Companies House

Companies House Annual Report and Accounts

2022 – 2023

HC 254

Companies House Annual Report and Accounts

For the period 1 April 2022 to 31 March 2023

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Chair's introduction

It is a great honour to be appointed as the new Non-Executive Chair of Companies House, at an exciting time in our transformation. Companies House set out its 5-year strategy with the vision to be the most innovative, open and trusted registry in the world. We knew in order to deliver this vision we would require both legislative reform and organisational transformation.

This Annual Report and Accounts highlights all the hard work completed in 2022 – 2023, implementing the Economic Crime (Transparency and Enforcement) Act 2022 to introduce the new Register of Overseas Entities and the continuation of our work in support of the passage of the Economic Crime and Corporate Transparency Bill through parliament.

In this report, we are pleased to confirm that we have successfully delivered on all our Public Targets, as set in our Corporate Business Plan 2022 – 2023.

I would like to express my thanks and congratulations to all Companies House colleagues for their continued hard work in the delivery of the commitments we made and in the successful achievement against all our targets.

At the end of February 2023, Lesley Cowley OBE retired from the role of Chair, ahead of my appointment by the Department of Business and Trade. On behalf of the Board and the Executive Team, I would like to thank

Lesley for her contribution to the development and first 3 years delivery against our transformation strategy.

I would also like to take this opportunity to thank, the Main Board Non-Executive Team and Companies House Executive Board for their strategic leadership in driving forward the delivery of the Corporate Strategy.

John Clarke
Chair of Main Board

4 December 2023

Chief Executive's introduction

I am pleased to publish the Annual Report and Accounts for 2022 – 2023 and report on our achievements and the successful delivery of Public Targets.

Companies House has a key role to play in supporting the economy and ensuring that the UK is the best place to start and grow a business. The Register has continued to grow and there are now around 5 million companies incorporated. Our data continues to be a rich source to support business decisions and it was searched over 14 billion times last year. However, there is recognition that we can take measures to improve the transparency of the register and play a stronger part in the fight against economic crime. The Economic Crime and Corporate Transparency Bill is currently progressing through parliament, and I welcome the new powers which will enable us to play an even greater role in driving confidence in the UK economy.

Companies House takes great pride in the services we provide to customers and the impact that the work we do has on the business landscape and the economy.
In 2022/23 we maintained strong customer service standards, whilst delivering our transformation programme and preparing for the implementation of legislative reform from 2023.

Following Russia's invasion of Ukraine, the Economic Crime (Transparency and Enforcement) Act 2022 was accelerated and rapidly passed. A key component of this Act was the introduction of the new Register of Overseas Entities(ROE), along with other measures to combat financial crime. We successfully launched the Register of Overseas Entities on 1st August 2022 with phase two of the ROE project now progressing well.

The Economic crime plan 2023 to 2026 was published on 30 March 2023, and we welcomed the role Companies House will play in tackling abuse of UK corporate structures. We are already actively developing our people and our systems to meet our commitments.

As always, none of these achievements would have been possible without the commitment of our people and I would like to thank everyone in Companies House who has continued to go above and beyond to enable Companies House to deliver for our customers and prepare for our future.

Louise Smyth
Accounting Officer, Chief Executive and Registrar for England and Wales

L. C Smyth

4 December 2023

1. Performance report

Purpose of the performance report

This report provides an overview of our performance against our strategic goals and commitments in our annual business plan 2022-23 and has two sections: a ‘performance overview’ and a ‘performance analysis’.

Performance overview

The performance overview introduces Companies House, our purpose and vision and the strategic goals and objectives we set in our 5-year strategy 2020 to 2025. It also outlines our performance highlights as of 31 March 2023 and the Board’s assessment of risk is presented within the governance statement of the Corporate Governance Report.

Who we are

Companies House is an executive agency, sponsored by the Department for Business and Trade (2022/23 Department for Business, Energy & Industrial Strategy).

We employ around 1,200 people in our UK offices. Company registrations for England and Wales are processed in Cardiff. Registrations for Scotland and Northern Ireland are processed in Edinburgh and Belfast.

What we do

We incorporate and dissolve limited companies. We register company information and make it available to the public.

Further information on Companies House is available from GOV.UK

Our strategy

Companies House strategy 2020 to 2025 sets out our purpose and vision:

To drive confidence in the UK economy and to be the most innovative, open and trusted registry in the world, with brilliant services delivered by brilliant people.

This strategy sets out our 6 strategic goals for the period. They reflect the vision of the organisation and our priorities.

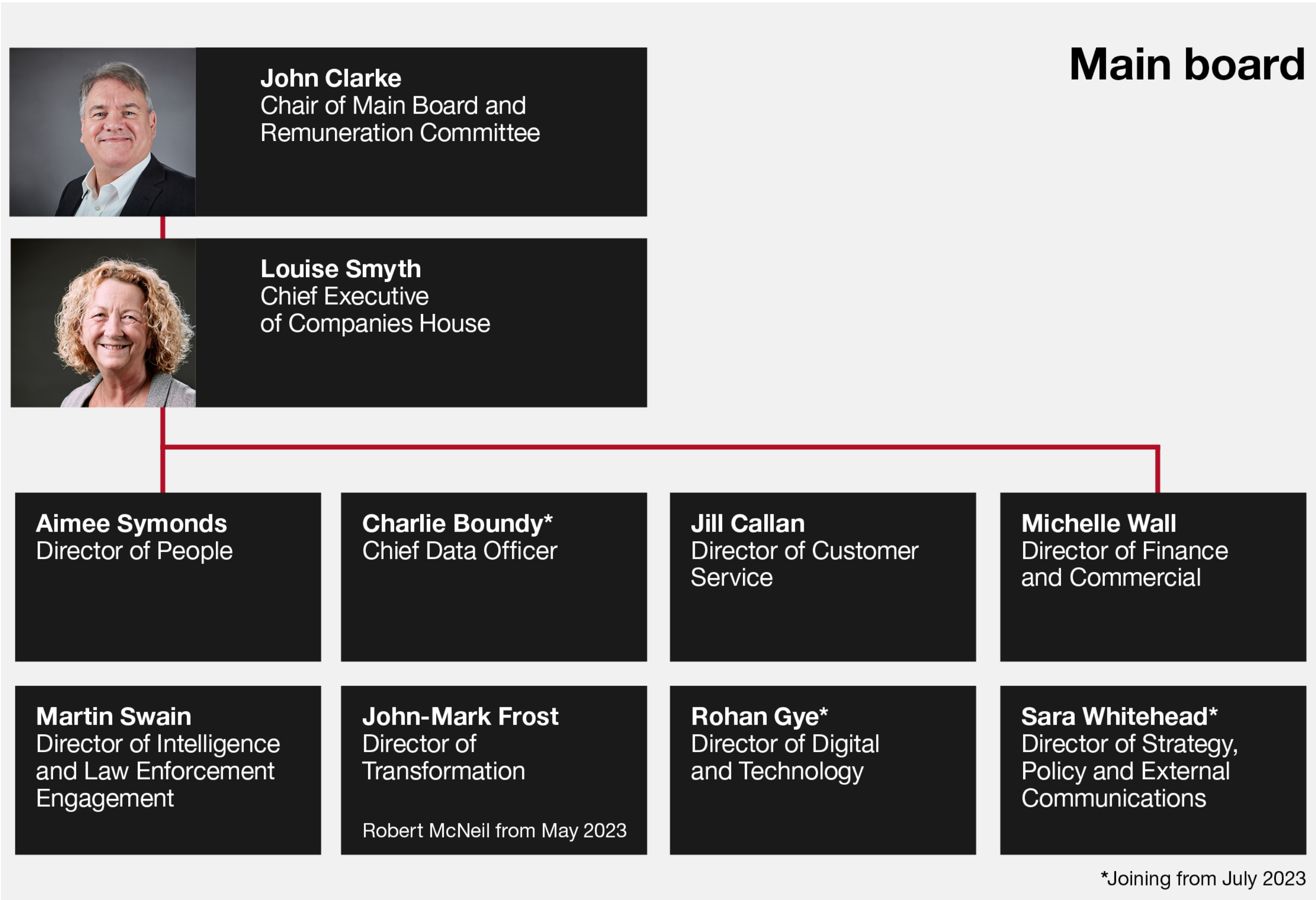
Our strategic goals are:

1. Our registers and data inspire trust and confidence.
2. We maximise the value of our registers to the UK economy.
3. We combat economic crime through active use of analysis and intelligence.
4. Our brilliant services give a great user experience.

