93% customer satisfaction rating;
- Development of a service that allows companies to pay their late filing penalty online via credit or debit card, supplementing the existing BACS transfer arrangements and removing the need to send in cheques or to contact Companies House during office hours to pay over the phone; and
- Development of an online portal for lodging an appeal against a late filing penalty. This service guides the user through the appeals process, ensuring they provide all the necessary information required in order to resolve their appeal, cutting down any repeat contact for further information and speeding up resolution.

At the same time, addressing the earliest parts of the journey to file accounts, we had already revised our digital reminder service, using nudge techniques and implemented a restoration calculator to partially automate the process to calculate late filing penalties owed when a company is restored.

We have also reacted swiftly to a change in Regulations in 2018 that allows the Registrar to remove any personal address information without the previous need to prove a risk of harm. This applies to all historic addresses on the register (apart from a registered office address) regardless of the age or the media the record is held on. This change has allowed us to respond to customer needs and an increased volume of applications more quickly and efficiently. During the last year, we have introduced an automated redaction process which has increased efficiency and enabled us to manage the increased demand.

What have we done?



COVID-19 Impact

Towards the end of the business year Companies House, like the rest of the world, was impacted by the emergence of the COVID-19 pandemic. This crisis has presented significant challenges to the organisation, our customers and stakeholders that continue as we prepare a way forward.

Our planning and move to a smarter way of working model meant that when the COVID-19 pandemic lockdown was triggered, just under 90% of colleagues were mobile device enabled, with the organisation being fully enabled for digital collaboration and cloud document storage.

The lockdown triggered further accelerated mobilisation activity for those who could not already work remotely. By the end of April 2020, 95% of colleagues were enabled to work remotely should the role allow, with all colleagues remote working enabled by the end of May 2020.

This flexibility has meant that we have been able to respond to the virus outbreak quickly and have delivered for our customers where they most need support. We have developed and implemented a variety of digital workarounds to support the business community. Some of these facilities represent early implementation of services already under development while others are temporary or interim solutions which are pre-cursors to the development of more permanent facilities.

To date these have included:

- An emergency filing service;
- An interim process for accepting insolvency documents;
- The online voluntary dissolution service being made public;
- Messaging on our website to direct to digital journeys;
- Extensions service released with auto-accept for COVID-19 related reasons; and
- Pay a late filing penalty online expanded for all company types.

The COVID-19 pandemic remains with us and our work in this regard is continuing, but to date the response we have had from our customers has been positive as has the feedback from our stakeholders regarding our actions and engagement with members of the Accountancy Forum acknowledging the versatility and speed of our response.

Making the register as complete and accurate as possible

Our register

The importance of a trustworthy and fit for purpose register remains a crucial part of the UK's corporate framework and one we strive to maintain and develop in all that we do. The register, which is central to Companies House's purpose, has continued to grow in the past year and as of the end of March 2020 had 4,350,913 companies, demonstrating the attractiveness of the UK as a place to set up and operate a business. Most of the information on the register is publicly available and free to access online. This helps to deliver the UK's reputation as a global leader on corporate transparency and underpins confidence in the economy. In the past year the register was accessed over nine billion times to support decision making in the economy as well as the work of law enforcement and civil society.

Making sure we have the right balance between transparency and privacy

Having a clear, informative and transparent register is a key requirement of the work we undertake at Companies House, yet the need for a balance between that transparency and privacy is essential to maintain the trust and confidence of our customers.

We have delivered a new digital service, where 'at risk' customers can make an application to protect their personal data from public view. This is more efficient, better for customers and better for our colleagues. Anyone at risk who wants to make several applications, or a combined application can now do so digitally, with increased security, speed and efficiency in processing. We continue to work to develop this approach and ensure we have suitable user-friendly digital processes for more applications.

Making sure our register is complete and up to date

A strong compliance model and world class compliance rates underpins the value of the register, ensuring the register reflects the most up to date information possible to make business decisions. Our register is accessed billions of times a year by people who want to know who the directors and beneficial owners of companies are, what accounting information has been delivered and whether a company has a good track record of maintaining its statutory filings.

We ended the year with high compliance rates for both Confirmation Statements (97.2%) and Annual Accounts (98.7%). Furthermore, the compliance rate for the provision of information on People with Significant Control has remained at 99% throughout 2019/20.

We have worked closely with Accountants in Bankruptcy in Scotland to ensure a smooth implementation of the new corporate insolvency rules for Scotland, the biggest change in over 20 years.

In its 2019 consultation on Corporate Transparency and Register Reform, BEIS set out the Government's vision for the future of the companies register. The consultation proposed a register built on relevant and accurate information, supporting the UK's global reputation as a trusted and welcoming place to do business and a leading exponent of greater corporate transparency. At the same time, it recognised the potential for Companies House to deliver an even stronger contribution to tackling economic crime, whilst strengthening our contribution to driving confidence in the UK economy. Measures were proposed in the consultation to enhance the role of Companies House and the Registrar, including plans to verify identities, validate more information and introduce gateways to share and match data with other public and private sector bodies.

Making the register as complete and accurate as possible

We have been working closely with BEIS on this and other measures aimed at enhancing corporate transparency and combatting money laundering, including the Register of Overseas Entities' Beneficial Owners. This close collaboration with BEIS and other key departments will continue during the next year, as we wait to see how the Government will take forward these changes.

Integrity Initiatives

Throughout the year the Registrar has proactively analysed the register and has taken action to help companies fix their incorrect data. This action, coupled with data sharing initiatives across government, is helping to improve data integrity on the public register. There is more we plan to do over the next year and we will continue to design new services in such a way as to prevent some of the common data errors, improve the accuracy and validity of the data and help improve the information made available to the public.

Case Study: Companies House and Trading Standards

Companies House supported a Trading Standards investigation involving a company director alleged to be defrauding customers. The director was prosecuted for fraudulent trading and subsequently received a custodial sentence of 21 months and was banned from acting as a company director for seven years.

We are aware that UK corporate entities are used to enable fraud and other crime and have worked with law enforcement partners to increase awareness of how the register can assist them. This work has led to an almost 50% increase in the number of requests for information received over the last 12 months. The feedback from partners continually highlights the importance of our data and how this has added value to investigations linked to a wide range of criminality, and not solely economic crime. Recent feedback from a law enforcement partner stated, "The response [from Companies House] has been outstanding ... the information received has assisted with our investigation".

Our Customers

We place our customers at the heart of what we do, and our customer strategy highlights our customer focus and commitment. We involve them in the development of our services through our user research panels, formal stakeholder meetings, regular customer engagement meetings and feedback. We also use insight from our contact centre and customer support teams, user testing and our customer satisfaction survey to develop customer experience maps so that we can obtain an in-depth understanding of the issues faced by customers using our services and seek to improve their experience.

Making the register as complete and accurate as possible

Customer satisfaction

We take customer satisfaction very seriously at Companies House and have a corporate target that signifies the importance we place in this area. In the past year we exceeded our 83% customer satisfaction target, achieving a rate of 87%. Throughout the year we have focused on improving the quality of our customer interactions and the timeliness of responses.

This has resulted in month on month improvements in customer satisfaction scores and an average score of 87% across over 53,000 responses to our survey. This has been achieved against a backdrop of increasing the range of services that we measure as part of this assessment.

This year our contact centre dealt with 827,683 phone calls and 790,791 emails with very positive feedback. However, seeking to further enhance our customer offering, we have started to introduce innovative customer solutions. For example, we have introduced two new digital natural voice channels (voice recognition) for customers calling about either starting or closing a company. These customers are put through to a dedicated line where they hear messages about being able to start or close a company online. The system recognises if they are calling on a mobile and sends them a text message with a link to the relevant online services. We are seeing positive usage of this service and plan to introduce more digital channels to support customers using our contact centre services.

Excellent customer service is, of course, only delivered through informed and engaged colleagues. As Companies House we are proud of our frontline colleagues and over the last year have focused on their further support and development by fully engaging with the Civil Service Operational Delivery Profession. This Profession is the largest in Government and supports staff involved in delivering front line customer services, developing the skills needed for the future through upskilling of colleagues, professionalisation and cross-government working.

We have also undertaken a variety of actions to continue to support our full range of customers:

- We have published our customer charter which outlines the service customers can expect from Companies House;
- We also published a vulnerable customer pledge. The pledge offers support to our customers who find themselves in a vulnerable situation and are having difficulty meeting their statutory obligations;
- To improve the quality of the service we provide to customers we have introduced a Quality Framework to our operational teams. This tool monitors the quality of phone calls and emails with customers, ensuring feedback to colleagues so we can celebrate excellent service and learn how things can be further improved; and
- Usability and accessibility are integral to our service design. These are ensured through user research before development and then through user engagement throughout development. Research is conducted with people with varying levels of digital skill and with users with disabilities and who use assisted technologies.

In addition to our work within the Operational Delivery Profession, we have also continued to invest in our workforce through external qualifications; several staff members successfully completed an Institute of Customer Services Qualification. We will continue to support this upskilling of staff and will roll out professional training and qualifications to more colleagues in the coming months. We have also introduced a network of coaches across the organisation to champion customer services, support colleagues and encourage continuous professional development.

Making the register as complete and accurate as possible

We have been successful in retaining the Customer Service Excellence Award, recognising our commitment to the provision of excellent customer service.

Despite these successes, we are not complacent in this area and recognise that there are times when customers are not happy and complain about the service provided by us. We have a clear and easy to understand complaints process on our website which we regularly review and update. All complaints are logged and dealt with quickly with most customers dealt with at the first point of contact. We also use information from customer complaints to identify where we are causing issues for customers and need to improve our customer service or change our processes.

External Reputation

We use the RepTrak® framework to provide insight on our wider reputation. From our most recent study in Quarter 4 of 2019 we have been able to identify the following:

- Companies House enjoys a strong reputation amongst both the Informed General Public and Business Leaders;
- Companies House continues to lead benchmarks on reputation and scores well above the average public sector reputation;
- Companies House has seen a directional improvement across all dimensions of reputation; and
- Companies House's own website and word of mouth continue to be the means by which most people are informed about the organisation.

Making sure our register data is reliable and accurate

We make sure the information we hold is as accurate as possible to encourage public confidence. As part of our transformation activity over the past year we have been successful in enhancing the quality of the register in several areas:

- The Report it Now facility enables customers to let us know if there is anything wrong with the information on the company register and remains very popular with customers, with almost 40,000 notifications last year;
- The Fifth Anti-Money Laundering Directive makes amendments to the Fourth Anti-Money Laundering Directive on the prevention of the use of the financial system for the purposes of money laundering and terrorist financing. The amendments and new provisions in the regulations further strengthen transparency and the existing preventative framework, whilst ensuring the UK adheres to international standards set by the Financial Action Task Force; and
- In line with the Directive, we worked closely with Her Majesty's Treasury and stakeholders to launch a service on 10 January 2020. The service enables obliged entities entering into a new business relationship to directly inform us of any discrepancies found, between the beneficial ownership information they hold, and information held on the public People with Significant Control (PSC) register.

The overall aim is to ensure that the UK's anti-money laundering and counter terrorist financing regime effectively deters money laundering and terrorist financing activity, whilst being proportionate and managing burden on businesses.

Making the register as complete and accurate as possible

We have also recently introduced a service to enable mandatory annual reporting and disclosure of energy and carbon information through company accounts (Streamlined Energy and Carbon Reporting). This will give increased transparency for potential investors and others whilst also raising awareness of energy efficiency with companies' own decision makers.

The data sharing powers of the Digital Economy Act 2017 (Part 5), which allows government departments to share personal information to improve public services, was used to detect the differences in company accounts filed in a pilot involving Companies House, Cabinet Office, HMRC and the Insolvency Service.

The pilot identified that:

- Information can be accurately matched and shared between the organisations;
- Information sharing enabled the identification of fraud and error;
- Information sharing enabled HMRC to identify £100m of tax at risk and take action to collect revenue; and
- Information sharing identified 32,000 companies using incorrect criteria both by error and fraudulently.

By ensuring the integrity of the companies register, information sharing has enabled Companies House to work with partners to prevent fraud and has shown where improvements can be made in business processes.

This collaboration with Cabinet Office, HMRC and the Insolvency Service was the first use of the Digital Economy Act across government and resulted in a number of high-profile award nominations including the national Civil Service Awards and the inaugural Tackling Economic Crime Awards (the TECAs).

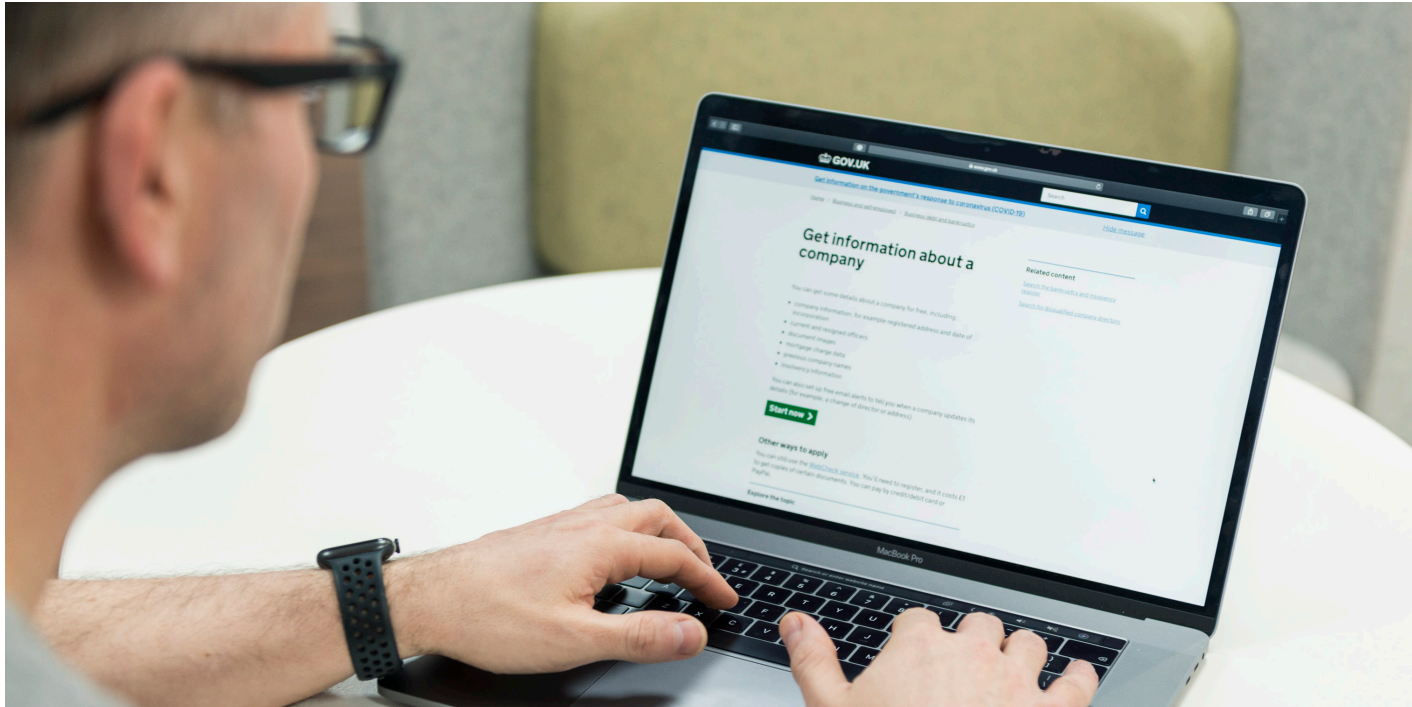
Data Science

Business intelligence has always been part of the DNA of Companies House. In the past year, with the introduction of our new Data Science function, we have achieved a step change in capability to visualise extensive sets of information, whilst also reducing manual overheads. This function has been set up to further unlock the value of the data we hold by combining advanced mathematical and statistical methods with computer science. The use of advanced data linking, propensity analysis and dashboard visualisation has improved decision making on our front line and through our corporate governance.

This function has enabled our teams to access minute by minute headline news to better scrutinise the many thousands of incorporations we receive on a daily basis. Our data scientists have worked collaboratively with Companies House colleagues and law enforcement partners to develop bespoke mathematical models that make use of machine learning algorithms that have helped us to identify networks within our register data. Furthermore, by scraping and synthesising Twitter as well as undertaking sentiment analysis, we have enabled our external communications, social media and digital teams to see immediate user impacts on their campaigns and developments.

Going forward, we are looking to build upon the data science foundation we have created in the past year. By developing new mathematical models using advanced analytics techniques and introducing new methods to extract and disseminate information in real time, our goal is to further embed a culture of data driven decision making into our organisation.

Making the register as complete and accurate as possible



Our systems and services

In the past year we have transformed our services to improve the user experience for activities that support the filing of accounts; making it easier for users to comply with their filing obligations, as well as making our associated internal processes more efficient. In addition to the systems outlined elsewhere in this report, we have enabled users to respond to compliance action by digitally confirming that they still require a company or directing them to our digital voluntary dissolution service if they no longer require it. In addition, we have revised the e-reminder sign up process as part of the incorporation journey on our Streamlined Company Registration Service.

Our Streaming Application Programming Interface (API) service launched in October 2019 was the first of its kind in Government, providing users with real-time updates to the information held on the company register. Changes are pushed out through 'streams' that users can tap into and consume the updates they are interested in. Users can consume data from the stream, from any point since its inception. Our recently launched Streaming API service already has 320 registered users. Each of those can read up to 80,000 company updates per day in real time.

As part of our wider transformation programme, we have been working towards enabling third parties to file directly into the Companies House Database service from their own systems/services, through the API that underpins the web layer. We have built developer and test areas on the Companies House Database to allow these 'software filers' to test their own filing software to ensure it works with Companies House systems. Now this base setup is in place, we can enable specific filings for them to develop against. The change of registered office address will be the first filing we enable for this 'machine to machine' filing early in the 2020/21 financial year and, as we implement other filings on the Companies House Database web service, we will make those similarly available for third party filing applications.

As part of our move to retire legacy search services and enhance our flagship Companies House Database service, we implemented a company snapshot report covering: Filing history, Officers, Persons with Significant Control, Charges, Insolvency and Registers. We are currently satisfying about 13,000 requests a day and have removed this facility from our legacy Companies House Direct service. We have also released an alphabetic company search facility on Companies House Database in response to user demand.

Building a high-performance culture



Our people and the way we work

This year we have focused on continuing to embed the adaptable, bold and curious behaviours mindset, developing our new organisational structure, implementing a range of initiatives associated with culture change and investing in development to drive high performance.

Building a high-performance culture



Culture and engagement

As part of developing our culture, we believe that everyone should be able to bring their whole self to work and be able to flourish both personally and professionally.

This change in culture is being led by our Culture Change Community which includes over a third of the organisation and supports our goal of improving employee voice across the organisation and building a strong connection to transformation and our longer-term strategy. In house initiatives such as our Ideas Hub continue to develop and be supported by colleagues. This year, over 230 new ideas were put forward with nearly 130 being implemented; this has generated improvements for customers and staff and created savings for the organisation. This work has been so successful that we have been asked to share the initiative with other government departments and agencies and support them in implementing this in their organisations.

The engagement of our staff in what we do, our purpose and vision is integral to the way we operate and is one of our corporate targets. This engagement is measured by our Civil Service People Survey results for organisational objectives and purpose. For organisational objectives and purpose, we achieved a score of 89%, 6% higher than the previous year and 2% higher than the high performing Civil Service departments benchmark. Our work on increasing engagement levels has been recognised externally and we were delighted to win “Employer of the Year” in the HR Wales Awards 2019/20.

Building a high-performance culture



Skills and development

To support our goal of driving high performance we reviewed our leadership development offerings having recognised that strengthening leadership at all levels will be key to delivering on our vision for the future. We have produced a framework for a challenging, innovative three-year programme which will support the change required. We have also successfully delivered a series of pre-launch 'Inspirational Speaker' events on the key themes identified.

During this year, work has also continued on our Fundamental Learning Journey - a standardised approach to learning so people have the right level of skills and knowledge to deliver excellent service, regardless of their role in the organisation.

Plus, a specific journey focused on Leadership Essentials aimed at our middle managers; underpinned by an understanding of the shifts in leadership culture and mind-set needed to support the continued transformation of the organisation. Delivered by Leadership Coaches and based on best practice that we have built on from other government departments, it's designed to help people become the best leaders they can be - while also having a positive impact on the wellbeing of individuals, their teams and the wider organisation.

Building a high-performance culture



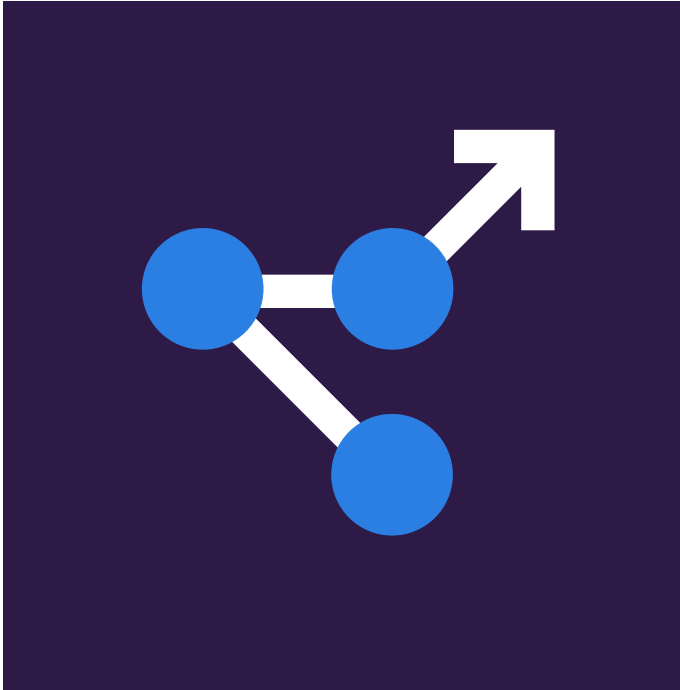
Diversity and inclusion

Diversity and inclusion have been a core theme in all of our work and our focus this year has been around creating and supporting a diverse and inclusive working environment to allow our colleagues to flourish and bring their whole self to work. This has led to the further development of over 22 networks including our Ability Network, BAME Network, LGBTQ+ Network, Womens Network, Carers Network, Hearing Network, Mental Health Network and Menopause Network. These networks have been key to driving an inclusive culture where we recognise and celebrate the differences that each of our colleagues brings to Companies House.

We also focused efforts on truly understanding the diverse make up of our workforce by increasing our collection of equality monitoring declaration data to 75%. Understanding the composition of our workforce means we understand where we are under-represented and enables us to identify potential differences and seek to address them to ensure an inclusive culture.

Our public target was to achieve a 10% increase in applications from underrepresented groups. This was a challenging target and although we did not reach the 10% mark, we achieved an increase of 9.91%. We are not giving up on this and will continue to work towards future targets. We are proud of the drive and determination of our colleagues to attract and recruit the best, diverse talent into the organisation.

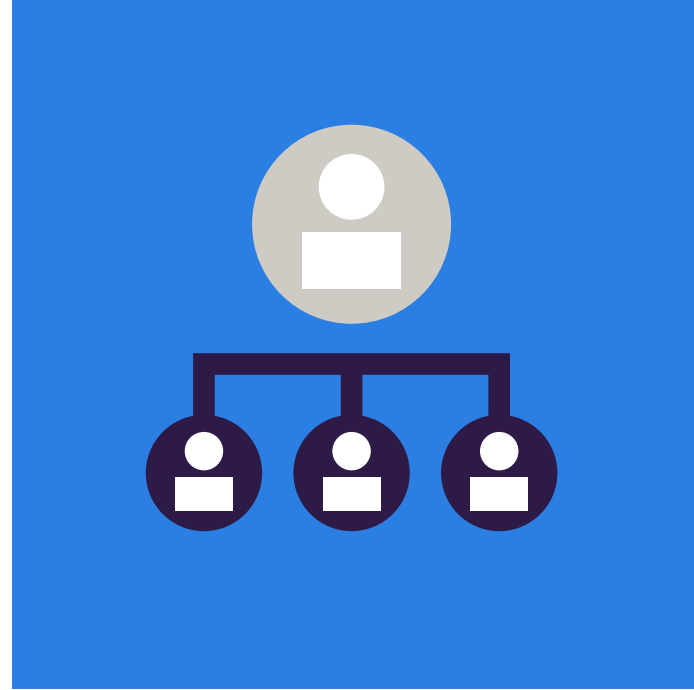
Building a high-performance culture



Strategic workforce planning

We have achieved our objective of creating one source of the truth in terms of people data, which is now being utilised for strategic workforce planning as well as for budgeting and forecasting, and to support our resourcing activity.

We have also identified critical posts and single points of failure across the organisation. This has enabled us to assess skills and to focus our attention for succession planning and talent management to these higher risk roles.



Our organisational structure

Our Operating Model work is key to the success of our transformation, putting the customer at the forefront of our thinking and reinforcing culture change. The aim is to transition Companies House from a Functional Operating Model to a Service Operating Model aligned to our main customer groups. Service owners for each of our three main services were appointed in 2019/20 and are helping to shape the future planning and realisation of this work.

These are key roles who will be empowered to focus on the effective running and improving of their own service, and will have immediate access to the dedicated resources they need to be able to promote the changes that best address the needs of users or to respond to changes in legislation and/or policy.

Building a high-performance culture



Smarter Ways of Working

The Smart Working project has actively delivered a variety of improvements throughout the year as an enabler to transform the way we work. The key premise for delivery was to take a business focused approach to flexible working by combining benefits to the business with benefits to the employee and the environment as well as maintaining our high standards of security and fraud prevention. This work has proved invaluable in enabling the effective and successful response of Companies House to the COVID-19 pandemic.

Improvements have been made to introduce modern digital processes, as well as modern video collaboration capability within meeting spaces. This, paired with the full implementation and rollout of digital collaboration software to all colleagues, enabled seamless digital collaboration regardless of location. Mobile devices and 'follow me' telephony were deployed to colleagues throughout the year in a phased approach which enabled flexible desking to be implemented in those areas.

This technology enablement in conjunction with the refresh of guidance and embedded culture change transformed the working approach to one of flexibility and collaboration. Extensive training in digital collaborative technology in parallel to a leadership engagement approach ensured the move to new ways of working was as seamless as possible. The improved working practices in the office and uptake of mobile working outside the office helped to accommodate additional colleagues within the existing footprint, realising financial savings of over £350,000, with further substantial savings anticipated in the future.

Building a high-performance culture



Change Management

To support our people through the transformation programme, we recognised that there was a need for a dedicated organisational change management function.

During the year, the recruitment of a team of people change specialists was initiated and the first structured organisational change management methodology was adopted. The new Change Management team supported the Change in Status and the Target Operating Model transformation initiatives – increasing the probability of their success by developing people buy-in and engagement, building change capability and resilience and reducing resistance to change.

Building a high-performance culture

Our Working Environment

During the year we completed the majority of the refurbishment of our Cardiff office, which has created a collaborative, modern and digitally enabled office for our employees. We have also started the refurbishment of our reception area and staff restaurant in Cardiff. Upon completion these spaces will offer improved facilities and service for our staff, tenants and customers.

External Accreditations

Companies House benchmarks its systems and policies against an increasing range of external standards. Benchmarking against recognised and respected standards gives us confidence that our approach has been independently assessed.

From this we receive indications of how well we have done in achieving the high standards we aim for, and any weaker areas where we have further work to do.

In the past year we have achieved:

- Customer Service Excellence Award;
- REBA Employee Wellbeing Awards, Mental wellbeing - fewer than 5,000 employees: highly commended;
- CIPR Awards – gold award for Best Internal Communications Campaign, silver award for Best use of Digital and silver award for Public Sector Team of the Year;
- Business Culture Awards – Best Coaching and Mentoring Initiative; and
- Wales HR Awards – Employer of the Year winner.

The organisation also pursues certification in several areas;

Companies House is certified to the ISO27001:2013 standard for Information Security. This is the globally recognised standard for managing risks to the confidentiality, integrity and availability of Companies House information and IT systems.

Companies House has proudly held the ISO 14001 Environmental Standard since 2002. This internationally recognised standard provides a framework, so that Companies House can develop, implement and manage an effective Environmental Management System (EMS) to responsibly manage our impact on the environment. We are assessed against it annually to ensure on-going compliance and delivery of continuous improvements. The intended outcomes are clearly defined, and relevant processes and procedures have been put in place to ensure our objectives are met: to protect the environment and reduce pollution; ensure continual improvement by enhancing our environmental performance, and fulfil all relevant environmental compliance obligations.

Companies House currently holds Health and Safety certification to the OSHAS 18001 standard which has been achieved consistently for several years. Companies House is working towards attaining the new ISO 45001:2018 this year. Its purpose is to provide a framework that will underpin our Occupational Health and Safety Management System, ensuring that comprehensive processes and procedures are in place to reduce workplace risks and create improved and safer working conditions for our employees, customers and visitors.

Building a high-performance culture

Corporate Social Responsibility

Our commitment to corporate social responsibility activities continued, and was based around themes of innovation, inclusion and conservation. Results have been impressive.

Over 500 volunteering days provided to local organisations and £21,000 raised through fundraising

Performance analysis and indicators

Financial performance

As a trading fund, we do not receive funding from the taxpayer. We are financed by income from fees and we pay an annual dividend to BEIS. Penalties collected in respect of company accounts filed late with Companies House are paid in their entirety to HM Treasury.

Our results for the year reflect our ambitious transformation plans and the preparations we made to transition from a trading fund to being part of Central Government. Our financial forecast for the current year anticipated a deficit of £6.8m which compares to an actual outturn of £6.5m

Operating income for the year was £72.3m (2018/19: £71.7m); an increase of £0.6m compared to last year. A 3.5% growth in the size of the register has meant that the regulatory related income increased by £0.7m. The notable reduction was in Companies House Direct (CHD) income which fell by £0.4m in the year as customers continue to switch to the free data service now available. Two years ago, this activity generated £1.4m, compared to £0.5m in the current year.

Our gross administration costs for the year were £74.5m, an increase of £6.7m over the previous year. Staff costs (excluding contractors) have increased by £4.7m compared to 2018/19 (see note 3). £2.3m of this increase is attributable to additional Civil Service Pension contributions, as employer contributions increased at the start of the year by around 7%. Average full-time equivalent (FTE) numbers have increased by 44. Contract labour costs have increased by a net £0.9m. The increase in staff numbers has been necessary to develop capacity and capability in key areas to support the transformation and change in status.

Non-staff administration costs have increased by a net £1.1m compared to 2018/19 (see note 4). The main increases were due to the requirement to make a provision of £1.1m for the removal of asbestos which was discovered during recent building works, the decision to make an

impairment provision of £0.7m against two development projects (note 8) and an increase of £0.5m in software costs as we moved to Smarter Ways of Working and the increasing use of cloud services.

The main reductions in expenditure compared to last year were in refurbishment costs which fell by £1.4m as work on the first and second floors of Companies House was completed.

The operating deficit before interest for the year ending 31 March 2020 was £2.3m (2018/19: surplus of £3.9m). After interest receivable and finance costs and declaring an ordinary dividend on public dividend capital of £4.1m (2018/19: £4.2m) and paying a special dividend of £0.75m, a net deficit of £6.8m (2018/19 £0.1m) was transferred to reserves.

Companies House invested £7.5m (2018/19: £6.1m) in improving systems and developing new services for customers, and on continuing to improve the working environment for our staff. Of this, the in-house development costs accounted for £5.1m (2018/19: £3.0m). £1.5m (2018/19: £0.7m) was spent on upgrades to IT infrastructure and hardware, and £0.9m (2018/19: £2.4m) was spent on improvements to the office environment in the Crown Way building in Cardiff and relocating our London office.

Following the transition of Companies House from a trading fund to a Central Government Agency on 1 April 2020, Companies House's cash management arrangements have substantially changed. The Public Dividend Capital of £15.9m was repaid to BEIS on 23 March 2020 and our residual surplus cash of £20.4m was repaid to HM Treasury on 3 April 2020. Our net working capital requirements will, in future, be met by transfers to/from BEIS and as part of this arrangement, BEIS made an initial advance to Companies House of £10m on 31 March 2020.

Performance analysis and indicators

Late Filing Penalties

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.

Within the financial year 94.9% of accounts were filed by the accounting deadline (2018/19: 94.8%). At year end 98.7% of companies had filed their due accounts (2018/19: 98.6%). During this period the register size increased to 4,350,913 (2018/19: 4,202,044).

During the financial year 218,317 penalties were levied (2018/19: 218,706). There was a decrease in the value of the penalties issued to £95.7m (2018/19: £96.0m). The penalties levied are broken down by register as follows:

	2019/20		2018/19	
	Number of Penalties '000	£'000	Number of Penalties '000	£'000
England and Wales	204	88,858	204	88,970
Scotland	11	5,270	11	5,287
Northern Ireland	3	1,600	4	1,715
Total	218	95,728	219	95,972

During 2019/20 a total of 47,255 double penalties (2018/19: 47,329) were levied with a value of £41.9m (2018/19: £41.9m) against companies which had filed their accounts late in successive years.