5. Our culture enables our brilliant people to flourish and drives high performance.

6. We deliver value through efficient use of resources.

Organisational structure



Performance highlights 2022 – 2023

12.7m

Total filings accepted digitally

UK register size
(as at 31 March 2023)

5.12m

Paper purchase significantly reduced this year to around 2,700 A4 ream equivalent.
This is more than a 50% reduction compared with 2019/20 5,800 A4 equivalent reams.

801k

Incorporations

586k

Dissolved companies

In liquidation

106k

365k

Companies in course of removal

Companies restored

7.5k

Over **27k**

Register of Overseas Entities

File a confirmation statement

97.4%

81.67%

Customer satisfaction

More than 14bn

Number of times the register was accessed

Corporate reputation among the top 20 percent of public sector organisations with the public who are familiar with Companies House.

Total filings accepted

13.9m

Filed accounts

98.5%

Digital take-up

91.5%

More information on our annual statistics on companies, including the number of incorporations, dissolutions, and the total size of the register at Companies House, are available from Companies register activities: statistical release 2022 to 2023

Performance analysis

Purpose

The performance analysis provides a detailed view of performance against the delivery of our Business Plan for 2022/23, including the targets and main commitments we set ourselves under each of our strategic goals for the reporting period.

Performance against our corporate targets in 2022 – 2023

Target	KPI	2022/23 Performance	Result	
Register of overseas entities (ROE) – Introduce a register of overseas entities: contributing towards the fight against economic crime.	N/A	Met	**Achieved**	✓
Complete and up-to-date data – 97% of companies on the register have filed a confirmation statement.	97%	97.4%	**Achieved**	✓
Digital service availability – Digital services are available for a minimum of 99.9% of the time.	99.9%	99.9%	**Achieved**	✓
Customer satisfaction – We will be in the top 20% of public sector organisations for customer satisfaction.	78.12%	81.67%	**Achieved**	✓
Diversity – We will increase the number of staff recruited to Companies House from under-represented groups by 10%.	10% increase	Exceeded	**Achieved**	✓
Delivering value – We will manage our expenditure within budgetary limits.	N/A	Met	**Achieved**	✓

Risk management and assessment

Companies House actively manages risks across the business, and over the period April 2022 to March 2023, the principal risks were monitored and managed at Executive level.

Companies House's Executive Board also considered a range of issues and highlights throughout the course of 2022/23. The Board's management and assessment of risk is presented within the governance statement of the Corporate Governance Report.

Strategic goal 1: Our registers and data inspire trust and confidence

Our registers and data are accessed by a wide variety of users including companies, investors, researchers, credit reference agencies, law enforcement agencies and partners across government. The information we publish is used on its own and combined with data from other sources to make decisions, carry out investigations and support law enforcement.

In March 2023, the measures set out in the Economic Crime (Transparency and Enforcement) Act, introduced the Register of Overseas Entities (ROE), and the new register was developed and launched on 1 August 2022, alongside our work to maintain our continued commitment to promote and enable high levels of compliance for accounts and confirmation statements filings.

We are pleased to have maintained year-end up-to-date compliance rates above 97% in each of the three years of our strategy, for both confirmation statements and annual accounts. 97.4% of companies had filed up-to-date confirmation statements at the end of 2022/23, compared with 97.2% for 2021/22 and 97.5% at the end of 2020/21. Compliance for companies filling up to date annual accounts was 98.5% at the end of 2022/23, which compares with 98.4% for 2021/22 and 97.8% at the end of 2020/2021.

Directors' responsibilities

Compliance is important, and we have a role to play to raise awareness amongst Directors, this year we completed a second phase of research to better understand the experiences of established directors (directors whose company was incorporated between 2 and 8 years ago). Key insights show that awareness about Companies House and its purpose is high amongst established directors, they have high levels of understanding about the responsibilities required of them but in practice, feeling time poor or unaware of the specific dates for filing were cited as persistent barriers to established directors filing on time.

In response to our research findings, further improvements have been made this year to our email reminders to support compliant filing behaviour. Textual changes were made to the existing reminders, making information clearer and more accessible, and additional reminders have also been introduced. A second reminder for financial accounts filing is now sent 2 weeks before a company's due date and acts as an urgent prompt to file on time or to apply for an extension.

We've also made improvements to some of our statutory letters. Recent insight showed our company accounts overdue statutory notice letter was causing a high volume of calls and emails to our contact centre. We re-designed the letter to clarify the calls to action for customers. Our research team tested the letter with users with positive results, and the new letter went into production in May 2022.

Over the last financial year, we’ve delivered three phases of an educational campaign around directors’ responsibilities. This campaign aimed to raise awareness of a director’s legal duties and statutory responsibilities to file information with Companies House and encourage best practice to support compliance and online filing behaviours.

This educational campaign included the release of a new online tool designed specifically for this audience, achieving 1.8 million social media impressions through targeted social ads, and a successful partner-led webinar series with Enterprise Nation, the Small Business Commissioner, ACAS and HMRC.

Successful engagement with third parties filing on behalf of companies led to key messages being amplified by influential accounting bodies and a partner-led webinar series in which 75% of attendees were our target audience of directors and accountants.

Register of overseas entities

We executed a targeted communications campaign and stakeholder engagement programme at pace to inform overseas entities of their new responsibilities, to influence and engage with relevant stakeholder bodies, and to manage our reputation.

We wrote to overseas entities several times to let them know they needed to register by 31 January 2023. We also published content on our owned channels at key moments during the campaign to make sure overseas entities and those acting on their behalf had all the information they needed to prepare and to comply with the legislation.

Watch the full video looking back on the 109 working days we took to develop, build and launch the Register of Overseas Entities.

Watch our ‘Register of Overseas Entities in numbers’ video for a full breakdown of activity.

Digital first

In 2022/23, our customers’ digital take-up (using web-services or software) was 91.5% and this year, the Executive Board approved a phased move to mandatory software-filing of accounts.

We hosted a forum with the accountancy sector to update them on this decision and we continue to work with software suppliers to ensure all financial account types are made available to filers.

After the Bill has been passed and achieves Royal Assent, we’ll let customers know the timetable for the incremental roll-out of the change to software-only filing.

Data

We have taken significant strides in implementing a data management and data governance function to help improve the quality and control of our data. This includes investment of a business-led continuous improvement data governance framework and a data development framework to enable projects to deliver data in line with the mature practices required for our future role and purpose.

We improved the integrity of existing data, by contacting companies in the first quarter of 2022/23, that did not have a registered PSC (Persons of Significant Control) despite displaying an individual holding 100% of the shares. This resulted in new PSC notifications, improving transparency of this information.

We have also invested in understanding and improving our data maturity through the implementation of our data strategy and other associated work. We collaborated with the Data Quality Hub at the Office for National Statistics (ONS) on the pilot programme for the Data Maturity Assessment for Government. This means that Companies House has a measure of our data maturity for our registers, areas for future development and has helped to shape the model now being launched by the Central Digital and Data Office.