Towards the end of the financial year, we transitioned to a new Debt Collection Agency which works across Government Organisations. In preparation for this move, we undertook a critical review of all outstanding balances, resulting in an increase in the total impairment charge against bad and doubtful debts to £35.4m (2018/19: £30.5m).

Penalties and any associated court costs which were written off during the financial year as uncollectable amounted to £54.0m (2018/19: £38.4m). There was a decrease in the impairment provision against receivables due to bad and doubtful debt of £18.6m (2018/19: £7.8m).

The net revenue for the Consolidated Fund was £59.8m (2018/19: £65.4m). The transfer of receipts to the Consolidated Fund in the year was £54.2m (2018/19: £67.5m), which left a balance due to the Consolidated Fund of £25.4m (2018/19: £19.8m) at 31 March 2020.

Non-Financial performance

Procurement & Commercial Activity

We are committed to compliance by ensuring suppliers adhere to legislation including but not limited to:

- Environmental ISO14001;
- Data security ISO27001;
- OHSAS ISO18001;
- Data protection act 2018; and
- Modern slavery act 2015.

The following principles underpin our approach to all commercial activity:

- Delivering CH Strategy 2020-2025 strategic outcomes;
- Digital first approach (CH Digital Strategy);
- Compliance with Government Functional Standard: GovS008: Commercial;
- Compliance with EU regulations;
- Compliance with World Trade Organisation rules;
- Compliance with Public Contract Regulations 2015;
- Compliance with Cabinet Office Spend Controls;
- Full compliance with Government Procurement Policy and Regulation (including all Procurement Policy Notes) which set out mandatory procedures, such as:
 - > Modern Slavery,
 - > Supply Chain Visibility,
 - > Procuring for Growth,
 - > Open standards for Technology,
 - > Cyber Essentials
- Goods, works and services will be procured using legally compliant, fair and open processes, guarding against corruption and fraud; and
- Works are undertaken and assigned to people who have the required capability and capacity to undertake it.

We use robust contract management to drive efficiency and continuous improvement whilst ensuring value for money, performance and compliance is delivered for the life of each contract.

Business continuity planning and financial due diligence are delivered through robust supply chain management.

Human Resources (HR)

Our HR policies provide guidance and assurance to staff that our recruitment processes ensure fair and open competition, equal opportunities for all and that we embrace diversity. We have strengthened our support as a disability confident employer through setting up an active 'Ability Network'. The network has been helping to support and build confidence for our colleagues with physical and silent disabilities across the business.

A successful 'build your inner confidence campaign' was launched and the organisation was proud to light up our office purple as it celebrated International Day of Persons with Disabilities.

Unfortunately, COVID-19 meant we were unable to have our assessment as a Level 3 Disability leader, but we are confident we have the foundation in place to obtain this in the future.

Gender Pay Gap legislation introduced in April 2017 requires all employers of 250 or more employees to publish their gender pay gap. The Companies House Gender Pay Gap Report for the period ending 31st March 2019 was published in March 2020. The report sets out an extensive range of measures that have been undertaken and plans that are in place to reduce the gender pay gap in the future.

This publication is available at:

www.gov.uk/government/publications/companies-house-gender-pay-gap-report-and-data-2019/companies-house-gender-pay-gap-report-2019

Non-Financial performance

Human Resources (HR)

We have worked extensively this year with the leading Welsh gender equality network, Chwarae Teg.

As a result of our collaboration we have been able to focus our attention on further enhancing the work we have already undertaken in this area. Some examples of our activity are:

- Reinvigorating our Women's network which as a result has grown to 82 active members who are representative of all grades and professions;
- Introduction of a development programme run by Chwarae Teg aimed at developing confidence and aspirations of women in Companies House with modules such as "change your thinking – get results" and "own your career – plan for success";
- Companies House hosted Chwarae Teg's 'FairPlay Employers Senior Leaders Forum' in October 2019 which talked about the subject of BAME women in the economy;
- We're focussing on recruiting and retaining women in Digital Data and Technology roles and have worked with Chwarae Teg on how we can improve our recruitment practices to attract more women to this area; and
- All of our work was recognised by Chwarae Teg who have created a case study in recognition of the work that Companies House has done as a FairPlay employer.

Average Rate of Return

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%.

This is set out in the HM Treasury Minute of 14 May 2014 (Appendix A). This is 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 equates to the total assets less total liabilities. The Treasury Minute was not formally renewed for an additional year, but Companies House has continued to use it as a proxy. The return achieved for the year ended 31 March 2020 was minus 2.6% (2018/19: plus 5.2%) and the cumulative average return achieved since 1 April 2014 was 4.4%.

Efficiency Target

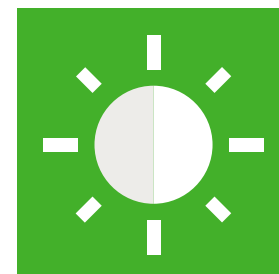
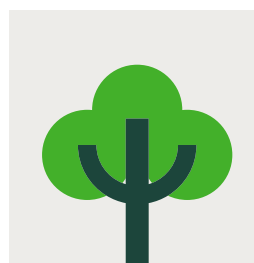
Our efficiency target was to reduce the costs of our baseline activities, adjusted for inflation, by 3.5%.

This year's target was exceeded; the final efficiency value achieved being 4.2%. The efficiency methodology considers inflation, volume changes and cost reductions achieved in year in comparison to the base year. Increases in costs in delivering the comparative service reduce the efficiency outcome.

Supplier Payment Policy

In May 2010, all government departments were set new guidelines of paying 80% of supplier invoices within 5 days of receipt. In 2019/20, 86.8% of supplier invoices have been paid within this 5-day target (2017/18: 97.0%).

Sustainability Report 2019/20



Companies House continues to implement and maintain an Environmental Management System (EMS) certified to the International Environmental Management Standard ISO14001. Companies House has proudly held the standard since 2002 and is audited against the criteria, twice a year, to ensure on-going compliance and continuous improvement.

The success of the EMS is reflected in the reduction of energy, business mileage (and associated CO₂ emissions) etc. The following data provides further information on the efficiency measures implemented at Companies House during the 2019/20 reporting year.

Greenhouse gas emissions non-financial indicators (tCO₂e)



Scope emission energy usage	2015/16	2016/17	2017/18	2018/19	2019/20
Total Scope 1 emissions (gas, fuel for fleet, fugitive emissions)	82	152	93	95	93
Total Scope 2 emissions (offsite electricity generation)					
Belfast Office	42	39	34	28	26
Cardiff Office	1,907	1,744	1,445	1,264	1,023
Edinburgh Office	26	24	20	18	15
Total Scope 3 emissions (transmission loss of electricity)					
Belfast Office	3	4	3	2	2
Cardiff Office	158	158	113	131	87
Edinburgh Office	2	2	2	2	1
Total emissions attributed to electricity consumption	2,138	1,971	1,617	1,445	1,154
Emissions attributable to scope 3 official business travel (rail, taxi, air, underground - all offices)	62	82	78	52	52
Total emissions (all scopes)	2,282	2,205	1,788	1,592	1,299

With regard to the COVID-19 outbreak, we have seen an improvement in our environmental performance for the month of March 2020, which can be directly linked to our accelerated move to implement smarter working.

Greenhouse gas emissions: related energy consumption (kWh'000)



Electricity usage	2015/16	2016/17	2017/18	2018/19	2019/20
Belfast Office	92	94	97	99	101
Cardiff Office	4,127	4,231	4,110	4,061	4,004
Edinburgh Office	55	59	57	58	60
Gas (Cardiff only)	392	793	530	520	484
Total kWh consumption	4,666	5,177	4,794	4,738	4,650

Greenhouse gas emissions: financial indicators for all offices



Expenditure	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Energy (gas, electricity)	553	559	562	626	678
CRC (including fees and allowances)	37	38	36	30	25
Official business travel (rail, hire cars, taxis, air and fuel)	208	205	198	216	206
Total expenditure	798	802	796	872	909

The above tables illustrate our energy consumption, greenhouse gas emissions and associated financial indicators. Our total energy consumption (kWh) has decreased for the year. This can be attributed to:

- Improved IT technology and additional IT services being migrated to the cloud;
- Ongoing role out of mobile devices to staff, which are more energy efficient compared with desktop PCs; Introduction of SafeQ (follow me printing), which has rationalised the number of printers across the office, which has also reduced the number of prints being produced which equates to less paper and toner being used;
- Continued replacement of florescent tubes with energy efficient smart LED lighting during refurbishments;
- Flexible and smarter ways of working;
- Replacement of air conditioning system in one of our onsite server farms;
- Greater awareness of energy efficiency via:
 - > energy efficiency campaigns;
 - > Staff Ideas Hub;

- Continued work of the Environmental Working Group in delivering further efficiencies: and
- The continued introduction of modern hydro taps in our kitchens, that provide instant hot running water, significantly reducing the number and the need for boiling kettles.

However, the cost of energy in £/kWh continues to increase each year, placing more of an incentive to drive down energy consumption.

We have also seen a decrease in business travel (and associated emissions) during the reporting year. This can be attributed to:

- Greater use of IT technology via improved on-line meeting tools/platforms, which means they are more efficient to use;
- Staff being more aware of the environmental impact of travelling and the need to reduce business mileage; and
- Increased use of additional ICT communication tools such as Microsoft Teams and Slack.

Energy Performance per building user



Energy performance	2017/18			2018/19			2019/20		
	Cardiff Office ¹	Belfast Office ²	Edin Office ³	Cardiff Office ¹	Belfast Office ²	Edin Office ³	Cardiff Office ¹	Belfast Office ²	Edin Office ³
Total kWh'000 consumption electricity	4,110	97	57	4,061	99	58	4,004	101	60
Total kWh'000 consumption gas	530	-	-	520	-	-	484	-	-
FTE ⁴	2,051	18	32	2,094	17	34	1,992	16	37
kWh electricity performance per FTE	2,003	5,382	1,770	1,940	5,803	1,700	2,010	6,319	1,622
kWh gas performance per FTE	258	-	-	248	-	-	243	-	-

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.

The annual Display Energy Certificate was completed at our headquarters (Crown Way, Cardiff), in January 2020. Our operational performance is 66% better than typical (100%) for our building.



Waste minimisation and management

Non financial indicators	2015/16 tonnes	2016/17 tonnes	2017/18 tonnes	2018/19 tonnes	2019/20 tonnes
Recycled/reused	190	166	152	168	137
ICT waste	4	1	3	3	7
Incinerated	-	97	49	0	63
Landfill	87	0	29	63	1
Food waste	11	11	11	11	8
Total (tonnes)	292	275	244	245	216

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

Financial implications	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Total disposal costs	10	10	10	10	67

The tables above provide our waste production figures and associated financial indicators. Our total waste production has decreased this year due to greater awareness amongst staff.

Our waste disposal costs has increased due to more accurate data being provided by our new Facilities Management provider. The new contract provides Companies House with improved assurances regarding our management reporting, as we are now provided with increased tracking and analysis information/dashboards and accurate reporting on all workstreams, and as such, we are confident in the data and its accuracy.

Use of finite resources (water)



Non-financial indicators	2015/16 (m3)	2016/17 (m3)	2017/18 (m3)	2018/19 (m3)	2019/20 (m3)
Water consumption	9,506	8,707	9,229	9,552	18,735

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

Financial implications	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Water supply costs	34	32	34	36	60

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

The tables above illustrate our water consumption and associated financial indicators. Our water consumption has increased this year, which can be attributed to:

- the increase in the number of full-time equivalents to the site; and
- during the reporting year, two significant water leaks were identified, which have been isolated and remedial works have been undertaken.

Paper



	2015/16	2016/17	2017/18	2018/19	2019/20
Number of A4 reams used	11,875	11,140	9,645	6,035	5,700
Number of A3 reams used	40	45	25	45	30
Cost of A4 reams (£'000)	31	34	27	18	17
Cost of A3 reams (£'000)	0.200	0.292	0.155	0.305	0.284

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

Consumer Single Use Plastic (CSUP)



In line with the governments agenda to remove all single-use plastics (SUP) from the government estate (by the end of 2020), and building on the successes of last year, Companies House continues to deliver efficiencies and identify further opportunities for improvement. During the last reporting period, Companies House has already exceeded this target, by working closely with our staff restaurant provider, and staff, to reduce the number of SUP items onsite and deliver these efficiencies.

SUP rationalisation will remain high on the organisation's agenda as we continue to work closely with our supply chain, and the business, to strip out any unnecessary elements from our processes and the items we purchase. We will also continue to communicate with our staff and tenants, on any initiatives that will help us reach our objective.

Biodiversity



Our commitment to Biodiversity will be achieved by embedding biodiversity, where possible, into our business planning processes and the Environmental Management System (EMS), making sure that biodiversity is considered in the way that Companies House operates, delivers its services and makes decisions. This will ensure that staff and management understand the potential impacts that Companies House operations can have on the environment, including biodiversity. (these relate to our Crown Way site only)

Greenhouse gas emissions non-financial indicators tonnes of CO₂e (tCO₂e)

Task	Relevant NRAP Objective	Progress to date
Task 1 Embed a framework of governance and support to ensure biodiversity is addressed throughout decision making at all levels	Objectives 1 & 6	This is achieved by embedding biodiversity into the business planning process and the ISO14001 EMS, making sure that biodiversity is considered in the way Companies House operates, delivers services and makes decisions.
Task 2 Provide environmental education to raise awareness and encourage action	Objective 1	Internal environmental awareness and communication is a key part of the Companies House EMS and ensure that biodiversity themes are included to ensure this objective is met.
Task 3 Promote ecosystem resilience through management of land	Objectives 2 & 3	Companies House has implemented several measures to improve the management and diversity of species and habitats onsite, including: <ul style="list-style-type: none"> • Installation of bat / bird boxes on many of the trees onsite; • Commissioning annual survey of trees / shrubs onsite via a qualified arboriculturist; • Planted flower beds, flowerpots and native hedgerows across our site; • Daily grounds checks to keep litter at bay; • Reduced reliance on herbicides and pesticides. Next year, we are looking to implement a sensory garden onsite, which will include pollinating flowers to attract different species of animals/insects. In addition, Companies House is also committed to improving biodiversity within the local community. To date 4,067 staff hours have been spent on numerous community activities resulting in 6.5 tonnes of rubbish being removed from the local environment, thus helping biodiversity to flourish.
Task 4 Tackle key pressures on species and habitats	Objective 4	Companies House recognises that pesticide / herbicide use, resource use and emissions to air, land and water are key pressures on the environment, and is committed to implement measures to help relieve these pressures, including: <ul style="list-style-type: none"> • Reduced use of pesticides and herbicides to maintain our grounds; • Reducing, reusing and recycling resources, including a scheme to eradicate single use plastic from our site; • Working in partnership with Cardiff Council to install several Next Bike Docking Stations, close to Companies House, for staff and the residents in the area to use, thus helping to reduce local air pollution; • Implementation of processes to manage and reduce our environmental impacts.
Task 5 Monitor the effectiveness of the Biodiversity Plan and review	Objective 4	Companies House's actions to promote ecosystem resilience and help track key pressures on species and habitats is managed via our ISO14001 EMS and associated Environmental Objectives and Targets.

Sustainability Report 2019/20

Environmental Performance Reporting

Companies House has established an Environmental Working Group (EWG) who meet on a quarterly basis. The group is chaired by a senior manager from the Corporate Leadership Group and consists of key individuals from across the business, including the Director of Digital, to ensure that all directorates are represented, feed in and inform decision making. In terms of governance the EWG reports into CH Business Board, who have a clear line of sight of the work, outcomes and achievements that are being planned and delivered via the EWG Group Chair who sits on the Board.

The aim of the EWG Group is to:

- Ensure continual environmental improvement;
- Identify environmental opportunities and efficiencies;
- Communicate environmental issues to staff and key stakeholders; and
- Ensure the on-going integration of the EMS requirements within Companies House business processes.

From an external perspective, the EWG also research wider environmental considerations and initiatives that could be implemented, for example, exploring the feasibility of installing electric charging points onsite. Companies House is also keen to continue its work with Cardiff City Council and influence their agenda, particularly in relation to their ambitious transport strategy in reducing the number of vehicles coming into the city centre and site, improving the bicycle routes within the area and supporting any initiatives that will make it more attractive for staff to use public transport.



Louise Smyth

Accounting Officer

Chief Executive and Registrar

8 July 2020



Companies House

2. Accountability report

Corporate Governance Report

Governance statement

Remuneration and Staff Report

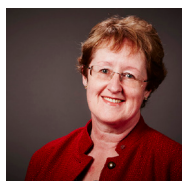
Parliamentary Accountability

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

Corporate Governance Report

Members of the Board

The board reviews and oversees both Companies House and Late Filing Penalties (LFP) activity.



Lesley Cowley OBE:
Chair of Companies House

Lesley Cowley was first appointed Non-executive Chair of DVLA in October 2014. She was re-appointed in October 2016, and again in October 2019. She was appointed Lead Non-executive Director of The National Archives in January 2016 and extended in January 2019. Her title was revised to Chair of the Board of The National Archives in October 2019.

She was appointed Non-executive Chair of Companies House in March 2017.



Louise Smyth:
Chief Executive Officer and Registrar of Companies

Louise Smyth joined Companies House in September 2017 as Chief Executive and Registrar for England and Wales. Before joining Companies House Louise held a number of senior positions at the Intellectual Property Office (IPO), including Director of IT, Director of People, Places & Services. Louise went on to become Chief Operating Officer in 2014, responsible for Corporate Services: IT, People, Places and Services and Finance.



Debbie Gillatt CBE:
Non-Executive Board Member(NEBM)/BEIS representative

Debbie Gillatt CBE: Non-Executive Board Member/BEIS representative. Debbie is the Director of Business Frameworks at the Department for Business, Energy & Industrial Strategy. She leads the teams which are responsible for the UK's company law, accounting standards and corporate governance rules, and those which lead on corporate transparency and anti-corruption initiatives. She also leads on corporate responsibility and boardroom diversity initiatives. Debbie also sits on the Board of the Insolvency Service as the BEIS representative.



Ross Maude:
Director of Digital

Ross joined Companies House in September 2018 as the Director of Digital.

Ross has over 20 years' experience within the digital profession, having previously worked in the banking, telecommunications, defence, public and utilities sectors. Before joining Companies House, Ross worked as a Digital Solution Partner for a consultancy firm delivering digital transformation within the utilities industry.

Corporate Governance Report



Angela Lewis:
Director of People Transformation

Angela joined Companies House in May 2012 as Head of Human Resources and Estates. She took up the role of Director of People Transformation in February 2018. Angela has over 25 years' experience within the HR profession working in the NHS, police service and higher education sector.

Before joining Companies House Angela was Assistant Director of HR in The Office for National Statistics.



Michelle Wall:
Director of Finance and Commercial

Michelle joined Companies House in March 2018 as Director of Finance.

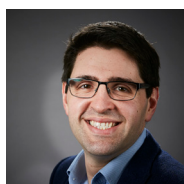
Michelle is a chartered management accountant with over 25 years' experience in leading financial and wider operational and project teams in the public and private sector in the South Wales area. Before joining Companies House, Michelle was deputy director of finance at the Intellectual Property Office in Newport.



Martin Swain:
Director of Policy, Strategy and Planning

Martin joined Companies House from the Welsh Government where he has spent over 25 years working in various policy roles. Most recently, Martin was Deputy Director for Community Safety leading on the Welsh Government's approach to crime, justice, civil contingencies and emergency planning. Martin has also worked in a number of delivery roles within economic development, primarily on business development and inward investment.

Martin has an MBA with a focus on innovation and organisational culture. He is also a Welsh learner.



John-Mark Frost:
Director of Operations

John-Mark joined Companies House in June 2018 as the Head of Service Delivery. He took up the role of Director of Operations in February 2019. John-Mark has over 15 years' experience in the public and private sectors leading large-scale operational teams and specialist social research and statistical functions, in the UK and internationally.

Before joining Companies House, John-Mark had a number of operational roles in the Department for Work and Pensions.

Corporate Governance Report



Martin Hagen:
Non-Executive Board Member (NEBM)

Martin Hagen FCA is a non-executive board member and chair of the Audit and Risk Committee.

He is a non-executive director of South West Water Ltd, and was previously an independent member of the Audit and Risk assurance committee of the Department for Work and Pensions and a governor and audit committee chair of UWE Bristol.

Martin is a Chartered Accountant, formerly a partner in Deloitte and served as President of the ICAEW from 2009 to 2010.



Kathryn Cearns OBE, FCA, FCCA:
Non-Executive Board Member (NEBM)

A chartered accountant with extensive senior level experience in both the public and private sectors.

Kathryn holds a number of government positions including as Chair for The Office of Tax Simplification and is non-executive director for Highways England and Chair of their Audit and Risk Committee. Kathryn is also a member of the Department for Transport Group Audit and Risk Committee. Kathryn holds a number of non-executive, trustee and advisory appointments most notably as a member of the External Audit Committee for the International Monetary Fund, a non-executive director for the UK Supreme Court, a non-executive director for The Property Ombudsman and as a trustee for Royal British Legion Industries.



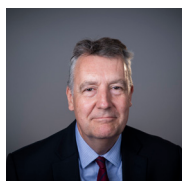
Vanessa Sharp:
Non-Executive Board Member

Vanessa is an experienced commercial solicitor, beginning her professional career in a London city firm specialising in multinational commercial and insurance issues. She joined KPMG as general counsel in the UK and Europe, leaving in 2015.

Vanessa is an independent non-executive director of ICE Futures Europe Ltd, chair of its Authorisation, Rules and Conduct Committee and a member of its Risk and Audit committee. She is an independent non-executive director of Newable, chair of its Risk Committee and a member of its Audit Review Committee. And she is an independent non executive director of Hill Robinson Group Limited. She is a Council member of the British Hallmarking Council and a trustee of the charity Create Arts. She is a senior advisor to a number of organisations where she works on corporate governance issues.

Vanessa is a practicing jeweller and silversmith.

Corporate Governance Report

**Martin Spencer:****Non-executive Director and Member of Main Board and Audit and Risk Committee**

Martin is a non-executive board member at Companies House. Martin has a background in economics, technology consulting, and business transformation and leadership. Martin is currently Senior Vice President at NTT DATA, a global IT services business that delivers some of the world's largest digital infrastructure and transformation projects.

Previously, Martin has held UK and European leadership roles with Capgemini and KPMG Consulting. Martin was also a director at Detica, the international business and technology consulting firm specialising in data analytics and information intelligence.

Martin is also a non-executive director at the Education and Skills Funding Agency, the NHS Counter Fraud Authority and the Serious Fraud Office.

**Mike Fishwick:****Chief Technology Officer, IPO, Non-executive Director, and Member of Main Board and Audit and Risk Committee**

Mike is a non-executive board member at Companies House. Mike moved into the public sector in September 2015 when he was appointed Chief Technology Officer for the Intellectual Property Office (IPO). Since then, he has led a transformation of IT at the IPO and has been instrumental in the IPO changing the emphasis of its digital transformation, to one embracing a broader organisational and process re-engineering.

Before joining the civil service, Mike was CIO at Fatface. Prior to that, he founded and led a big data monetisation business for the digital division of a global telco. He was also the UK's first appointed chief data officer.

Originally a civil engineer, Mike holds a master's degree in Geographical Information Systems.

Former Members serving during the year

Information regarding Directors and Non-Executive Board Members who served during the year including joining dates and leaving dates can be found in the Governance Statement.

Companies House holds a register of declarations of interest by all members of the board who have declared they hold no significant third-party interests that may conflict with their board duties

Corporate Governance Report

Future Developments

In 2018 the Office of National Statistics (ONS) undertook a review of the sector classification of Companies House in accordance with the provisions of the European System of Accounts 2010. This concluded that from April 2020 Companies House will be classified as part of central government (rather than classification as a trading fund). Our change of status will affect some features of our operating model and the way our funding is secured and managed, and this year there has been significant preparations for our new financial model, ensuring we have in place working practices and financial and commercial capability fit for the future.

Political and Charitable Gifts

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

Regularity of Expenditure

Companies House administers its affairs ensuring prudent and economical administration, avoidance of waste and extravagance and it ensures efficient and effective use of all available resources. Adequate controls exist to ensure the propriety and regularity of its finances.

There were no special payments or losses to report for Companies House.

Audit Service

The statutory external audit was performed by the National Audit Office (NAO) and reported on by the Comptroller and Auditor General at a cost of £45,000. The statutory external audit was also carried out for the Trust Statement at a cost of £16,000. The NAO did not perform any non-audit services.

Corporate Governance Report

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 for each financial year a statement of accounts 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 Companies House's financial position and of its Statement of comprehensive income, Statement of financial position, Statement of cash flows and Statement of changes in taxpayers' equity for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the 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; and
- prepare the financial statements on a going-concern basis.

The Treasury has appointed the Chief Executive of Companies House as the Accounting Officer for Companies House. The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of public finances, keeping of proper records, and for safeguarding Companies House's assets, are set out in Managing Public Money published by HM Treasury.

Accounting Officer's Confirmation

As the Accounting Officer, I have taken all 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. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

The annual report and accounts 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.

Governance statement

Introduction

HM Treasury has appointed me as Accounting Officer of the Companies House trading fund and as Registrar of Companies for England and Wales. I am also Chief Executive of Companies House.

As Accounting Officer, I have responsibility for the proper, effective and efficient use of public funds. I am accountable to the Minister for the performance of Companies House, in accordance with the Framework Document, which sets out the relationships between Companies House and BEIS. Meetings are held with the Minister to discuss the current issues and general progress. These are attended by our Non-Executive Chair, Chief Executive and sponsor, as required.

I am also required as Accounting Officer by HM Treasury's Managing Public Money and the Government Financial Reporting Manual to provide a statement on how I have discharged my responsibility to manage and control the resources for which I am responsible during the year. The Governance Statement gives an understanding of the dynamics of the business and its control structure. It provides insight into the business of the organisation and its use of resources to allow me to make informed decisions about progress against business plans. I have ensured that our governance framework is designed to comply with the good practice guidance laid down in HM Treasury Corporate Governance in Central Government Departments: Code of Good Practice 2011.

Governance Framework

We are managed by a Board and an Executive team. The Board is chaired by an independent Non-Executive Board member. The Board has strategic oversight and is supported by the Audit and Risk Committee and Remuneration Committee. The Executive team is responsible for the day-to-day management in delivering our commitments to the government and the public as set out in the annual business plan.

Companies House Boards and Committees

All Boards and Committees were well attended during the year, with the occasional absence of one or two members. All discussions and decisions made at these meetings were recorded through minutes and no conflicts of interest were recorded during the year. Some members of the Board declared their association with other organisations and recorded that there were no conflicts of interest.

Companies House Board

The Board's main role is to set Companies House strategy and direction, and to oversee operational effectiveness. It is led by an independent Non-Executive Chair. It comprises 6 members of the Executive Team (including the Chief Executive), 6 Non-Executive Board members (including the Chair) and one Non-Executive BEIS sponsor representative. The Chair and Board ensure the membership of the Board contains an appropriate mix of skills and experiences to best support the organisation.

During the year, the Board:

- developed the strategic direction and priority for the next 5 years (2020-2025);
- agreed the contents of the 2020/21 Business Plan and public targets;
- reviewed and agreed the Annual Report and Account;
- reviewed the draft Framework Document;
- reviewed financial performance and efficiency; and
- considered the arrangements for a smooth transition from trading fund to central government status from April 2020.

The information provided to the Board is to a good standard and provided in plenty of time ahead of the meetings, allowing the Board to make informed decisions.

Governance statement

Audit and Risk Committee

A representative from external audit attends all Audit and Risk Committee meetings and has access to all financial and other information. Other Companies House directors and senior managers attend by invitation.

The Audit and Risk Committee's role is to provide independent guidance and challenge to the Accounting Officer on matters of audit, corporate governance and the organisation's effectiveness in managing risk.

To support this role the Audit and Risk Committee:

- received regular reports of the management and progress against the organisation's strategic risks;
- held deep dive sessions into specific risk categories e.g. counter fraud;
- reviewed and agreed the Companies House Risk Management Framework;
- approved the Internal Audit plan, reviewed progress reports against the plan on a quarterly basis, and advised on the implications for the overall control framework, and the adequacy of management responses;
- reviewed the Annual Report and Accounts, and the Companies House Governance Statement; and
- received reports and held discussions on specific areas during the year including cyber security, operational processes, information security and systems resilience.

Remuneration Committee

The Board are also supported by a Remuneration Committee chaired by the Board's chair. The Committee approved the pay and reward recommendations including the 2019/20 in-year pay award and staff award schemes. The Committee also considered the gender pay gap analysis and commissioned further work to build our understanding of the specific root causes and areas for improvement

Board Effectiveness

The Chair meets regularly with me to discuss the performance of the Board and to ensure we utilise the external perspectives and experiences of the Non- Executive Board members. The Board discusses the progress against each year's annual business plan which the Executive team is responsible for delivering and regularly reviewed our performance against the plan.

During March 2019 the Board commissioned an independent review of the Boards effectiveness to provide assurance of the Board's performance and capability. The report identified a number of strengths where the Board is working effectively. A number of areas for improvement were identified and the Board agreed an action plan to address these.

The performance of all Non-Executive Board members is appraised annually, supported by an online tool to gather feedback from fellow Board members. The Chair discusses their performance based on that feedback.

Governance statement

Board membership during 2019/20

During the year Martin Spencer and Mike Fishwick joined as non-executive Board members on 13 May 2019 and both joined the April meeting as attendees. Lesley Cowley was reappointed until 28 February 2023, Kathryn Cearns and Martin Hagen were both reappointed until 31 December 2021 and Vanessa Sharp was reappointed until 31 August 2021.

Table of attendance of the Board and its sub-committees
 Figures denote meetings attended (meetings available to attend) in year.

Board member	Board 9 meetings in year (available meetings)	Audit and Risk Committee 6 meetings in year (available meetings)	Remuneration Committee 3 meetings in year (available meetings)
Lesley Cowley (NEBM) Chair of the CH Board	8 of 9 (9)		3 of 3 (3)
Louise Smyth (CEO and Registrar)	9 of 9 (9)	6 of 6 (6)	2 of 3 (3)
Martin Hagen (NEBM) Chair of the Audit and Risk Committee	9 of 9 (9)	6 of 6 (6)	3 of 3 (3)
Debbie Gillatt (BEIS)	9 of 9 (9)		3 of 3 (3)
Vanessa Sharp (NEBM)	9 of 9 (9)	3 of 6 (attended 3 of 3 before stepping down from ARC)	
Kathryn Cearns (NEBM)	9 of 9 (9)	6 of 6 (6)	
Mike Fishwick (NEBM)	8 of 9 (8)	4 of 6 (6)	
Martin Spencer (NEBM)	8 of 9 (8)	6 of 6 (6)	
Angela Lewis (Director of People Transformation)	9 of 9 (9)		3 of 3 (3)
Michelle Wall (Director of Finance and Commercial)	9 of 9 (9)	6 of 6 (6)	
John-Mark Frost (Director of Operations)	8 of 9 (9)		
Ross Maude (Director of Digital, Data and Technology) Senior Information Risk Owner	9 of 9 (9)		
Martin Swain (Director of Policy, Strategy and Planning)	8 of 9 (9)		

Change in Status

In April 2020, Companies House changed its administrative status from public corporation to central government. As part of this transition the trading fund order was revoked but Companies House remains as an Executive Agency of BEIS. This year we have been working with BEIS to prepare for the transition in finance and governance arrangements. A new Framework Document has been drafted, setting out the changes in how the organisation will be governed and will work with BEIS.

Governance statement

Managing the Business - Change and Investment

In addition, I had the assistance of two internal Boards; the Executive Board and the Business Board, which met monthly to monitor key business plan deliverables and risks within their scope.

The Executive Board is made up of the Executive Directors, Head of Legal and Head of Chief Executive's Office and is responsible for monitoring:

- Performance against the business plan and financial and non-financial targets;
- The Portfolio of change including benefits and finance resources;
- compliance with best practice in governance codes; and
- monitoring of strategic risk.

The Business Board is responsible for monitoring:

- all customer interaction;
- all customer delivery systems;
- all operational systems;
- workload planning – including forecasts of work volumes and feed into the strategic planning in line with the principles of the Macpherson Review of Quality Assurance;
- service performance i.e. throughput, quality; and
- operational level risk associated within the Board remit.

Risk Management

The goal of risk management is to support the successful delivery of our strategy and business plan. It plays an important part in projects, the development of new services and the everyday running of our business.

The Audit and Risk Committee receive regular updates on the strategic risks and held a number of deep dive sessions into specific risks, they provide assurance to the Board and to the Accounting Officer on the comprehensiveness, reliability and integrity of assurances provided on risk control. The Executive Board also regularly reviewed the Strategic Risk Register to ensure continued mitigation of risks which provide a significant threat to our strategic objectives and statutory responsibilities. In addition, we maintain risk registers within each directorate focussed on operational risks. Portfolio, programme and project risks are managed at the appropriate level, with established escalation routes in the event of a risk becoming significant.