Alongside this work we have begun work on a cloud data platform to enable easier access to data for analytics. This is a step towards further unlocking the value of our data and that brought by our Data Analysts and Data Scientists.

Strategic goal 2: We maximise the value of our registers to the UK economy.

The total number of companies on the register has increased throughout the strategy to March 2023. There are now over 5.1 million companies on the company register. However, this should be viewed in the context of the changes to the register throughout the period of the covid pandemic.

There have been exceptionally high volumes of company incorporations throughout our strategy, and 2022/23 continued this trend with 801,000 incorporations. This compares with 753,000 company incorporations in 2021/22 and 810,000 in 2020/21

Alongside the increase in incorporations, we are also observing higher volumes of companies in liquidation or in the course of removal (not yet removed from the register): 471,000 companies in 2022/23, compared with 395,000 in 2021/22 and 287,000 before our strategy or pre-pandemic in 2019/20. Company dissolutions remained similarly high in 2022/23 (586,000) as in 2021/22 (582,000).

The comparison of these annual figures though is likely to have been impacted by the introduction of legislative easements during the coronavirus (COVID-19) pandemic, when compulsory and voluntary dissolutions were paused for approximately 8 months during the 2020 to 2021 financial year.

Making company information publicly available

We are continuously looking for ways to improve the information we make available on companies, in the interests of public transparency and to support economic growth.

In 2022/23, our Digital Certificates & Copies project commenced its development phase, to enable us to provide an end-to-end digital journey for certifying information on the register. The new digital products will have enhanced security features to reduce fraud and bring efficiency savings when customers are searching for the information, with the ability for them to self-serve the information.

The expansion of our streaming application programming interface (API) service, to deliver real time updates on changes to information on the register, also continued with the introduction of a new data stream for Disqualified Officers information.

We know users value accessing the information we make available, including online through Find and Update Company Information. Our registers were accessed over 14.4 billion times in 2022/23, an increase from 6.5 billion back in 2018/19, 9.5 billion in 2019/20 and 12.2 billion last year. Research commissioned by Companies House and the Department for Business, Energy and Industrial Strategy (BEIS) in 2019, found that the value of our registers to data users was between £1bn to £3bn.

Users attributed the greatest value, to the provision of the financial information with over half the annual aggregated benefit attributed to this information on the register.

With this in mind, market engagement activities have taken place this year to identify commercial tools to support the extraction of key data from the accounts filed with us; to aid onward publication as a discrete data set for searching and analysis. We have also consulted with government departments to explore opportunities for leveraging investment in similar tools, as well as conducting our own, in-house research.

We constantly strive to improve how we share company information publicly and this year we continued the improvements to our Advanced Company Search service, expanding the selection criteria to allow filtering for the searching of new overseas entities. The Register of Overseas Entities (ROE) now has over 27,000 initial registrations and we saw increasing month-on-month searches for ROE company data throughout 2022/23 since it was made available to the public.

Sharing information with partners

We already share information with government departments supporting them with their remit and duties, including HMRC and ONS. We strive to continuously improve what and how we share in line with the national government strategy to work closely across government.

In 2022 – 2023 we worked with partners to introduce the Register of Overseas Entities and with HM Treasury and the Office for National Statistics on Standard industrial classification of economic activities (SIC) codes.

Trust data collected as part of the new Register of Overseas Entities has been shared with HM Revenue & Customs. We have supplied previous Registered Office Address information to HM Land Registry to help them carry out data matching with their own records and made data available to answer questions from a number of other government departments including the Office for National Statistics (ONS) and the Cabinet Office.

With the introduction of the Register of Overseas Entities, we have established new relationships with stakeholders in the property sector and will continue to communicate with them through the stakeholder engagement newsletter and through jointly hosting information webinars with RICS as required.

Strategic goal 3: We combat economic crime through active use of analysis and intelligence.

On 15 March 2022, the Economic Crime (Transparency and Enforcement) Bill received Royal Assent becoming the Economic Crime (Transparency and Enforcement) Act 2022 and we worked closely with the 3 land registries across the UK, the Department for Business, Energy & Industrial Strategy and HM Revenue and Customs on the introduction of the Register of Overseas Entities (ROE) which came into force in the UK on 1 August 2022.

Overseas entities had to register with Companies House and tell us who their registrable beneficial owners or managing officers are by 31 January 2023. Of the 32,000 expected initial registrations, there were over 27,000 on the register by the end of March 2023 and the remaining entities who have failed to reveal their ‘beneficial owner’ now face restrictions when buying, selling, transferring, leasing or charging property or land in the UK, and those who break the rules could get a fine, a prison sentence or both. Companies House will pursue those who have committed an offence by levying civil financial penalties or, where appropriate, preparing cases for prosecution. We will also continue to work closely with partners in law enforcement to support the wider work on economic crime.

Ongoing transformation has been delivered to enable Companies House to play an enhanced role in fighting economic crime through active use of analysis and intelligence. This year we established our Directorate for Intelligence and Law Enforcement Engagement, and our intelligence hub continues to mature to identify strategic and tactical threats of economic crime and to provide fast and comprehensive support to law enforcement investigations throughout the UK.

We have stepped up our intelligence and enforcement activities in 2022-23, both in terms of maximising the powers we currently have, and have undertaken significant work with partners, to better understand how Companies House can tackle the threats of economic crime and contribute to prioritisation of threats and data analytics feasibility in readiness for the Royal Assent of the Economic Crime and Corporate Transparency (ECCT) Bill.

The number of requests we have received from law enforcement agencies has increased to 1,900 in 2022/23, up from 1,500 last year. However, the number of corporate bodies' details we have supplied in response decreased this year to 6,900 from 12,000 in the previous year, changes in the way in which we record the information, may have been a contributory factor.

Preparing customers and stakeholders for the implementation of legislative reform

Since the Economic Crime and Corporate Transparency Bill was introduced to Parliament in September, we've ramped up our communications activity with three main objectives:

- To give early warning to filing customers and their agents that they'll need to take action to remain compliant with new legislation.
- To create a dialogue with stakeholders to ensure smooth implementation of the Act.
- To protect and enhance the reputation of Companies House and wider government by telling the story of the changing role of Companies House and how this benefits wider society.

Economic Crime Plan 2023 – 2026

The government's Economic Crime Plan 2023 – 2026 was published by HM Treasury and the Home Office on 30 March 2023.

This second plan seeks to build on the foundations laid in the first Economic Crime Plan – to focus more directly on impact and outcomes, and in turn help to cut crime, protect our national security, and support the UK's legitimate economic growth and competitiveness. It also builds on the public-private partnership, expanding to take a truly multi-stakeholder approach to its development and implementation.

The Economic Crime and Corporate Transparency Bill will provide the Registrar of Companies with enhanced powers, enabling them to become a more active gatekeeper over company creation and custodian of more reliable data concerning companies and partnerships.

These new powers will support wider work to establish a more effective, risk-based approach to preventing abuse of the UK corporate structures. Companies House is a key contributor to the actions in the Economic Crime Plan and will work with the National Economic Crime Centre and to use its public-private capabilities to assess vulnerabilities and take joint action against threats to the integrity of the Companies Register and the abuse of corporate structures. We will also continue to work with a wide range of regulatory and law enforcement partners to develop our capabilities to support their fight against economic crime.

Strategic goal 4: Our brilliant services give a great user experience

Companies House takes pride in maintaining a high standard of customer service and receives good levels of positive feedback from users. We have maintained high rates of customer satisfaction throughout the strategy period so far. This year, we set a target that we will be in the top 20% of public service organisations for customer satisfaction. The top 20% score for public service organisations in the UK Customer Service Index (published in January 2023) was 78%.