This year we have taken steps to make further improvements to the Risk Framework and appetite.

Significant risks monitored through the year and will continue to be monitored include:

- The developing situation regarding COVID-19 and our business continuity plans to ensure we can continue to protect our staff and our services to customers;
- cyber and physical security;
- the change in culture needed to support our transformation; and
- capacity and flexibility of our legacy systems.

Companies House also actively engages with other public-sector organisations to share information and experiences on risk management practice and improvement. Through such collaboration and sharing of best practice, we aim to continually improve the effectiveness and professionalism of our risk management function.

Governance statement

Cabinet Office Spending Controls

In addition to the rules set out in Managing Public Money, Cabinet Office operates a set of additional spending controls.

We have previously worked with Cabinet Office to agree a pipeline of investment for digital and technology spend to facilitate the efficient implementation of new projects, eliminating the requirement to go through individual approvals for every stage of every project. Projects are assessed, and progress and changes monitored, through a joint Portfolio Assurance Group with members from Companies House, BEIS Digital and GDS (Cabinet Office) which meets monthly.

The pipeline and associated spend are then subject to review by BEIS's Joint Assurance Review for assurance that controls have been properly applied. The pipeline and associated spend are then subject to review by BEIS's Joint Assurance Review for assurance that controls have been properly applied. During the immediate response to the COVID-19 crisis a service was transitioned to public beta without the correct sign off by GDS. This is being retrospectively assured. All spend relating to this service had been approved appropriately.

The Transformation activity (Tranche 1), which was approved by BEIS's Portfolio Investment Committee on 7th March 2019, has been progressing during the year. The Executive Board and Main Board review the performance against the expected deliverables and benefits.

Financial Control

Companies House has an established framework of financial procedures and controls. The framework is reviewed and tested, as part of the regular programme of work undertaken by our internal audit partners. The programme of work is approved, and findings reviewed by the Audit and Risk Committee.

In my capacity as Accounting Officer I have responsibility for the financial affairs of the organisation, subject to authority limits delegated to me by the Permanent Secretary of BEIS and within the budget approved by the Minister. The organisation's budget is allocated between Executive directors, and authority to make financial transactions is sub-delegated to Executive and other budget holders.

Financial performance against the budget is monitored by the Executive Board monthly and the full year outlook is reviewed on a quarterly basis.

Late filing penalties received are surrendered directly to HM Treasury and do not form part of the trading fund income. The Trust Statement for Late Filing Penalties (LFP) can be found in section 5. The LFP framework is reviewed and tested, as part of the wider regular programme of work undertaken by our internal audit partners. The programme of work is approved, and findings reviewed by the Audit and Risk Committee. Budget allocation and monitoring is sub-delegated to Executives and budget holders. The LFP scheme is also reported and reviewed with BEIS.

Individual decisions including procurement, capital expenditure and project implementation, are subject to business case approval, and will engage specialist review in addition to Executive approval. In the light of the ongoing transformation of the organisation we are currently enhancing the governance framework in this area to ensure the appropriate levels of scrutiny and assurance are maintained.

Governance statement

Commercial Controls

As a central government body, our commercial activity is governed by legislation within the Public Contracts Regulations 2015 (PCR). Control over commercial contracts is maintained by our procurement function within the finance directorate working in conjunction with relevant budget holders. Procurement procedures and controls are embedded across the organisation and are part of a business case approval process; financial authority is subject to delegated authority and budgetary controls and is independent of procurement. We are supporting the economy by ensuring PCR compliant procurements including:

- consideration given to all route to markets for all 3rd party spend monitoring and review of policies and processes in-line with Government Commercial;
- Function (GCF) standards 2019/20;
- engagement of market through competitive processes to stimulate competition, innovation and deliver value for money;
- use of central government commercial agreements for common goods and services;
- committed to compliance by ensuring suppliers adhere to legislation including but not limited to;
 - > Environmental ISO14001
 - > Data security ISO27001
 - > OHSAS 18001
 - > Data protection act 2018
 - > Modern slavery act 2005
- robust contract management to drive efficiency and continuous improvement whilst ensuring value for money, performance and compliance is delivered for the life of each contract;
- business continuity planning and financial due diligence delivered through robust supply chain management, and ongoing risk assessment; and

- In line with Government Procurement Policy (Procurement Policy Notes, PPNs) our commercial approach to COVID-19 will be tailored to the nature, scale and location of the threat in the UK. Recent PPN's issued make it clear that these exceptional circumstances, authorities may need to procure goods, services and works with extreme urgency and Authorities are permitted to do this using regulation 32(2)(c) under the Public Contract Regulations 2015.

Data Controls

Governance arrangements have remained in place this year. The Senior Information Risk Officer (SIRO) who is also the Director of Digital Services is accountable for information risk and is supported by the IT Security Manager and a network of Information Asset Owners (IAOs) across the organisation. IAOs are accountable for day to day control of information. Data control and risk are addressed monthly by the Security Forum which is chaired by the SIRO and attended by relevant staff - including the Data Protection Officer, IT security staff and the business continuity manager - in addition to subject matter experts from across the organisation. We have a mature incident process in place and incidents are also reviewed at the Security Forum.

There have been 86 reported incidents of personal data breaches this year. Against a backdrop of over 12 million accepted transactions this is a low volume of breaches, and largely due to human error. As none of these were likely to result in a risk to the rights and freedoms of the data subjects, no cases were reported to the Information Commissioners Office (ICO).

The Data Protection Officer continues work to embed a culture of data protection by design and default and demonstrate our accountability for the personal data that we process. An annual review of the Record of Processing Activity (ROPA) has been conducted to ensure records of the personal data processed by CH is up to date and accurate. All staff have received mandatory 'responsible for information' training and this will be refreshed on an annual basis. Data Protection Impact Assessments are conducted as a matter of course for any change where personal data is processed and have been made a mandatory process step for project teams.

Governance statement

Counter Fraud, Error and Debt

Overall responsibility for our management of this area sits with the Director of Finance and Commercial supported by a Counter Fraud, Error and Debt group which meets monthly. The Government Internal Audit Agency (GIAA) provides support and input, advising on aspects of control and risk management.

We have assessed our current processes in line with the government counter fraud standards. Last year we met 10 of the 12 functional standards (the remaining 2 were partially met) and have made a considered effort to improve across several areas including documenting where random sampling has taken place, development of outcome-based metrics and further development of our fraud risk assessment activity. We also report any identified fraudulent activity to BEIS quarterly.

As well as improving general compliance against the standards there has been a greater focus on risk assessments, policies and tools for staff. There has been a significant increase in the amount of engagement and communication with staff to raise awareness and embed a zero-tolerance culture in the organisation. This includes workshops with the Leadership Team, drop in sessions and an internal communication campaign. In addition, mandatory training has been rolled out across the organisation. We have also implemented an online conflict of interest register.

Whistleblowing Procedures

The Companies House whistleblowing policy and procedures have been produced in line with the Civil Service Employee Policy. Companies House reviewed its whistleblowing policy and procedures to ensure they are fit for purpose in January 2019. This included adding a whistle blowing hotline to enable staff to report incidents anonymously and confidentially. The policy and procedures are published on the Companies House Intranet site.

Accounting Officer Assurance

The effectiveness of the systems of internal control is primarily informed by our internal audit reviews, along with the management assurance reporting of our managers who are responsible for the development and maintenance of the internal control framework. The system of internal control is designed to manage risk to a reasonable level and assurance of effectiveness. The system of internal control supports the achievement of our policies, aims and objectives, whilst safeguarding the funds and assets of the organisation, in accordance with HM Treasury's Managing Public Money.

However, to develop this area further, an Assurance Framework that brings together the different sources of assurance needs to be developed. There are plans in place to take this forward in 2020.

Internal Audit

Internal audit services are delivered by the GIAA operating under the Public Sector Internal Audit Standards. The work of the GIAA is informed by an assessment of risk to which Companies House is exposed and annual audit plans are based on this analysis.

The internal audit plans are endorsed by the Audit and Risk Committee and approved by the Accounting Officer. Regular reports are made to the Accounting Officer and Audit and Risk Committee during the year, detailing recent reviews and actions taken by management based on audit findings. At each financial year-end, the Head of Internal Audit (HIA) 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.

Governance statement

This year, the HIA returned an opinion that ‘moderate’ assurance can be taken by the Accounting officer on the mitigating controls over the risks to delivery of objectives, that is to say some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control, although there were no significant control issues identified.

Management will also take assurance from other consultancy commissioned from third parties, such as IT penetration testing services.

The assurance work delivered during the year was based on key strategic risks as well as discussions with the Executive Board.

Areas covered in the plan included:

- A review of the process for handling secure data;
- GDPR Incident Response Audit; and
- A review to consider our readiness to transition to central government, considering operational, financial management and governance changes being implemented.

Review of Effectiveness

During the year, we have been successful in retaining accreditation to the following standards and have received some extremely pleasing awards:

- Customer Service Excellence;
- ISO 27001:2013 – Information Security;
- ISO 14001 – Environmental Management;
- OHSAS 18001 – Health & Safety;
- Member of the Institute of Customer Services;
- Mind Index Silver Standard; and
- Chwarae Teg Fair Play Silver Award.

As Accounting Officer, I am responsible for reviewing the effectiveness of the organisation’s governance, risk management and internal control. This review is informed by the work of the internal auditors and directors of 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 product of the review of the effectiveness of the governance framework, risk management and internal control.

In addition, the individual Executive Board members were commissioned, by me, to provide governance submissions. The submissions required the Board members to declare areas of best practice, set against a scoring criterion, as well as those requiring further improvement within their directorates. They were required to report on their area’s performance under specific headings including strategy and planning; risk; data handling etc. This proved to be a useful tool for all members to reflect and plan for the forthcoming year, as well as providing me with the evidence I require to be confidently assured of the governance processes within Companies House.

The Alexander review of the tax arrangements of public sector appointees published in May 2012 made several recommendations to ensure that the highest standards of integrity could be demonstrated in the tax arrangements of public sector appointees. Companies House used the services of contractors to support its business strategy and estate requirements during the year. Companies House has procedures in place to ensure we comply with the recommendations of the review.

The review of quality assurance of government analytical models undertaken by Sir Nicholas Macpherson was published by HM Treasury in March 2013. The Aqua Book makes several recommendations for government departments and their arm’s length bodies that undertake data analysis and analytical modelling. Companies House undertakes both data analysis and analytical modelling.

Governance statement

It has reviewed its approach to quality assurance and finds that it is compliant with the statements set out within the Aqua book

Companies House has developed a few business-critical models for forecasting and projection analysis purposes to evidence decision making within the organisation.

Some of our key business critical models include.

- The Companies House register size and corresponding subcomponents to determine future operational workloads and projections of Companies House income levels;
- Digital take up levels which are used to determine the effectiveness of digital services and our approach to digital development; and
- Compliance levels of the Companies House register – the level at which the register is up to date.

Data analysis and research is regularly undertaken at Companies House in order to aid in policy development and the delivery of programmes, projects and operational services. These analyses help to shape and appraise options, provide insight into how complex systems work and behave, measure system performance and improve efficiency.

Companies House has a dedicated team of data and statistical specialists who conduct data analysis and analytical modelling. This team is led by our Chief Statistician who is a member of the Government Statistical Service and provides assurance that outputs are appropriately backed up by statistically significant evidence and that recommendations are unbiased and developed with independence.

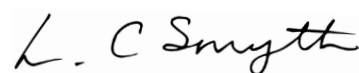
Each business-critical model is owned by a single 'Senior Responsible Owner', many of whom are Executive Board members, and they are accountable for its quality and delivery. Standard reporting templates are used by our data analysts and statisticians which outline the quality assurance processes of their inputs, methodology and

outputs in the context of the risks their use represents. Confidentiality and GDPR are also considered, paying attention to the storage and dissemination of information.

All commissioned pieces of analysis always determine the research question as a compulsory starting point. This is then followed by a 'fit for purpose' assessment, where value and effort are balanced against one another. The commissioner and the data analyst/statistician work together to ensure the right questions are being asked so that the analysis meets the business need and can be tied to the strategic objectives of the organisation.

As data analysis is undertaken, quality principles are applied throughout its life cycle. Data is validated for errors and methodology is verified for its appropriateness. Assurances are given to the Chief Statistician and SRO at regular stages of the analysis life cycle. Key outputs are scrutinised and challenged on a monthly basis at the relevant levels of our corporate governance structure. Methodology and quality assurance processes for key business models are reviewed annually by the Companies House' Chief Statistician. Data transfer processes associated with business-critical models are reviewed annually by our internal audit team.

In my role as Chief Executive and Accounting Officer I have relied on the Board's support to assist me in the assessment of assurance of the Companies House control structure. I have considered the evidence provided with regards to the production of the annual governance statement as well as the reports provided by Internal and External Audit and I am confident that the organisation and its Board operated in accordance with the Corporate Governance in central government departments: Code of good practice.



Louise Smyth

Accounting Officer

Chief Executive and Registrar

8 July 2020

Remuneration and staff report

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; and
- 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 based on fair and open competition, but also acknowledges 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 retire. 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.

Benefits in Kind

No director received a benefit in kind in 2019/20 (2018/19: Nil).

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 Energy and Industrial Strategy (BEIS).

Performance-related awards are assessed annually by the Remuneration Committee, a formal sub-committee of the Board. 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.

Remuneration and staff report

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced - the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme ("PCSPS"). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

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, nuvos and alpha are increased annually in line with Pensions Increase legislation.

Existing members of the PCSPS who were within ten years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes).

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 4.6% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. 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.

Remuneration and staff report

Civil Service Pensions

At the end of the scheme year (31 March) the members 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. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. 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% (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% 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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha.

Further details about the Civil Service pension arrangements can be found at;

www.civilservicepensionscheme.org.uk

Remuneration and staff report

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 Salaries

This section has been audited.

Board member	2019/20 £'000	2018/19 £'000
Lesley Cowley Non-Executive Chair	25 - 30	25 - 30
Martin Hagen Non-Executive Director & Chair of the Audit and Risk Committee	10 - 15	10 - 15
Vanessa Sharp Non-Executive Director	10 - 15	10 - 15
Kathryn Cearns Non-Executive Director	10 - 15	10 - 15
Martin Spencer Non - Executive Director from 13 May 2019	10 - 15 (FYE 10 - 15)	n/a
Mike Fishwick Non - Executive Director from 13 May 2019	nil	n/a
Debbie Gillatt Non-Executive Director from 1 September 2018	nil	nil
Ed Westhead Non-Executive Director until 31 August 2018	n/a	nil
Jeff Lynn Non-Executive Director until 28 February 2019	n/a	10 - 15
Mike Taylor Non-Executive Director until 28 February 2019	n/a	10 - 15

Debbie Gillatt is a Civil Servant (BEIS) and Mike Fishwick is a Civil Servant (IPO). They are not remunerated for serving on the board.

Executive Pay Disclosure

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

Non financial indicators		2019/20	2018/19	Change
Highest paid director remuneration (FYE)	£'000	115-120	115-120	-
Median remuneration	£	24,808	24,144	3%
Ratio		4.74	4.87	(3%)
Range of staff remuneration (including temporary and agency staff)	£'000	18- 180	11-115	

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.

8 contractors had a full time equivalent salary greater than the highest paid director. These salaries were in the range £136,000 to £180,000.

The median and range of staff remuneration has risen this year due to the number of Information Technology contractors employed. These contractors can command significant daily rates. All contractors are responsible for their own pension arrangements.

Remuneration and staff report

Single Total Figure of Remuneration

Name	Salary		Bonus (Performance Payments)		Pensions		Total	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Louise Smyth	95 - 100	95 - 100	5 - 10	0 - 5	33	47	135 - 140	145 - 150
John-Mark Frost	70 - 75	35 - 40 (FYE 65 - 70)	0 - 5	n/a	27	8	95 - 100	45 - 50
Ross Maude	115 - 120	65 - 70 (FYE 115 - 120)	0 - 5	n/a	45	26	160 - 165	90 - 95
Michelle Wall	70 - 75	70 - 75	0 - 5	0 - 5	29	42	105 - 110	110 - 115
Angela Lewis	75 - 80	70 - 75	10 - 15	0 - 5	29	51	110 - 115	125 - 130
Martin Swain	75 - 80	15 - 20 (FYE 75 - 80)	0 - 5	n/a	45	10	120 - 125	25 - 30
Ann Lewis ¹	n/a	60 - 65 (FYE 70-75)	n/a	0 - 5	n/a	(4)	n/a	60 - 65
Ceri Witchard ²	n/a	35 - 40 (FYE 65-70)	n/a	0 - 5	n/a	13	n/a	50 - 55
Stuart Morgan ³	n/a	35 - 40 (FYE 70-75)	n/a	0 - 5	n/a	23	n/a	60 - 65
Robert McNeil ⁴	n/a	30 - 35 (FYE 70-75)	n/a	0 - 5	n/a	8	n/a	40 - 45

Bonuses reported in 2019/20 relate to performance in 2018/19. Bonuses to be paid in 2020/21 in respect of 2019/20 performance are yet to be determined. There were no benefits in kind.

Footnotes 1-4 are on the following page.

Remuneration and staff report

Single Total Figure of Remuneration

Name	Real increase in Pension and related lump sum at pension age £'000	Accrued pension as at 31/03/20 and related lump sum £'000	CETV at 31/03/20 £'000	CETV at 31/03/19 £'000	Real increase (decrease) in CETV funded by employer £'000
Louise Smyth	0 – 2.5 plus a lump sum of 0 – 2.5	35 – 40 plus a lump sum of 110 – 115	865	804	21
John-Mark Frost	0 – 2.5	10 – 15	137	118	9
Ross Maude	2.5 – 5.0	0 – 5	48	17	22
Michelle Wall	0 – 2.5	15 – 20	235	206	15
Angela Lewis	0 – 2.5	25 – 30	402	353	16
Martin Swain	0 – 2.5 plus a lump sum of 0 – 2.5	30 – 35 plus a lump sum of 60 – 65	503	451	27
Ann Lewis ¹	n/a	n/a	n/a	957	n/a
Ceri Witchard ²	n/a	n/a	n/a	261	n/a
Stuart Morgan ³	n/a	n/a	n/a	494	n/a
Robert McNeil ⁴	n/a	n/a	n/a	548	n/a

1. Ann Lewis was Director of Operations & Customer Delivery from 18 September 2017 until leaving the organisation on 31 December 2018.
2. On 7 September 2015 Ceri Witchard started a dual role with 25% of her time spent as the regulator of Communities Interest Companies (CIC), and with 75% with Companies House. The total remuneration package reflects the amount for this role. It is not possible to determine what portion of the Cash Equivalent Transfer Value (CETV) relates to CIC or Companies House. Ceri Witchard left the organisation on 30 September 2018.
3. Stuart Morgan was the Acting Director of Operations & Customer Delivery from 1 July 2018 to 30 September 2018. He then became the Interim Director of Corporate Strategy from 1 October 2018 to 31 December 2018. The total remuneration package reflects the amount for these roles
4. Robert McNeil was the Interim Director of Digital Services 1 January 2017 to 2 September 2018. The total remuneration package reflects the amount for this role.

Remuneration and staff report

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 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 because 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

Companies House did not run an exit release scheme during 2019/20. This means that no members of staff left (2018/19: nil) during the year under a voluntary exit scheme, and no compensation payments (2018/19: nil) were made during the year.

During the year one employee received a compensation payment of £15,040 following their efficiency departure (2018/2019: 2 employees received compensation payments which totalled £54,355).

Remuneration and staff report

Analysis of Staff Numbers and Costs

This section has been audited.

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

Senior civil service staff band	2019/20 Number of senior service staff	2018/19 Number of senior service staff
Band 1	5	5
Band 2	1	1
Total	6	6

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

Staff numbers by location	2019/20 Total Employees	2019/20 Full -time equivalent posts (FTE)	2018/19 Total Employees	2018/19 Full -time equivalent posts(FTE)
Cardiff Office	952	869	905	828
Belfast Office	18	16	17	16
Edinburgh Office	36	35	34	33
London Office	8	8	7	7
Total	1,014	928	963	884

Staff numbers by activity	2019/20 Total Employees	2019/20 Full-time equivalent posts (FTE)	2018/19 Total Employees	2018/19 Full -time equivalent posts (FTE)
Customer Delivery Directorate and Late Filing Penalties	602	537	597	537
Digital Services	212	208	190	187
Corporate Services	129	117	102	91
Strategy	52	48	50	46
Chief Executive and Registrar and Legal	19	18	24	23
Total	1,014	928	963	884
Staff who worked on capital projects (also included above)	98		104	

In addition, the average number of contract staff was 26 (2018/19: 26) of whom 9 (2018/19: 5) were included on capital projects.

Remuneration and staff report

Staff Costs (for the above persons)	2019/20 £'000	2018/19 £'000
Salaries	28,614	26,639
National Insurance	2,691	2,557
Pension costs	7,429	5,143
Contract staff	2,989	1,543
Capitalised staff costs (included above)	(2,118)	(2,388)
Capitalised contract staff project costs (included above)	(533)	(9)
Staff costs per operating account	39,072	33,485

Staff costs (excluding contractors) have increased by £4.7m compared to 2018/19 (see note 3). £2.3m of this increase is attributable to additional Civil Service Pension contributions, as employer contributions increased at the start of the year by around 7%. Average full-time equivalent (FTE) numbers have increased by 44. Contract labour costs have increased by a net £0.9m. The increase in staff numbers has been necessary to develop capacity and capability in key areas to support the transformation and change in status.

Pensions

For 2019/20 the banded charges averaged 27.62% of pensionable pay for permanent staff (2018/19: 20.71%). This equates to a charge for the year of £7.4m (2018/19: £5.1m), at 1 of the 4 rates in the range 26.6% to 30.3% (2018/19: 20% to 24.5%) of pensionable pay, based on salary bands.

Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The date of the last actuarial valuation was brought forward to 31 March 2016 (prior date was 31 March 2014). The contribution rates are set to meet the cost of the benefits accruing during 2019/20 to be paid when the member retires and not the benefits paid during this period to existing pensioners. 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 £245 per day and that last longer than six months are shown below:

	2019/20 £'000	2018/19 £'000
The total number of existing engagements	18	7
The number that have existed for less than one year	11	1
The number that have existed for between one and two years	4	1
The number that have existed for between two and three years	-	3
The number that have existed for between three and four years	1	1
The number that have existed more than 4 years	2	1
Declaration that all the above appointments have been subject to a risk-based assessment regarding the payment of correct tax	Yes	Yes

Remuneration and staff report

For all new off-payroll appointments, or those that reach six months in duration, between 1 April and 31 March for more than £245 per day and will last for longer than six months:

	2019/20	2018/19
The number of new engagements or those that reached six months during the period	23	16
The number of these engagements which were assessed as caught by IR35	23	16
The number of these engagements which were assessed as not caught by IR35	0	0
The number that were engaged directly (via PSC contracted to department) and are on the departmental payroll	0	0
The number that were reassessed for consistency / assurance purposes during the year whom assurance has been requested but not received; and	0	0
The number that saw a change to IR35 status following the consistency review	0	0
The number of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year	0	1
Details of the length of time each of these exceptional engagements lasted	n/a	1 month
The total number of individuals both on and off-payroll that have been deemed "board members and/or senior officials with significant financial responsibility", during the financial year.	6	6

Consultancy and the use of contingent labour

	2019/20 £'000	2018/19 £'000
Consultancy expenditure	146	40
Contingent labour expenditure	2,843	1,504

Staff numbers

Staff numbers by contract type (average headcount)	2019/20	2018/19
Permanent	990	936
Contractor/agency/temporary	40	36
Inward secondment	1	3
Total	1,031	975

Remuneration and staff report

Staff numbers

Employees (average headcount)	2019/20			2018/19		
	Female	Male	Total	Female	Male	Total
Directors (senior civil servants)	3	3	6	4	2	6
Employees	562	446	1,008	530	427	957
Total	565	449	1,014	534	429	963

Companies House Main Board

There were seven independent Non-Executive Board Members as at 31 March 2020 (2018/19: 5).

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 to cater for disabilities. We continue with our guaranteed interview scheme which 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 7.32 average working days lost per person (2018/19: 5.84 days).

Parliamentary accountability and audit report

Parliamentary accountability

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)	
	2019/20 £m	2018/19 £m	2019/20 £m	2018/19 £m	2019/20 £m	2018/19 £m
Registration activities ¹	68.8	66.9	75.3	66.6	(6.5)	0.3
Dissemination Activities ²	2.1	2.7	2.9	3.3	(0.8)	(0.6)
Other Services ³	1.4	2.1	0.9	1.9	0.5	0.2
Total as per operating account	72.3	71.7	79.1	71.8	(6.8)	(0.1)

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 customers.
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.

Long Term Expenditure Trends

Longer-term expenditure plans are being driven by the key strands of our strategy for 2017 to 2020, namely: making sure customers can transact fully online, making sure our services are simple and easy to use, working with others to identify data issues, designing out scope for error in our services and helping companies provide current, complete and correct information. We will also invest in building a high performing culture to support customer service by ensuring our staff have the necessary skills and infrastructure.

Further efficiencies and savings are expected to be derived as the organisation transforms the way it works in line with the strategy and especially as paper transactions reduce over this period.

Special Payments and Losses


This section has been audited.

There were no payments made under this category. Please see page 99 of the Trust Statement for disclosure of Late Filing Penalties losses and special payments.

Contingent Liabilities

This section has been audited.

There are no remote contingent liabilities (2019/2018: None).



Louise Smyth

Accounting Officer

Chief Executive and Registrar

8 July 2020

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

Opinion on financial statements

I certify that I have audited the financial statements of Companies House for the year ended 31 March 2020 under the Government Trading Funds Act 1973. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes of Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of Companies House's affairs as at 31 March 2020 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.

Emphasis of Matter – Disclosure in relation to the valuation of Property, Plant and Equipment

I draw attention to the disclosure made in note 1 to the financial statements concerning the material uncertainty in property valuations triggered by the COVID-19 pandemic. My opinion is not modified in respect of this matter.

Opinion on regularity

In my opinion, in all material respects the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of Companies House in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- Companies House's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- Companies House have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Companies House's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Companies House's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- conclude on the appropriateness of Companies House's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Companies House's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause Companies House to cease to continue as a going concern.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure 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.

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

Other Information

The Chief Executive as Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973;
- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability 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 Accountability 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.

Gareth Davies

Comptroller and Auditor General

10 July 2020

National Audit Office

157-197 Buckingham Palace Road
Victoria London
SW1W 9SP



Companies House

3. Financial statements

Statement of comprehensive income for the year ended 31 March 2020

	Note	2019/20 £'000	2018/19 £'000
Operating income	2	72,296	71,697
Administration costs			
Staff costs	3	(39,072)	(33,485)
Non-staff administration costs	4	(35,474)	(34,356)
Gross administration costs		(74,546)	(67,841)
Operating (deficit)/ surplus before interest		(2,250)	3,856
Interest receivable	5	264	249
Interest payable and finance costs	5	-	(1)
Net operating (deficit)/ surplus before dividend		(1,986)	4,104
Dividend	6	(4,858)	(4,238)
Net operating deficit		(6,844)	(134)
Other comprehensive income			
Net gain on revaluation of land and buildings	7, 15	294	173
Comprehensive (expenditure)/ income for the year		(6,550)	39

All income and expenditure is derived from continuing operations.

The notes on pages 74 - 90 form part of the financial statements.

Statement of financial position as at 31 March 2020

	Note	2019/20 £'000	2018/19 £'000
Non-current assets			
Property, plant and equipment	7	26,374	26,072
Intangible assets	8	17,751	16,074
Total non-current assets		44,125	42,146
Current assets			
Trade and other receivables	9	7,460	8,291
Cash and cash equivalents	10	30,623	41,539
Total current assets		38,083	49,830
Total assets		82,208	91,976
Current liabilities			
Trade and other payables	11	(14,876)	(13,262)
Short term loan	12	(10,000)	-
Provisions	13	(1,059)	(2)
Total current liabilities		(25,935)	(13,264)
Non-current assets plus net current assets		56,273	78,712
Assets less liabilities		56,273	78,712
Taxpayers' equity			
Public dividend capital	14	-	15,889
General Fund		47,607	54,451
Revaluation reserve	15	8,666	8,372
Total		56,273	78,712

The notes on pages 74 - 90 form part of the financial statements.



Louise Smyth
Accounting Officer
Chief Executive and Registrar
8 July 2020

Statement of cash flows for the year ended 31 March 2020

	Note	2019/20 £'000	2018/19 £'000
Cash flows from operating activities			
Net operating (deficit)/surplus before Interest		(2,250)	3,856
Net interest receivable		264	249
Unwinding of discount on provisions		-	(1)
Net operating (deficit)/surplus before dividend		(1,986)	4,104
Adjustment for non-cash transactions	7, 8	5,813	5,130
Decrease/(increase) in trade and other receivables	9	831	(365)
Movements in payables relating to items not passing through the operating account	7, 8	(305)	(405)
Increase in trade payables & other current liabilities		2,049	1,097
Dividend paid		(4,988)	(4,087)
Increase/(decrease) in current provisions	13	1,057	(1,549)
Decrease in non-current provisions		-	(2)
Net cash inflow from operating activities		2,471	3,923
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(2,404)	(2,646)
Purchase of intangible assets	8	(5,094)	(3,008)
Net cash outflow from investing activities		(7,498)	(5,654)
Cash flows from financing activities			
Repayment of Public Dividend Capital	14	(15,889)	-
Receipt of short term loan from BEIS	12	10,000	-
Net cash outflow from investing activities		(5,889)	-
Net decrease in cash and cash equivalents in the period		(10,916)	(1,731)
Cash and cash equivalents at the start of the period	10	41,539	43,270
Cash and cash equivalents at the end of the period	10	30,623	41,539

The notes on pages 74 - 90 form part of the financial statements.

Statement of changes of taxpayers' equity for the year ended 31 March 2020

	Public Dividend Capital £'000	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2018	15,889	54,585	8,199	78,673
Recognised in statement of comprehensive income	-	(134)	173	39
Balance as at 31 March 2019	15,889	54,451	8,372	78,712
Balance at 1 April 2019	15,889	54,451	8,372	78,712
Repayment of Public Dividend Capital	(15,889)	-	-	(15,889)
Recognised in statement of comprehensive income	-	(6,844)	294	(6,550)
Balance as at 31 March 2020	-	47,607	8,666	56,273

The notes on pages 74 - 90 form part of the financial statements.

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.

Notes to the accounts for the year ended 31 March 2020

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 2019/20 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounts conform to, insofar as is practicable and appropriate, IFRS, the FReM and specific Treasury guidance.

Presentational currency

The financial statements are presented in pounds sterling, the functional currency of Companies House. Transactions denominated in a foreign currency are translated into sterling at the rate of exchange on the date of each transaction. In preparing the financial statements, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the reporting date. All translation differences of monetary assets and liabilities are included in Net expenditure for the year.

Dividend

The ordinary dividend is calculated in accordance with the Treasury minute (Appendix A) and is not discretionary.

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are set out below.

Provisions for liabilities

- > Provisions include an estimate of future liabilities based on information available when the accounts are approved. The main estimate relates to the assessment of future work required to remove or encapsulate asbestos which was discovered during recent building work. A 10% change in this estimate would impact the operating deficit before dividend by £106,000.

Non Current Assets

- > The useful economic lives of assets that form the basis of periods over which property, plant and equipment is depreciated (reported in note 7) and intangible assets are amortised (reported in note 8).
- > Useful Economic Life of Intangible Assets: The critical assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year relate to the estimated useful economic life of intangible assets. These are based on management's judgement of assets of a similar nature and historical trends and are revised where appropriate.
- > Valuation of land and buildings – a professional valuation is obtained each year from Cushman & Wakefield (Chartered Surveyors) on the basis of existing use as set out in the Royal Institute of Chartered Surveyors ("RICS") Appraisal and Valuation Manual. We rely upon this professional advice, but if subsequent information demonstrates that the assumptions used in valuations were inaccurate this would affect the carrying value of Property, Plant and Equipment, the revaluation reserve and the Comprehensive expenditure for the year. RICS has issued a valuation practice note which gives guidance to valuers where a valuer declares a material uncertainty attached to the valuation in the light of the impact of COVID-19 on markets, and the professional valuation obtained this year includes such a material uncertainty. Given the greater uncertainty in markets on which the valuation at 31 March 2020 is based, due to the lack of data at the year end, we consider there to be a material uncertainty in the valuation at the reporting date.
- > The impairment of property, plant and equipment, and intangible assets (reported in notes 7 and 8).

Notes to the accounts for the year ended 31 March 2020

Revenue recognition

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

Other operating income includes an amount recovered from BEIS for running costs incurred by Companies House in respect of the charging, administration and collection of penalties raised on companies because 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.

Companies House's registration activities under IFRS 15 are assessed as:

- The fee is payable when the document is filed. The contract should commence at the date the document is filed;
- For a fee to be payable, the filing company is required to submit the relevant transaction and pay the associated filing fee at the same time;
- The transaction price is fixed by fees order;
- At each performance obligation, the transaction price is allocated to the transaction filed; and
- Revenue is recognised when the relevant transaction is registered, which in effect is materially at the same time.