This year, the satisfaction rate reported by our customers on the services we offered was 82%. This compares with 86% in 2020/21 and 83% last year. Whilst customer expectations, higher demand and more unique enquiries during the pandemic may have had an impact on services between 2020/21 and last year; this year's outcomes have been impacted by the change to a new provider for our contact centre services. In December, we therefore launched a system to help us to track and identify the root cause of customer service issues and this information is helping us evaluate and prioritise improvements.

In recognition of our commitment to delivering excellent customer service, we retained a Customer Service Excellence Award, achieving our best results to date, with the assessor concluding “our customer focus and commitment to a customer centric approach is thorough and outstanding”.

Companies House reputation

Our reputation is important to us. Perceptions of Companies House remain strong among the public who are familiar with Companies House and business leaders. The latest independently run reputation tracking based on fieldwork undertaken during November 2022 placed Companies House among the top 20 percent of public sector organisations with the public who are familiar with Companies House.

Digital services

We are moving Companies House forward, empowering our users through advanced, intuitive digital and data services, to complete their interactions with us quickly and effectively making creating and maintaining a compliant company an easy task.

We have again successfully achieved our target of 99.9% availability for our online services. This has proved really challenging in the operating environment with a period of significant change to our online services and the introduction of the Register of Overseas Entities.

This year also saw the continued transfer of systems from on-premises to the cloud with the seamless transfer of our established online services and our core register database. We are now addressing the remaining on-premises systems whilst preparing for the eventual decommissioning of our data centres, which will in turn reduce our carbon footprint.

We have continued to enhance our cloud infrastructure and platforms to provide the capacity, scalability and security required as we modernise existing systems and develop new services for our customers that are intuitive and intelligent, making creating and maintaining a compliant company an easy task.

We intend on extending our capability in this space through the development of a cloud data platform which will enable the use of advanced analytics to provide rapid and powerful insight to our intelligence services.

Improving payment systems

In March 2023, we added a ‘basket’ functionality to allow search customers to order multiple products (Certificates and Certified Copies of information on the register and missing images of document filings) by adding them to their ‘basket’ and then paying just once when they have assembled their order. This is more efficient for the customer and for us and was a key feature we wished to implement before closing Companies House Direct.

Reducing paper

Over the first year of the strategy, we reduced our paper usage by phasing out our paper reminder service for accounts and confirmation statement filing. Customers now benefit from reminders by opting into our digital reminders service. Statutory letter volumes during the first year of the strategy were significantly inflated by ad-hoc mail relating to the pandemic with volumes now lower in years 2 and 3.

During 2022/23, incoming mail weight decreased to around 60,600 kg. This is a notable decrease on our pre-strategy figure of 82,900 kg in 2019/20.

Paper purchase significantly reduced this year to around 2,700 A4 ream equivalent. This is more than a 50% reduction compared with 2019/20 5,800 A4 equivalent reams.

Strategic goal 5: Our culture enables our brilliant people to flourish and drives high performance.

Our people are essential to realising our strategy and transforming Companies House. Our goals and commitments outline the changes we anticipate to our registers and to our services. None of these will happen without our people: our organisation is changing, skills will be enhanced, all supported by a creative and dynamic working environment.

For 2022-23, we made a commitment to continue to focus and refine our operating model around our 3 key service areas: company filing, get company information, and intelligence and enforcement. The Executive Board also reviewed our structure and announced new Directorate changes from Jan 2023, which provides strengthened leadership in data and intelligence and law enforcement engagement, critical areas for our new role.

Implementing our workforce strategy

In the Executive Board assessment of risk stated within the Corporate Governance Report section of this report, we highlighted considerable increase in risks associated with capability and capacity within the organisation. Initially, the concerns related to digital company filing, get company information, and intelligence and enforcement services. However, as the year progressed, similar challenges have emerged in other professions, due to challenging labour markets. This is not a unique issue for Companies House, as we know other departments are faced with similar issues and we are working on mitigations for the year ahead.

We are working to mitigate these risks through a continued focus on workforce resource plans, learning and talent development, reward and recognition and promoting our employer brand.

Workforce resourcing plans in readiness for implementation of legislation have been developed with the first round of recruitment campaigns across our Customer Delivery and Intelligence and Law Enforcement Engagement Directorates completed.

The recruitment campaigns for our new Directors have been very successful and we are pleased to be welcoming new Directors of People, Digital and Technology, Data, and Strategy, Policy and External Communications in July.

Future skills development and an emphasis on professions and functional standards

In 2021/22 we began the transition to skills development aligned to the Civil Service Professions Framework. All staff belong to a profession and, the work in this area will guide consistent performance standards and evaluation of skills, career development and talent identification and management. Our work to embed the professions will run over a number of years.

Equality, diversity and inclusion

In Companies House we recognise that we are on a journey to ensuring that the culture of the organisation is people led with equality, diversity and inclusion being an integral part of all that we do, and the services we deliver. Our Equality, Diversity and Inclusion Strategy sets out our vision, ambition and outcomes of our work and articulates how we aim to achieve them by 2025.

We have strong, enthusiastic people led networks, which now benefit from an Equality Diversity & Inclusion Steering Group, ensuring our activities are aligned, have impact and deliver effective outcomes in relation to Equality Diversity & Inclusion.

We know that equality diversity and inclusion play a large part in building our reputation as an employer of choice. Building strong external campaigns to showcase our inclusive culture is helping to draw in the diverse talent that we need to achieve our strategy and our success in this area is evidence by achievement of our public target: Staff from under-represented groups has increased, from 14.7% in 21/22 to 17.6% this year and the percentage of declaration has also increased from 62.3% in 21/22 to 70.3%.

Our campaign content has attracted over 4 million impressions, 100,000 engagements and 21,000 click-throughs across our social media channels.

Gender pay gap

Companies House gender pay gap report 2022 was published on the 28 March 2023.

Companies House is fully committed to ensuring the fair treatment and reward of all staff irrespective of gender, as well as any other protected characteristic such as age, ethnicity, religion and/or belief, sexual orientation, and disability status.

The promotion of equality and inclusivity is at the heart of everything we do, and we are proud of the progress that we have made and our commitment to continue to make further improvement in this area.

Culture Change Community, Our networks and engagement groups

Throughout this year, our Culture Change Community continues to thrive and welcome new members. The community come together monthly to share and understand organisational priorities and challenges and with the launch of a dedicated communications channel for culture this year, we have an opportunity to keep the conversations going.

As the organisation transforms, there will inevitably be aspects of our culture that will transform with it. To get a further understanding of our current and desired culture, our Executive Board and Corporate Leadership Group participated in a culture inquiry to identify where we may need interventions to enable cultural shifts to take place.

Employee experience

In December 2022, we received the results of the annual Civil Service People Survey . The People Survey is an opportunity for staff to share what they think about working at Companies House and the insight from these surveys helps drive action and ensure a continued focus on the things that matter most to everyone at Companies House.

In 2022, we have combined themes including hybrid working and pay and benefits, into one core theme called ‘employee experience’ to shape our action plans.

Companies House’s employee engagement index fell to equal the civil service benchmark score (65%) in 2022. This was an annual decline of six percentage points for Companies House compared with a decline of one percentage point for the benchmark. This was not unexpected given the levels of change we’re experiencing through transformation, transitioning back to the office following the pandemic, labour market challenges and other external factors such as the cost-of-living crisis.

We know that getting hybrid working right is a priority which came through strongly in the comments of the survey. We are regularly reviewing our Hybrid Working policy and working practices to adapt to this new way of working. Our working practices and levels of support for Smarter working were assessed by the Government Property Agency (GPA) who assessed Companies House as the highest level: mature.

Leadership and managing change.

We launched our Lead and Inspire Programme, designed for inclusive and inspirational leadership as we want to develop and grow leaders at every level across the business through a significant period of change and transformation.