Regulatory fees are driven by the demand for limited liability entities with incorporations, event driven filings and dissolution of the entities driven by external factors such as the economy, legislative changes and taxation policies. A significant proportion of regulatory income arises from the requirements for entities to file the confirmation statement on an annual basis.

Companies House's search activities under IFRS 15 are assessed as:

- The fee is payable on request for information;
- The performance obligation arises when the information is provided;
- The transaction price is fixed by fees order;
- The performance obligation is the provision of the information requested;
- Revenue is recognised at point of provision of the information which is materially the same time as the request; and
- Search activities are determined by customer demand and the increased availability of the information being made available for free.

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.

Notes to the accounts for the year ended 31 March 2020

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 12 years
- IT Projects 3 to 10 years

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 incurred on projects which will deliver economic benefits over several years. There are no active markets for intangible non-current assets which are valued at the lower of depreciated replacement cost and value in use using a valuation technique (for example for income-generating assets); where there is no value in use, depreciated replacement cost is used.

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 Over the life of the lease
- IT equipment 2 to 5 years
- Plant and machinery 4 to 10 years

Depreciation will be charged for the full month in which the asset is capitalised.

Review of capitalised costs

The carrying values of assets (except those under construction) are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying value of assets under construction are reviewed annually. 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

Rentals payable under operating leases, including benefits received and receivable as incentives to enter into the leases, are expensed on a straight-line basis over the term of the lease. There are no finance leases.

Notes to the accounts for the year ended 31 March 2020

Financial instruments

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

Taxation

As a Trading Fund, Companies House is not liable for Corporation Tax. Companies House is not registered separately for VAT but falls within BEIS' registration. Irrecoverable VAT on expenditure is charged to the income statement and is capitalised in relation to the purchase of fixed assets.

Pension costs

Most past or present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and alpha (a new pension scheme introduced on 1 April 2015), which are defined benefit schemes open to participating public sector bodies in which the benefit the employee receives during retirement is dependent on factors such as age, length of service and salary. These schemes are administered by MyCSP on behalf of the Cabinet Office. Companies House pays contributions into these schemes at an agreed rate. As one of many participating organisations, Companies House is not able to identify its share of any liability for making future pension payments to members and accordingly, Companies House accounts for this as if it were a defined contribution scheme and recognises the costs of these contributions when they fall due. Employees may opt to join a personal stakeholder pension scheme instead, providing the scheme meets the minimum criteria set by government. These are defined contribution schemes where Companies House pays established contribution rates into a separate fund. The amount of pension benefit that a member receives in retirement is dependent on the performance of the fund. Companies House recognises the cost of these contributions in the Statement of Comprehensive Income when they fall due.

There is no further payment obligation for Companies House once the contributions have been paid.

Notes to the accounts for the year ended 31 March 2020

Receivables

Receivables are shown net of impairments in accordance with the requirements of IFRS 9 where material. In prior years, following a management review, the level of impairment based on past and future performance of the receivables has shown the level of impairment is immaterial and no therefore no impairment has been made. Management have reconsidered the level of impairment following the COVID - 19 pandemic, and based on cash collected subsequent to 31 March 2020, consider that no further impairment is required.

Provisions

Companies House makes provision for liabilities and charges where a legal or constructive liability exists (e.g. as a present obligation arising from past events), 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. 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.

Staff costs

Under IAS 19 Employee Benefits 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.

Standards issued but not yet effective

There are new standards, amendments to standards and interpretations which are not yet effective for the year ended 31 March 2020 and have not been applied in these financial statements.

The introduction of the new leasing standard IFRS 16 has been deferred for public sector organisations from 1 April 2020 to 1 April 2021 and will be adopted from that date with no restatement of prior year comparatives required. The new standard is not currently expected to have a material impact on either the Net Operating Surplus/(Deficit) or the underlying net cash flows of Companies House. There will be an increase in assets and liabilities in respect of right of use assets, but again, this is not expected to be material.

IFRS 17 Insurance contracts is currently due to be adopted by the FREM for 2023/24. No current review on impact has been undertaken but management initial view is that this is unlikely to have any material impact.

Notes to the accounts for the year ended 31 March 2020

2. Income

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.

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

	2019/20 £'000	2018/19 £'000
Regulatory Services		
Confirmation Statement	47,137	45,702
Incorporations	7,883	8,073
Other	7,609	8,117
LFP Activity	6,150	5,884
Sub Total	68,779	67,776
Search Services		
Companies House Direct	524	879
Certified Copies	1,440	1,607
Other	132	175
Sub Total	2,096	2,661
Other Income		
Rent and rate from tenants	1,142	981
Other	279	279
Sub Total	1,421	1,260
Total as per Operating Account	72,296	71,697

Notes to the accounts for the year ended 31 March 2020

3. Staff Costs

	2019/20 £'000	2018/19 £'000
Salaries	28,614	26,639
National Insurance	2,691	2,557
Pension costs	7,429	5,143
Contract staff	2,989	1,543
Capitalised staff costs (included above)	(2,118)	(2,388)
Capitalised contract staff project costs (included above)	(533)	(9)
Staff costs per operating account	39,072	33,485

3a. Pensions

For 2019/20 the banded charges averaged 27.62% of pensionable pay for permanent staff (2018/19: 20.71%). This equates to a charge for the year of £7.4m (2018/19: £5.1m), at 1 of the 4 rates in the range 20.0% to 24.5% (2018/19: 20.0% to 24.5%) 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 brought forward to 31 March 2016 (prior date was 31 March 2014). The contribution rates are set to meet the cost of the benefits accruing during 2019/20 to be paid when the member retires and not the benefits paid during this period to existing pensioners. 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

Notes to the accounts for the
year ended 31 March 2020

4. Non-staff administration costs

	2019/20 £'000	2018/19 £'000
Audit remuneration		
Audit services	61	68
Other services	-	-
Subtotal	61	68
Administration costs		
Chief Executive and senior managers' travel and subsistence	25	39
Other employees travel and subsistence	308	326
Staff related costs	539	456
Recruitment and training	645	569
Printing and stationery	4,000	4,304
Communications and awareness	660	627
Maintenance contracts/leases	3,189	3,259
Repair and maintenance—buildings	3,501	3,152
Accommodation cost	3,111	2,722
Property rental	725	594
Office equipment	491	507
Software	2,580	2,082
Professional services (including contact centre, debt recovery and costs of litigation)	8,320	9,115
Other administration costs	1,506	1,406
Subtotal	29,600	29,158
Non-cash items		
Depreciation and amortisation	5,104	5,130
Impairment	709	-
Subtotal	5,813	5,130
Total non-staff administration costs	35,474	34,356

Included in audit services is £16,000 for work carried out on LFP Trust Statement (2018/19: £15,000).

Notes to the accounts for the
year ended 31 March 2020

5. Interest and finance costs

	2019/20 £'000	2018/19 £'000
Short-term daily interest receivable from the Government Banking Service and National Loans Fund	264	249
Unwinding of discount of early retirement scheme	-	(1)

6. Dividend

	2019/20 £'000	2018/2019 £'000
Ordinary dividend payable	4,108	4,238
Special Dividend paid	750	-
Total	4,858	4,238

An ordinary dividend of £4,108,000 (2018/19: £4,238,000) is payable to BEIS. The ordinary dividend is calculated as a return on the average capital employed in accordance with the Treasury Minute dated 14 May 2014 (see appendix A). The Treasury Minute was not formally renewed for an additional year, but Companies House has continued to use it as a proxy. Ordinary dividends are paid to BEIS in arrears after the year end. In addition, a special dividend of £750,000 was paid to BEIS in January 2020. BEIS then allocated this special dividend in order to further fund the costs incurred by Companies House in operating the Late Filing Penalty Scheme.

Notes to the accounts for the
year ended 31 March 2020

7. Property, plant and equipment 2019/20

	Land £'000	Buildings £'000	Leasehold Improvement £'000	Plant and Machinery £'000	Computer Equipment £'000	Total £'000
Cost or revaluation						
At 1 April 2019	3,675	14,700	653	9,591	16,055	44,674
Additions	-	-	198	699	1,507	2,404
At 31 March 2020	3,675	14,700	851	10,290	17,562	47,078
Depreciation						
At 1 April 2019	-	-	653	4,030	13,919	18,602
Charged in year	-	294	15	793	1,294	2,396
Revaluation (Note 15)	-	(294)	-	-	-	(294)
At 31 March 2020	-	-	668	4,823	15,213	20,704
Net book value at 31 March 2020	3,675	14,700	183	5,467	2,349	26,374
Net book value at 31 March 2019	3,675	14,700	-	5,561	2,136	26,072

The land and buildings were independently valued as at 31 March 2020 by Cushman & 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.

7,739m² (2018/19: 7,747m²) of 29,862m² net internal space of the Crown Way building was rented to other government departments.

All assets are owned by Companies House.

Notes to the accounts for the
year ended 31 March 2020

7a. Property, plant and equipment 2018/19

	Land £'000	Buildings £'000	Leasehold Improvement £'000	Plant and Machinery £'000	Computer Equipment £'000	Total £'000
Cost or revaluation						
At 1 April 2018	3,580	14,920	653	7,251	15,421	41,825
Additions	-	-	-	2,370	681	3,051
Revaluation (Note 15)	95	(220)	-	-	-	(125)
Disposal/assets written off	-	-	-	(30)	(47)	(77)
At 31 March 2019	3,675	14,700	653	9,591	16,055	44,674
Depreciation						
At 1 April 2018	-	-	653	3,428	12,612	16,693
Charged in year	-	298	-	632	1,354	2,284
Revaluation (Note 15)	-	(298)	-	-	-	(298)
Disposal/assets written off	-	-	-	(30)	(47)	(77)
At 31 March 2019	-	-	653	4,030	13,919	18,602
Net book value at 31 March 2019	3,675	14,700	-	5,561	2,136	26,072
Net book value at 31 March 2018	3,580	14,920	-	3,823	2,809	25,132

Notes to the accounts for the year ended 31 March 2020

8. Intangible assets (2019/20)

Intangible assets are software and the associated implementation costs.

	Software £'000	Assets under construction £'000	Total £'000
Cost			
At 1 April 2019	72,052	1,128	73,180
Additions	-	5,094	5,094
Impairment	-	(709)	(709)
Asset transfer	488	(488)	-
As at 31 March 2020	72,540	5,025	77,565
Amortisation			
At 1 April 2019	57,106	-	57,106
Charged in year	2,708	-	2,708
At 31 March 2020	59,814	-	59,814
Net book value at 31 March 2020	12,726	5,025	17,751
Net book value at 31 March 2019	14,946	1,128	16,074

£1.3m (2019: £1.9m) of the closing Net Book Value (NBV) relates to Companies House Information Processing System (CHIPS) and £0.3m (2019: £0.5m) for Companies Act Programme (CAP). £11.1m of the closing NBV relates to 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.

During the year, Companies House aligned its accounting policies with those of the BEIS group. Whilst no material differences were noted, BEIS group capitalised intangible assets based on a threshold of £10,000, whereas Companies House adopted a threshold of £250,000. As a consequence of adopting this lower threshold, Companies House has capitalised £283,000 this year that would otherwise have been expensed.

Notes to the accounts for the
year ended 31 March 2020

8a. Intangible assets (2018/19)

Intangible assets are software and the associated implementation costs.

	Software £'000	Assets under construction £'000	Total £'000
Cost			
At 1 April 2018	66,851	3,899	70,750
Additions	-	3,008	3,008
Disposals	(578)	-	(578)
Asset transfer	5,779	(5,779)	-
As at 31 March 2019	72,052	1,128	73,180
Amortisation			
At 1 April 2018	54,838	-	54,838
Charged in year	2,846	-	2,846
Disposal	(578)	-	(578)
At 31 March 2019	57,106	-	57,106
Net book value at 31 March 2019	14,946	1,128	16,074
Net book value at 31 March 2018	12,013	3,899	15,912

9. Trade receivables and other current assets

	31 March 2020 £'000	31 March 2019 £'000
Trade receivables	2,737	3,236
Other receivables	1,594	2,290
Prepayments and accrued income	2,283	2,152
Amounts due from BEIS	846	613
Total	7,460	8,291

No amounts fall due after more than one year (2018/19: Nil).

Notes to the accounts for the year ended 31 March 2020

10. Cash and cash equivalents

	31 March 2020 £'000	31 March 2019 £'000
Balance at 1 April 2019	41,539	43,270
Net change in cash and cash equivalent balances	(10,916)	(1,731)
Balance at 31 March 2020	30,623	41,539

	£'000	£'000
The following balances at 31 March were held at:		
Government Banking Service (GBS) / RBS	30,662	41,264
Commercial banks and cash in hand	(39)	275
Balance at 31 March 2020	30,623	41,539

11. Trade payables and other current liabilities

	31 March 2020 £'000	31 March 2019 £'000
Amounts falling due within one year		
Trade payables	453	1,328
Accruals and customer prepayments	10,001	7,596
Other payables	314	100
Dividend payable	4,108	4,238
Total	14,876	13,262

No amounts fall due after more than 1 year (2018/19: Nil).

12. Short Term Loan

	31 March 2020 £'000	31 March 2019 £'000
Cash advance from BEIS	10,000	-

Following the transition of Companies House from a Trading Fund to a Central Government Agency on 1 April 2020, Companies House's cash management arrangements have substantially changed. The Public Dividend Capital of £15.9m was repaid to BEIS on 23 March 2020 and our residual surplus cash of £20.4m was repaid to HM Treasury on 3 April 2020. Our net working capital requirements will, in future, be met by transfers to/from BEIS and as part of this arrangement, BEIS made an initial advance to Companies House of £10m on 31 March 2020 and on 1 April 2020, this amount was reclassified to the General Fund.

Notes to the accounts for the year ended 31 March 2020

13. Provisions for liabilities and charges

	Provision for restoration costs £'000	Voluntary retirement schemes £'000	Total £'000
Balance at 1 April 2019	-	2	2
Provided in the year	1,059	-	1,059
Provisions utilised in the year	-	(2)	(2)
Balance at 31 March 2020	1,059	-	1,059

Following the commencement in February 2020 of a project to refurbish the reception and restaurant areas of Companies House, asbestos was found in areas which a previous asbestos survey had not identified. As a consequence, a new asbestos survey was commissioned and a provision of £1,059k has been made to remove or encapsulate the asbestos identified in the survey. It is anticipated that the majority work related to the removal or encapsulation of the asbestos will be completed by 31 March 2021.

14. Public Dividend Capital

	31 March 2020 £'000	31 March 2019 £'000
Balance brought forward	15,889	15,889
Repaid in year	(15,889)	-
Balance carried forward	-	15,889

The Public Dividend Capital of £15.9m was repaid to BEIS on 23 March 2020

15. Revaluation reserve

	Land and Buildings £'000	Total £'000
Balance brought forward 1 April 2018	8,199	8,199
Revaluation at 31 March 2019	173	173
Balance carried forward 31 March 2019	8,372	8,372
Balance brought forward 1 April 2019	8,372	8,372
Revaluation at 31 March 2020	294	294
Balance carried forward 31 March 2020	8,666	8,666

Notes to the accounts for the year ended 31 March 2020

16. Operating lease commitments

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

	31 March 2020 £'000	31 March 2019 £'000
Amounts due		
Not later than one year	527	476
Later than one year and not later than five years	1,521	2,625
Later than five years	-	611
Total	2,048	3,712

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

17. Future income due under non-cancellable operating leases

	31 March 2020 £'000	31 March 2019 £'000
Land and buildings:		
Receivable within 1 year	588	545
Receivable within 2–5 years	1,236	1,255
Receivable in more than 5 years	-	72
Total	1,824	1,872

The lease information above relates to the sub-letting of surplus space in the Cardiff Office. Companies House has 5 tenants (2018/19: 5). 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.

18. Financial Commitments

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

	31 March 2020 £'000	31 March 2019 £'000
Not later than one year	9,886	4,892
Later than one year and not later than five years	9,844	1,192
Total	19,730	6,084

During the year ended 31 March 2020, a number of contracts reached maturity and were either re-let or re-retendered. Short term contracts were also entered into to support the transformation and change in status programmes.

Notes to the accounts for the
year ended 31 March 2020

19. Financial instruments

IFRS 7 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 with a commercial bank. We had a loan outstanding for 1 day over the year end. We do not believe we are exposed to market or liquidity risk.

We do not believe that we have a foreign exchange rate risk as all material assets and liabilities are denominated in sterling, so we are not exposed to any significant currency risk.

20. Contingent liabilities

There are no contingent liabilities at 31 March 2020 (2019: None).

21. Related party transactions

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

22. Subsequent events

Other than the change in agency status noted elsewhere in this document, there have been no significant events between the Statement of Financial Position and the date of authorising these financial statements.

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



Companies House

4. Appendix A

Treasury minute

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 real¹ 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



Companies House

5. Trust Statement

Late Filing Penalties 2019/20

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, Energy & Industrial Strategy (BEIS) funds the costs of issuing, collecting and enforcing late filing penalties. Companies House invoices BEIS 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) prescribe 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 three 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 company so that it is not required to pay, the penalty not collected is offset against penalty income in the Statement of revenue, other income and expenditure.

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

Financial background

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

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

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

Accounting Officer's foreword to the Trust Statement

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 218,317 penalties were levied (2018/19: 218,706), which was a decrease of 389 on the previous year. There was a decrease in the value of the penalties issued to £95.7m (2018/19: £96.0m).

During 2019/20 a total of 47,255 double penalties (2018/19: 47,329) were levied with a value of £41.9m (2018/19: £41.9m) against companies which had filed their accounts late in successive years.

Performance

Towards the end of the financial year, we transitioned to a new Debt Collection Agency which works across Government Organisations. In preparation for this move, we undertook a critical review of all outstanding balances, resulting in an increase in the total impairment charge against bad and doubtful debts to £35.4m (2018/19: £30.5m).

Penalties and any associated court costs which were written off during the financial year as uncollectable amounted to £54.0m (2018/19: £38.4m). There was a decrease in the impairment provision against receivables due to bad and doubtful debt of £18.6m (2018/19: £7.8m).

Results and appropriations

The net revenue for the Consolidated Fund was £59.8m (2018/19: £65.4m). The transfer of receipts to the Consolidated Fund from the Trust in the year was £54.2m (2018/19: £67.5m), which left a balance due to the Consolidated Fund of £25.4m (2018/19: £19.8m) at 31 March 2020. Please refer to the Trust Statement on pages 103 to 112.

Case handling

During the financial year 31,928 (2018/19: 31,146) appeals were received against penalties levied. Having levied a penalty, I and my fellow Registrars have applied limited discretion not to collect 2% of penalties (2018/19: 2%) under Section 453(3) of the Companies Act 2006, and this is offset against penalty income in the Statement of Revenue, Other Income and Expenditure.

Accounting Officer's foreword to the Trust Statement

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, where 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 4 years old. In 2019/20 the total debt written off was £54.0m (2018/19: £38.4m) of which 26% related to dissolved companies (2018/19: 49%).

The impairment for the year has decreased by £18.6m to £40.1m (2018/19: £58.8m) and has been calculated 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 2019/20 amounted to £2.3m (2018/19: £2.5m). 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. In 2019/20 this amounted to £0.9m (2018/19: £0.9m). The Registrars of Scotland and Northern Ireland exercise their discretion outside England and Wales against the companies on their respective registers.

Funding

The costs of administering the scheme are provided by BEIS 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 are invoiced to BEIS (note 9).

Cash balances

Net cash inflow from revenue activities for the year was £60.3m (2018/19: £68.4m). After payments of £54.2m to the consolidated fund (2018/19: £67.5m), the net increase in cash for the year was £6.0m, taking cash balances at the year end to £8.6m. Cash balances are managed in accordance with Treasury guidelines. Companies House transfers to the Consolidated Fund, on a monthly basis, the penalty income received.

Accounting Officer's foreword to the Trust Statement

Audit service

The statutory external audit was performed by the Comptroller and Auditor General at a cost of £16,000 (2018/19: £15,000).

COVID-19 Impact

Towards the end of the business year Companies House, like the rest of the world, was impacted by the emergence of the COVID-19 pandemic. This crisis has presented significant challenges to the organisation, our customers and stakeholders that continue as we prepare a way forward. In respect of the Late Filing Penalties regime, Companies House has responded by introducing an extension service with an auto-accept for COVID-19 related reasons and expanding the "pay a late filing penalty online" option to all company types.

Registrars

England and Wales: Louise Smyth
Chief Executive and Registrar of Companies House

Scotland: Lisa Davis
Registrar of Companies for Scotland

Northern Ireland: Helen Shilliday
Registrar of Companies for Northern Ireland



Louise Smyth
Accounting Officer
Chief Executive and Registrar
8 July 2020

Accounting Officer's foreword to the Trust Statement

Statement of Accounting Officer's responsibilities

Under section 4(6)(a) of the Government Trading Funds Act 1973 HM Treasury has appointed the Accounting Officer 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 (FRoM) 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 FRoM have been followed, and disclose and explain any material departures in the Trust Statement;
- prepare the Trust Statement on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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

Accounting Officer's confirmation

As the Accounting Officer, I have taken all 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. So far as I am aware, there is no relevant audit information of which the auditors are unaware

The annual report and accounts 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.

Performance report and accountability report

1. The Agency's Performance Report covering both the Trading Fund and the Trust Statement, starts from page 2.
2. The Agency's Accountability Report covering both the Trading Fund and the Trust Statement, starts from page 38.

A separate disclosure note, covering losses incurred in the Trust Statement is included below.

Parliamentary accountability disclosure

Losses and special payments

This section has been audited

Losses	2019/20		2018/19	
	Volumes	Values £'000	Volumes	Values £'000
Debt written off – dissolved Companies	22,262	14,075	26,928	18,973
Other write-offs ¹	42,650	39,967	36,818	19,440
	64,912	54,042	63,746	38,413

In accordance with managing public money (A4.10.7) total losses over £300k should be disclosed. No single item exceeded £300k within that total. Companies House has gained HMT approval in relation to the above write off.

¹ The Registrar also writes off penalties and any associated court costs after 4 years or as deemed uncollectable following exhaustion of debt collection strategies and court action, in line with the accounting policy (note 1).



Louise Smyth
Accounting Officer
Chief Executive and Registrar
8 July 2020

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

Opinion on financial statements

I certify that I have audited the financial statements of the Companies House Trust Statement for the year ended 31 March 2020 under the Government Trading Funds Act 1973. The financial statements comprise: the Statements of Revenue, other Income and Expenditure, Financial Position, Cash Flows; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

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 2020 and of its 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 regularity

In my opinion, in all material respects the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Companies House Trust Statement in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Companies House Trust Statement's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Companies House Trust Statement has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Companies basis.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Companies House Trust Statement's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- conclude on the appropriateness of the Companies House Trust Statement's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Companies House Trust Statement's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Companies House Trust Statement to cease to continue as a going concern.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure 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.

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

Other Information

The Chief Executive as Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the information given in the Performance Report and Accountability 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 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.

Gareth Davies

Comptroller and Auditor General

10 July 2020

National Audit Office

157-197 Buckingham Palace Road
Victoria London
SW1W 9SP

Statement of revenue, other income and expenditure for the year ending 31 March 2020

	Note	2019/20 £'000	2018/19 £'000
Revenue			
Penalties	2a	95,728	95,972
Discretion applied under section 453(3) Companies Act 2006	2b	(1,937)	(1,652)
Total		93,791	94,320
Other income			
Recoverable court costs		2,329	2,535
Total revenue		2,329	2,535
Total revenue and other income		96,120	96,855
Expenditure			
Court costs transferred		(926)	(866)
Bad and doubtful debts	4	(35,415)	(30,572)
Total expenditure		(36,341)	(31,438)
Net revenue for the consolidated fund	7	59,779	65,417

There were no recognised gains or losses accounted for outside the above Statement of revenue, other income and expenditure (2018/19: Nil).

The notes on pages 105 – 112 form part of the Trust Statement.



Louise Smyth
Accounting Officer
Chief Executive and Registrar
8 July 2020

Statement of financial position as at 31 March 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
Current assets			
Receivables	3	17,234	17,996
Cash and cash equivalents	8	8,638	2,588
Total current assets		25,872	20,584
Current liabilities			
Trade and other payables	6	(475)	(766)
Total current liabilities		(475)	(766)
Assets less liabilities		25,397	19,818
Balance on consolidated fund account as at 31 March	7	25,397	19,818

Statement of cash flows for the year ended 31 March 2020

	Note	2019/20 £'000	2018/19 £'000
Net cash flow from revenue activities		60,250	68,363
Cash paid to consolidated fund	7	(54,200)	(67,500)
Increase in cash and cash equivalents		6,050	863

Notes to the statement of cash flows

A. Reconciliation of net cash flow to movement in net funds

Net revenue for consolidated fund		59,779	65,417
Decrease in receivables	3	762	2,976
Decrease in liabilities	6	(291)	(30)
Net cash flow from revenue activities		60,250	68,363

B. Analysis of changes in net funds

Increase in cash in this period		6,050	863
Net funds as at 1 April (opening cash at bank)		2,588	1,725
Net cash as at 31 March (closing cash at bank)	8	8,638	2,588

The notes on pages 105 – 112 form part of the Trust Statement.

Notes to the accounts for the year ended 31 March 2020

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.

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are set out below.

Impairment of receivables for doubtful debts

Companies House recognises an allowance for expected credit losses on Late Filing Penalties issued to companies on the registers. At 31st March 2020, the expected credit loss allowance was £40.1m (2019: £58.8m).

The calculation of the expected credit loss (ECL) under IFRS 9 requires management to make a number of judgements, assumptions and estimates which are set out in Note 5a, which also includes the impact on Net Receivables of changes in assumptions.

Presentational currency

The financial statements are presented in pounds sterling, the functional currency of Companies House.

Accounting convention

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

Notes to the accounts for the year ended 31 March 2020

Revenue recognition

Penalties are measured in accordance with **IFRS 15**. A contract is recognised when:

- A penalty is validly imposed and an obligation to pay arises;
- The penalty is imposed when the financial statements are late in being submitted. The contract should commence at the date the penalty becomes enforceable;
- For a penalty to be enforceable, the financial statements must have been submitted after a specific date;
- The transaction price increases as the length of time for non-submission of financial statements increases;
- As each performance obligation deadline is missed so the penalty increases. Therefore, each stage has an identifiable transaction price. This means that the penalty value is recognised at the point of time of acceptance of the filing; and
- Failure to submit the financial statements does not enable the penalty to be recognised.

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.

Penalties are dependent on individual companies' compliance with their legislative filing requirements for their accounts. Historic compliance analysis against the current register size gives an indication of expected revenue.

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 impairments in accordance with the requirements of IFRS 9. The Trust statements uses the simplified approach using the provision matrix methodology. The impairment of receivables for doubtful 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, the penalty exceeds 4 years, or all debt collection strategies have been exhausted and Companies House and the debt collector deem the penalty uncollectable. Where debt is deemed uneconomical to collect in rare circumstances it may be deemed uncollectable. Companies House regularly evaluates the collectability of debtors and records an impairment against receivables for doubtful debts based on previous experience including the comparisons of the relative aged debt, collection rates and the forecast of the dissolution rate of companies. The calculated impairment of receivables varies depending on position in the debt collection process and the ageing of the debt, for example, a debt is generally more highly impaired the older it is and if it has been transferred to a collection company. In respect of the current COVID - 19 pandemic, an allowance has been made to reflect a future deterioration in ageing and hence a higher impairment.

Notes to the accounts for the year ended 31 March 2020

Cost

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

Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2020 and have not been applied in these financial statements:

IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has a low value. The probable impact is that there will be earlier recognition of expenditure in relation to leases (amortisation and interest). IFRS 16 leases is applicable from April 2019 however, it is effective in the public sector from 1 April 2021.

IFRS 17 Insurance contracts is currently due to be adopted by the FREM for 2023/24. No current review on impact has been undertaken but management initial view is that this is unlikely to have any material impact.

There are currently no leases or insurance contracts relevant to the Trust Statement.

Notes to the accounts for the year ended 31 March 2020

2. Revenue and other income

a. Penalties

Late filing penalties by registry:

	2019/20		2018/19	
	Number of Penalties '000	£'000	Number of Penalties '000	£'000
England and Wales	204	88,858	204	88,970
Scotland	11	5,270	11	5,287
Northern Ireland	3	1,600	4	1,715
Total	218	95,728	219	95,972

b. Discretion applied under section 453(3) Companies Act 2006

The Registrar must 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. Trade and other receivables

	31 March 2020 £'000	31 March 2019 £'000
Penalties levied and court costs	57,367	76,756
Impairment for doubtful debts	(40,133)	(58,760)
Total	17,234	17,996

No amounts fall due after more than one year (2018/19: Nil).

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 impairment 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.

Notes to the accounts for the year ended 31 March 2020

4. Bad and doubtful debts

	31 March 2020 £'000	31 March 2019 £'000
Debt written off—dissolved companies	14,075	18,973
Other write offs	39,967	19,440
Revenue losses	54,042	38,413
Decrease in impairment for doubtful debt	(18,627)	(7,841)
Total	35,415	30,572

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 4 years as uncollectable or when all debt collection strategies have been exhausted and Companies House and the debt collector deem the penalty uncollectable.

5. Change to impairments

	31 March 2020 £'000	31 March 2019 £'000
Balance as at 1 April	58,760	66,601
Change in estimated value of impairments	(18,627)	(7,841)
Balance as at 31 March	40,133	58,760

Receivables on the statement of financial position are reported after the deduction of the estimated value of Impairments. This estimate is based on the expected recoverability of outstanding penalties and associated costs in line with note 1.

Notes to the accounts for the year ended 31 March 2020

5a. Sensitivity analysis on the impairment for bad and doubtful debt

Sensitivity analysis has been conducted which has looked at the impact of movement in the collectable percentage rates applied to calculate the impairment of receivables of bad debts. A lower collectable percentage rate is then assumed for an element of the debt which will relate to companies being dissolved in future periods. The impairment has been split into three age categories with different collectable percentage rates. The key management assumption is that historic cash collection rates will continue in a similar pattern going forwards, although collections may be delayed due to the COVID - 19 pandemic. Were this assumption to be incorrect and less cash collected, the impairment should be increased to reflect less debt collected. Conversely, should more cash be recovered the impairment should be decreased. The analysis has yielded the following results:

	2019/20			2018/19
	29% of Provision - Dissolution +/- £'000	71% of Provision - Non-Dissolution +/- £'000	Total +/- £'000	Total +/- £'000
1% Flex - impact on Net Receivables				
Decrease in Cash Collected	140	345	485	580
Increase in Cash Collected	(165)	(406)	(571)	(784)
2.5% Flex - impact on Net Receivables				
Decrease in Cash Collected	350	863	1,213	1,450
Increase in Cash Collected	(412)	(1,015)	(1,427)	(1,960)
5% Flex - impact on Net Receivables				
Decrease in Cash Collected	701	1,726	2,427	2,899
Increase in Cash Collected	(824)	(2,031)	(2,855)	(3,919)

The key assumption inherent in the model used to calculate the impairment for bad and doubtful debt is that the estimated future flow of payments reflects historical trends and, as such, there is inherent uncertainty in the estimated impairment. The impact of adjusting the estimated future flow of payments to arrive at reasonable alternatives to this assumption is reflected in the table above.

6. Trade and other payables

	31 March 2020 £'000	31 March 2019 £'000
Other payables	475	766
Total	475	766

No amounts fall due after more than one year (2018/19: Nil).

Notes to the accounts for the year ended 31 March 2020

7. Balance on consolidated fund

	31 March 2020 £'000	31 March 2019 £'000
Balance on the consolidated fund as at 1 April	19,818	21,901
Net revenue for the consolidated fund	59,779	65,417
Less amounts paid to consolidated fund	(54,200)	(67,500)
Balance on the consolidated fund as at 31 March	25,397	19,818

8. Cash and cash equivalents

	31 March 2020 £'000	31 March 2019 £'000
Balance with GBS	7,728	1,712
Balance with commercial banks	910	876
Total	8,638	2,588

	31 March 2020		31 March 2019	
	GBS £'000	Commercial £'000	GBS £'000	Commercial £'000
Balance held at 1 April	1,712	876	929	796
Net Movement	6,016	34	783	80
Balance held at 31 March	7,728	910	1,712	876

Notes to the accounts for the year ended 31 March 2020

9. Expenditure

In managing the scheme, Companies House incurred expenditure of £6.15m (2018/19: £5.9m). This expenditure is included in Companies House's 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.

	2019/20 £'000	2018/19 £'000
Appeal administration		
Staff costs	1,168	1,051
Overheads	562	497
Debt collection		
Staff costs	856	595
Overheads	3,564	3,741
Total	6,150	5,884
Average employees FTE	46.04	46.64

10. Related party disclosures

Companies House is an Executive Agency of BEIS with Trading Fund status. BEIS is regarded as a related party and during the year Companies House received funding for the LFP scheme expenditure from BEIS, 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.

11. Subsequent events

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 of the Comptroller and Auditor General.

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2019/20



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