We launched our blended programme of development, for the first cohort of 150 people in February 2023 with delivery plans for a further 2 cohorts established through to October 2024.

At the senior level, we are in Year 2 of our development programme.

Management Foundations

This programme is aimed at people managers. The programme incorporates more widespread understanding and role modelling of our Adaptable, Bold and Curious behaviours at all leadership levels. Other fundamentals include recruitment/selection, Culture of Conversations, Diversity & Inclusion, people policy management. This is a rolling programme of development.

Corporate Social Responsibility

Our Corporate Social Responsibility activity ensures that Companies House acts on its commitment to being a responsible business. There are 4 main pillars to our activity which combine to form an overarching umbrella across the whole of our business. These are:

Procurement and Finance

Companies House is launching an exciting new initiative in 2023, a Social Value Tender Evaluation Panel formed of a team of Subject Matter Experts (SMEs) who are part of Companies House Race Charter group. Our SMEs will help to drive Social Value through our procurements, making sure that the criteria that we use in our evaluation not only meets the government agenda but captures the Companies House aims and objectives. This means that in future our contracts will be able to support our Social Value agenda throughout their entire life with tangible outcomes. This will be a group committed to continuous improvement, refining and enhancing our criteria as we learn, and sharing transparently with suppliers, what good looks like and how we expect to measure success.

Community

Companies House, staff have the opportunity to dedicate up to 3 days each year to volunteering. By supporting our local communities and the causes that matter most to us, we can improve our wellbeing, connect with our teams and feel a sense of achievement.

In 2022/23, our volunteering opportunities supported the Amelia Trust Farm, Cardiff Food Bank, Bute Park, Cardiff Dogs Home, Cathays High School, Techniquest, the Queen’s Jubilee Pageant and volunteer administrative support for a local Quakers Branch.

We raised £1177.25 for several charities, including Great Ormond Street Hospital and Children in Need.

People

For our people, corporate social responsibility flows through our diversity networks, the way we work, and initiatives to support colleagues. Many of these activities also contribute to environmental good practice.

We are extremely proud when our commitment to colleagues are recognised and externally validated. This year we were awarded the Gold standard at Mind’s Workplace Wellbeing Index Awards for our commitment to the mental health of our colleagues.

The Gold award from Mind is the highest that an organisation can receive, and shows we’re committed to providing a supportive work environment. We’ve achieved this through initiatives such as our mental health network which helps us to understand and support the needs of our colleagues.

Environment

The Environmental Working Group is one of Companies House People networks and they meet on a quarterly basis to discuss ideas where Companies House can make a difference, in trying to reduce our impact on the environment and identify areas where we can be more efficient. They also discuss wider environmental issues that are covered in the media or any topical issues that could be considered, quickly or in the future. Details of our performance can be found in the Sustainability Section of this report.

Strategic goal 6: We deliver value through efficient use of resources.

Operating in central government

Following a decision by the Office of National Statistics to re-classify Companies House as a central government entity for National Accounts purposes, Companies House ceased to operate as a Trading Fund and consolidated reporting into the Departmental Group accounts of the Department for Business, Energy & Industrial Strategy (BEIS) at the start of our 5-year strategy from 1 April 2020.

BEIS existed until 2023 when it was split to form the Department for Business and Trade (DBT), the Department for Energy Security and Net Zero (DESNZ) and the Department for Science, Innovation and Technology (DSIT). Companies House is now an Executive Agency of the Department for Business and Trade.

The right resources, when we need them

Delivering value for money has always been important for us, as is having the right financial resources to achieve the outcomes we want.

Through the government Spending Review process Companies House secured funding for their transformation programme and submitted Full Business Cases for investment funding through to March 2023.

During 2022 – 2023, we completed a Full Business Case to support the critical investment decisions for the final two years of the Transformation Programme and submitted this to Department for Business and Trade.

Managing public money

Our expenditure is effectively managed within delegated limits and during this financial year, we strengthened our financial governance framework including the introduction of the Finance and Investment Committee, to ensure oversight of the delivery of return on our investments. We are also updating and improving our forecasting methodologies in line with Government best practice.

Our workforce plans continue to play a vital role in ensuring efficient and effective use of resources and following a gradual and safe removal of pandemic restrictions, we implemented our hybrid working policies towards the end of 2022 with the reassessment of our estate for long term needs, having significantly contributed to the achievement of efficiencies in year.

Fees

Companies House is funded largely through fees. Fees are charged for most services, and where fees are in operation, they are set on a cost recovery basis in line with Managing Public Money. For 2022 – 2023 our fees determination by the Registrar of Companies came into force from 1 November 2022.

As part of the impact of legislative reform, we also commenced a project to review and assess our fee model to ensure this supports the new legislation.

Economic crime (Anti-money laundering) levy

The Economic Crime (Anti-Money Laundering) Levy (‘the levy’) is part of the government’s wider objective, outlined in the Economic Crime Plan (ECP), to develop a long-term Sustainable Resourcing Model (SRM) to tackle economic crime. As one part of this SRM, and supported by ongoing government funding, the levy will aim to raise £100 million per year from the anti- money laundering regulated sector to pay for government initiatives outlined in the Economic Crime Plan to help tackle money laundering. This levy was first charged on entities that are regulated during the financial year from 1 April 2022 to 31 March 2023.

In 2022 – 2023, multiple year funding for new intelligence cells in Companies House (CH) and the Insolvency Service (INSS), was successfully awarded via the Levy allowing both agencies to plan to step up their Anti Money Laundering work and maximise the benefits of forthcoming legislative reforms. First payments from the Levy will be made in the financial year from 1 April 2023 to 31 March 2024.

2. Financial performance

Expenditure

How expenditure is presented

Companies House's expenditure is reported in the financial statements, in the statement of comprehensive net expenditure (SoCNE). This is prepared in accordance with accounting standards (International Accounting Standards (IAS)) and guidance which are explained in more detail in the accounting policies in note 1.

Overview of expenditure in 2022/23

Services which cannot be funded through fees (such as enforcement activity), or where best public value is dependent on not charging fees (including some ways of searching the register), are funded centrally.

Penalties collected in respect of company accounts filed late with Companies House are paid entirely to HM Treasury.

For expenditure on services and transformation activity which cannot be funded through fees, Companies House agree a budget with BEIS as part of the spending review. The budget is agreed in accordance with HM Treasury's consolidated budgeting guidance, which differs in several respects from the accounting basis referred to above. It is against these limits that Companies House is held accountable for its performance and use of taxpayers' funds.

HM Treasury sets the budgetary framework for government spending. The total amount a department spends is referred to as the Total Managed Expenditure (TME), which is split into:

- Annually Managed Expenditure (AME)
- Departmental Expenditure Limit (DEL)

HM Treasury does not set firm AME budgets. They are volatile or demand-led in a way Companies House cannot control. Companies House, alongside BEIS, monitors AME forecasts closely and updates them annually.

HM Treasury sets firm limits for DEL budgets, as DEL budgets are understood and controllable. The limit is set during a spending review which typically occurs every 3 to 5 years. DEL budgets are classified into Resource and Capital.

Overview of Companies House's expenditure in 2022/23

	2022/23			2021/22
	Budget £000s	Actual £000s	Variance £000s	Actual £000s
Resource DEL	19,100	9,207	(9,893)	7,506
Capital DEL	15,400	(9,067)	(24,467)	8,388
Total DEL	**34,500**	**140**	**(34,360)**	**15,894**
Resource AME	8,069	370	(7,699)	8,420
Capital AME	-	-	-	151
Total AME	**8,069**	**370**	**(7,699)**	**8,571**

In year there was an IFRS16 remeasurement which resulted in a Capital DEL gain of £19.3m. This was following the decision to significantly reduce the footprint within the Cardiff office from 1 April 2024. Having transferred the property to Government Property Agency (GPA) on 31 March 2021 when Companies House subsequently leased back the whole site, the new lease will only contain the actual floor space occupied by Companies House.

This table is not a replica of the SoCNE reported in the accounts. The headings used in this table reflect budgetary classifications used within Companies House.

Statement of comprehensive net expenditure/resource

In the 2022/23 financial year, the size of the register grew by 4.54% (compared to the size of the register in 2021/22) which led to an operating income of £88.7m (2021/22: £83.9m). This was higher than budgeted due to the introduction of the Register of Overseas Entities which contributed an additional £3.5m in service delivery income.

Operating expenditure in year totalled £98m (2021/22: £99.5m) including staff costs of £59.8m (2021/22 (re-presentation): £47.6m). Compared to the budget, staff costs in 2022/23 were overspent by a total of £0.6m. This was due to a large number of unfilled staff vacancies in year being offset by agency labour and budgeted vacancy rate.

Non-staff operating expenditure increased by £3.9m from last year to £45.1m (2021/22: (£41.3m). Other movements in total operating expenditure during the year was a £6.9m remeasurement gain relating to an IFRS16 adjustment at the Cardiff site lease. In 2021/22 there was a one-off payment to HMRC of £2.5m in relation to underpaid VAT and a revaluation loss of £8.1m.

The underlying performance in departmental resource expenditure against budget was an overall underspend of £9.9m consisting of £3.0m, driven by over delivery in income from registrations of overseas entities, and the £6.9m remeasurement gain relating to IFRS 16. There was an overspend of £1.4m on Transformation due to the delivery of the Register of Overseas Entities prioritised during the year. This reprioritised some of the planned transformational activity resulting in additional activity on Discovery and Alpha phases of projects compared to the original delivery plan.

Depreciation and amortisation decreased by £1.1m to £7.1m on the previous year (2021/22: £8.2m), due in part to the impact of the reduction in the value of the property lease and also accounts for the variance to budget.

Statement of financial position/capital

Capital is underspent by £24.5m due to the IFRS16 remeasurement of £19.3m on the Cardiff property lease which gave a remaining underlying underspend of £5.2m, of which an underspend of £2.6m in Service Delivery was due to unutilised contingency budget.

A further underspend of £2.6m within Transformation was due to the in-year prioritisation of the Register of Overseas Entities Register against the delivery plan and the onboarding of the delivery partner to support and deliver the legislative reform programme. Capital expenditure was primarily incurred on Transformation and legislative reform projects and continued work on technical infrastructure replacement.

The Statement of Financial Position as at March 31, 2023, has a total balance of Taxpayers equity £40.84m (2021/22 £24.68m).

During the prior year, Companies House adopted the new international accounting standard IFRS 16 and brought the right of use assets and corresponding lease liabilities onto the Statement of Financial Position. As of March 31, 2022, lease liabilities of £30.2m and right of use assets of £22.7m were recognised.

During the current financial year, Companies House gave notice to the property lease holder, of its intention to reduce occupancy of the Crown Way building. The current occupancy arrangement has been shortened with a revised term ending March 31, 2024.

Therefore, the right of use asset and corresponding lease liability are reduced in proportion to the reduction in lease term, the values on March 31, 2023, being £1.5m and £2.1m respectively, creating a Resource DEL remeasurement gain of £6.9m.

The gross book value of intangible assets has increased by £8.5m, from £91.2m to £99.7m as a result of our transformation activity. Companies House invested £7.9m (2021/22: £4.4m) in improving systems and developing new services for customers.

Companies House had a total cash balance of £7.2m (2021/22: £2.8m) as at 31 March 2023. This is following £25.6m (2021/22: £14.1m) of cash drawn down from BEIS during the year, to fund working capital and more specifically transformation at Companies House.

Late filing penalties

The purpose of the late filing penalty (LFP) 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.

Expenditure for the LFP scheme activity is not funded through fees but is agreed with government as part of the spending review. Penalties collected in respect of company accounts filed late with Companies House are paid entirely to HM Treasury.

During the year an additional £1.4m was provided by BEIS to enable the continued pursuit and handling of appeals relating to the penalties issued due to the late filing of annual accounts. During the year there was additional resources provided to process the increased penalties and appeals backlogs following significant volume increases in both penalties and appeals in recent years.

Further detail on Companies House resourcing is available within the Trust Statements in this report.

Performance in other areas

Complaints to the Parliamentary Ombudsman

In 2022/23 we had one case referred to the independent adjudicator, which was upheld.

The Ombudsman only accepts complaints that have been through the Companies House internal complaints process. We publish our complaints procedure and aim to answer all formal complaints via enquiries@companieshouse.gov.uk within 10 working days. Only a small percentage of complaints we receive are escalated to the Ombudsman.

Welsh language scheme

The Companies House Welsh language scheme was prepared in accordance with section 21(3) of the Welsh Language Act and received the full endorsement of the Welsh Language Board on 20 April 2010. The annual Welsh language monitoring report from Companies House was published on 2 March 2023 and covers the period from 1 April 2021 to 31 March 2022.

Sustainability report

Mitigating climate change: working towards net zero by 2050

In 2021, the government published its Net Zero Strategy, setting out a pathway to reaching net zero greenhouse gas emissions by 2050.

Since then, the Russian invasion of Ukraine, and other global factors, have fundamentally changed the economic landscape in the UK, placing huge pressure on households and business through high energy prices and broader inflationary pressures.

Given this changed economic context, the government commissioned a review regarding its approach to net zero. The main objective of the review was to gain a better understanding the impact, of the different ways, to deliver its net zero pathway on the UK public and economy and maximise economic opportunities of the transition.

Greening Government Commitments 2021 to 2025

The Department for Environment Food & Rural Affairs (Defra) co-ordinates the Greening Government Commitments (GGCs), which set out the actions UK government departments, and their agencies, will take to reduce their impacts on the environment in the period 2021 to 2025.

The GGCs for 2021 to 2025 were published in October 2021 and provide targets and supporting information highlighting what each central government department should be working towards to deliver environmental efficiencies, by reducing their overall greenhouse gas emissions (GHG). The reporting requirements for central government were published by Defra in December 2022.

Government Property Agency

On 1 April 2021, the Government Property Agency (GPA) took ownership of the Companies House Cardiff Office. The GPA's 2020 – 2030 10-year strategy has been developed to transform the way the government estate supports public service delivery. The strategy provides a clear direction of travel and demonstrates where the GPA will improve the sustainability and condition of the estate and in the early part of their strategy, they have committed to developing an approach to the condition and sustainability of these buildings, informed by improving data.

Companies House environmental policy

Companies House is committed to sustainable development and works hard to continually reduce the effects of its activities on the global and local environment. Companies House Environmental Policy was last updated on 28 February 2023.

Whilst having a relatively low environmental impact, the goals and objectives of Companies House's

Environmental Management System (EMS) are aligned to the GGC targets, and specific activities and milestones are identified to meet them.

ISO 14001:2015 accreditation

Since 2002, Companies House has been certified to the International Environmental Management Standard, ISO 14001.

In demonstrating compliance, identifying continual improvements and efficiencies, our Environmental Management System (EMS) has been managed/ maintained and is audited bi-annually (September 2022 and March 2023). Our EMS is integral to our current and future environmental performance to ensure that any risks are effectively managed, with any negative impact on the environment being minimised as much as possible.

During the reporting period, Companies House has continued to maintain an effective and robust EMS, certified to the International Environmental Management Standard, ISO 14001:2015.

GGC targets and outcomes

Companies House has made positive progress against the GGC targets. The following table shows a summary of our performance in 2022–23 and measures are reported against a 2017/18 baseline.1

GGC targets by March 2025	Outcomes 2022/23
GHG emissions	
Overall emissions – 62% reduction	66% reduction
Direct emissions – 30% reduction	48% reduction
ULEV2 – 25% of fleet by 31 Dec 2022	No central car or van fleet to report against this target
Domestic flights – reduce emissions by 30%	80% reduction
Waste	
Overall waste – 15% reduction	46%
Landfill – reduce to less than 5% of overall waste	0% of overall waste
Recycling – increase to 70% of overall waste	75% of overall waste
Remove consumer single-use plastic items	2,098 items procured
Measure and report on food waste by 2022	3 tonnes
Paper use – reduce by 50%	72% reduction
Water	
Usage – reduce by 8%	48% reduction

Notes

1. It should be noted that COVID-19 has been a factor in the rate of reduction.
2. Ultra-low Emission Vehicle: less than 50g CO2 per km

Mitigating climate change: working towards net zero by 2050

Greenhouse gas emissions	2022/23 Tonnes CO_2e	2017/18 Tonnes CO_2e
Scope 1 [1]	54	103
Scope 2 [2]	501	1,499
Scope 3 (Official business travel) [3,4]	72	218
Total GHG emissions[5]	**627**	**1,819**

Notes

1. Scope 1: direct emissions from sources owned or controlled (gas, biomass, fuel for fleet, and fugitive emissions)
2. Scope 2: indirect emissions from consumption of purchased electricity or sources of energy generated upstream (offsite electricity generation)

3. Scope 3: other indirect emissions occurring due to CH's operations, but not directly owned or controlled by CH (official business travel and transmission loss of electricity)
4. Includes domestic and international travel emissions. But only domestic business travel is measured in GGC emissions reduction target, in the GGC targets and outcomes above. For a breakdown of domestic and international travel, see travel data below.
5. Totals may not sum due to rounding.

Factors contributing to our reduction in greenhouse gas emissions include:

- hybrid working policy and more efficient use of our estate
- improved IT practices and technology: introduction of Safe Q (follow me printing), which has rationalised the number of printers across the office, and the use of more energy efficient laptops/monitors
- cloud migration reducing the demands on our cooling systems
- installation of LED lighting across 85% of the building
- the introduction of modern hydro taps in our kitchens, that provide instant hot running water, negating the need to boil kettles
- communications to staff raising awareness on energy saving tips, asking them to be more energy conscious by turning off power banks, appliances when not in use

Energy use	2022/23[1] kWh '000	2017/18 kWh '000
Electricity: renewable	0	0
Electricity: mains standard[3]	2,589	4,263
Other energy sources[4]	411	-
Total related energy use	**3,271**	**4,793**

Notes

1. Figures for the Cardiff office account for 82% of the building in 2022-23 due to partial occupation.
2. Gas usage is included for the Cardiff office only.
3. Electricity usage includes the Cardiff, Edinburgh, and Belfast offices. Energy data for the London office was unavailable as it was covered in the service charge for the building, which was multi-tenanted. On 29 July 2022 an announcement was made that the Companies House London office will not be re-opening.
4. Other energy refers to biomass. The 2017-18-year does not have a value due to historic recording differences.

The gas that serves the Cardiff office is supplemented by our biomass heating boiler, during the autumn/winter months to provide heat to our building. The biomass boiler was initially installed in 2012 and uses wood pellets (sustainable heating source) which has helped to reduce our reliance on fossil fuels for heating.

Business travel	2022/23 Tonnes CO^2e[1]	2017/18 Tonnes CO^2e[1]
International travel		
- Long haul air travel	16.00	12.46
- Short haul air travel	1.42	6.22
Total domestic travel	**9.07**	**64.12**
Domestic travel		
- Domestic air travel	5.70	28.82
- Rail	2.05	11.40
- Bus/coach2	-	-
- Taxi	0.42	18.69
- Private vehicle (staff owned or hire vehicles)	0.89	5.22
Total domestic travel	**9.07**	**64.12**
Total emissions from travel	26.49	82.79

Notes

1. Totals may not sum due to rounding.
2. Data not available for bus/coach travel.

Air travel distances	2023/23 Km	2017/18 Km
International travel	92,111	87,308
- Economy	-	-
- Premium economy	-	-
- Business	-	-
- First	-	-
Domestic travel	23,196	166,797
Total distance travelled	**115,307**	**254,105**

Companies House has seen an increase in business travel, and the associated mileage / carbon emissions during the year, as some travel has been slowly reintroduced, following the pandemic.

However, compared to the 2017/18 baseline, as the data above shows, business travel is still lower for the current accounting period.

Business travel is not expected to rise to pre-pandemic levels, as Companies House will continue to pro-actively measure and monitor all travel. In 2022-23, a new authorisation process for agreeing any business travel was implemented, where only essential travel is authorised. Companies House adhered to our core department's travel policy in 2022-23.

Energy consumption and business travel expenditure	2022/23 £'000k	2021/21 £'000k
Energy consumption	753	668
Business travel	55	36

Minimising waste and promoting resource efficiency

Minimising waste and promoting resource efficiency	2022/23[1] Tonnes	2017/18[2] Tonnes
Recycled (excluding ICT waste)	92	152
Reused (excluding ICT waste)	0	0
ICT waste recycled, reused, and recovered (externally)	7	3
Composted/food waste	3	11
Incinerated with energy recovery	29	49
Incinerated without energy recovery	0	0
Waste to landfill [4]	0	29
Of which: deemed hazardous	0	0
Total waste arising [3]	**132**	**243**

Notes

1. Figures from 2022-23 account for 82% of the Cardiff office due to partial occupation. Limited waste data is available for the Edinburgh, Belfast, and London offices as this is mostly managed through service charges, but where data is available it has been included in totals.
2. Figures for 2017-18 include the Cardiff office only.
3. Totals may not sum due to rounding.
4. The baseline for waste to landfill in 2017-18 was 29 tonnes. Since 2020-21, nothing has been sent to landfill.

Companies House is keen to ensure that as new technology is introduced and equipment is replaced, at the end of its life, any surplus IT kit (laptops/PC's) or decommissioned equipment, from our data centres, is disposed of in a sustainable responsible way. We have a contract with an organisation who will, re-use or re-purpose the equipment where possible, or recycle all the component parts, if not. They have a zero-landfill policy, and from a data security perspective, they destroy all data, certifying its destruction.

Remove consumer single use plastic (CSUP)

Companies House continues to eliminate a wide range of consumer single use plastics from our estate. During the reporting period, 2,098 items procured individual single use plastic items were procured, it was necessary to provide single use plastic cups and cutlery, to minimise the transfer of the coronavirus.

During this financial year, staff can now purchase several multi-use plastic items (cup, water bottle, cutlery), from our staff restaurant, and are incentivised to do this using a loyalty scheme.

Food waste

We have reduced our food waste from a 2017 to 2018 baseline of 11 tonnes to 3 tonnes in 2022 – 2023, primarily through the reduction of staff in our offices. For our Cardiff Office, we also have an arrangement with

Cardiff City Council to ensure that all food waste, from our staff restaurant, is reused as animal feed.

Reduce paper use by at least 50% from a 2017 to 2018 baseline	2022/23	2017/18
A4 ream equivalent[1] Paper procured	2,681	9,695

Notes

1. A3 reams have been included as equivalent to two A4 reams

Companies House has made a conscious effort to reduce the amount of paper year on year. These efficiencies can be attributed to:

- Improvements to our internal digital systems and processes;
- Rationalisation of the printers in our offices;
- Migration of services to a digital platform;
- Improved staff awareness and adoption of new processes.

Reducing our water use

Reducing our water use	2022/23[1] m^3	2017/18 m^3
Water consumption	4,791	9,229

Notes

1. Figures for 2022-23 account for 82% of the Cardiff office due to partial occupation.

As we continue to embed our hybrid working practices, for staff attending the Cardiff office, we encourage them to be water smart and only use the necessary water that they need too. To support them, most kitchens across the

Companies House footprint, have been fitted with modern energy saving hydro-taps, which provide the required amount of instant hot/cold water.

The waterpipe infrastructure that serves our Cardiff Office has also been fully replaced in recent years. This has significantly reduced the risk of any potential water leaks which has a financial and environmental benefit.

Procuring sustainable products and services

Companies House follows the government commercial policies and standards which are set by the Cabinet Office.

Companies House sustainable procurement policy sets out our approach to reducing the environmental and economic impact of our sourcing activity.

We take a practical and realistic approach to identify and maximise all possible opportunities to reduce the environmental and economic impact of our sourcing activity. We apply sustainability criteria to the quality and technical evaluation criteria of in-scope procurements, in a proportionate manner. The evaluation criteria utilised considers the type of contract, the potential environmental impact of the contract and whether the contract is attractive to small or medium-sized enterprises (SME).

Companies House undertakes smaller construction works and associated services periodically. These contracts are typically awarded via a framework where sustainability considerations will have been part of the supplier selection criteria. However, Companies house will still apply sustainability criteria to the quality and technical evaluation criteria of such contracts.

The successful bidders of applicable procurements are required to provide quarterly carbon emission reports to Companies House. Suppliers awarded contracts over £5 million are required to provide Companies House with a Carbon Reduction Plan (CRP) detailing their decarbonisation pathway to achieving Net Zero 2050.

All suppliers to Companies House are encouraged to improve their environmental and sustainability awareness and to reduce the impact of their activities.

Nature recovery – making space for plants and wildlife

Companies House considers what we can do to support the government’s commitment to improve nature and develop and deliver Nature Recovery Plans for their organisations, where suitable.

Companies House is keen to promote ecosystem resilience whenever possible, and where the estates environment can facilitate this. A framework of governance has been created to support this key area of work and to ensure that biodiversity issues are included in our decision-making.

Stage one of the Companies House Nature Recovery Plan (for our Cardiff Office) has been implemented and several enhancements were made, which included:

7. Altering grounds maintenance to allow the growth of wildflower meadows and reduce the amount of noise pollution generated;
8. Planting fruit trees and berry-bearing shrubs to provide for local bird populations;
9. Installation 3 bug hotels, in the grounds, to promote local insect populations, improving biodiversity on site;
10. Installing signage on site to promote the benefits of biodiversity to staff and the public.

Companies House Biodiversity Report 2022: This biodiversity report sets out how Companies House intends to comply with section 6 of the Environmental (Wales) Act 2016.

Adapting to climate change

Our core government department made a commitment to conduct a climate change risk assessment across their estates and operations to better understand the associated risks, and to target areas that need greater resilience.

Reducing environmental impacts from Information Communication Technology (ICT) and Digital

The Department for Business, Energy and Industrial Strategy (BEIS) reported on ICT waste as part of the GGCs and had an ICT and digital policy in place. During 2022 – 2023 BEIS were in discussions with Defra on delivering further ICT measures and KPIs.

This year, Companies House largely completed the process of moving the majority of its digital services to the cloud. We will continue to work with our cloud storage providers to determine the carbon cost of the footprint, to calculate the net carbon impact of the migration. Companies House continue to monitor and measure the reduction in electricity consumption (power and cooling) of the remaining onsite data centres to convert this into a carbon saving.

Louise Smyth
Accounting Officer, Chief Executive and Registrar for England and Wales

L. C Smyth

4 December 2023

3. Accountability Report

Purpose of the Accountability report

The Accountability report sets out how Companies House meets the key accountability requirement to Parliament. It comprises of the 3 reports below:

- The Corporate Governance report
- Remuneration and staff report
- Parliamentary accountability and audit report

Corporate governance report

The directors' report

Members of the Board

The Board reviews and oversees both Companies House and late filing penalties (LFP) activity. During the financial year there were changes to the membership of the Board. The detail regarding these changes is in the 'Board Membership' section of the Governance Statement. Additional detail regarding the role and function of the Board is set out in the Governance Statement.

John Clarke

Chair of Companies House Main Board and Chair of the Renumeration Committee

John was appointed as Chair of Companies House from 1 March 2023. He is a recognised leader in strategy, innovation and delivering large-scale digital-enabled transformations, global business services, digital, data, analytical and cyber operations, and people leadership.

John is an experienced technology and services executive who has worked extensively overseas and with several well-known brands. He spent six years in Helsinki, Finland as a Senior Vice President with Nokia, and Global CIO. He was the Global CTO with Tesco, and Interim CIO at Primark and Morrisons. He is a former Partner with EY, and a highly experienced Non-Executive Director (DWP, Ordnance Survey) and Chair (UK SBS Ltd, Defence Business Services).

Lesley Cowley OBE

Previous Chair of Companies House Main Board and Chair of the Remuneration Committee

Lesley was Chair of Companies House from March 2017 to 28 February 2023. She is the Chair of DVLA (and was Lead Non-Executive Director and then Chair of The National Archives from 2016 to 2022. She is also Chair of ACL Ltd and a Non-Executive Director of Public Digital Ltd, both private companies. She was the 2019 winner of the Institute of Directors UK NED of the year.

Louise Smyth
Chief Executive Officer and Registrar of Companies House

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, and 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.

Louise has also been appointed as interim Regulator of Community Interest Companies, an office holder established by the Companies (Audit, Investigations and Community Enterprise) Act 2004. The Regulator decides if an organisation is eligible to become, or continue to be, a community interest company and investigates complaints against community interest companies and provides guidance and assistance to help people set them up.

Louise is also President of the Corporate Registers Forum which is an international association of corporate registries.

Eoin Parker
Non-Executive Board Member (NEBM)/BEIS representative

Eoin is the Director of Business Frameworks (BF) in the Department of Business and Trade (DBT) formerly the Department of Business, Energy & Industrial Strategy (BEIS).

Before joining BEIS, Eoin was Director of Strategy and Legislation in the Transition Taskforce within the Cabinet Office, and before that the co-Director of Market Access and Budget in the Department for Exiting the European Union (DExEU). Eoin has held positions in a number of departments across government working on economic policy, international trade, and climate change.

Jill Callan
Director of Operations

Jill took on the role of Director of Operations in July 2021 having joined Companies House in May 2019 as the Head of Service Delivery.

Jill has over 30 years’ experience in the public sector leading large-scale operational teams and has led and been part of many successful projects and programmes in the UK.

Before joining Companies House, Jill Callan held a number of roles in the DVLA.

John-Mark Frost
Former Director of Transformation Delivery

John-Mark took on the role of Transformation Delivery Director in February 2021, having joined Companies House in June 2018 as the Head of Service Delivery and becoming the Director of Operations in early 2019. John-Mark has over 15 years' experience in the public and private sector of leading large-scale operational teams, specialist social research, and statistical functions. He has led and been part of many successful projects and programmes in the UK and internationally. Before joining Companies House, John-Mark held a number of roles in the Department for Work and Pensions and the Office for National Statistics.

Sally Meecham
Interim Director of Digital Data and Technology

Sally has held senior digital transformation roles in the public, private and third sector for over 20 years. Recently, she has been the founder/chief executive officer of the Centre for Digital Public Services in Wales, an organisation that supports the design and delivery of good, user-led, digital public services in Wales. Previous roles have included chief operating officer at the Cabinet Office/ Government Digital Service, chief digital and technology officer at the Crown Commercial Service, digital advisor of Essex County Council and chief digital advisor at Defra.

She has delivered highly successful digital inclusion programmes and is passionate and proactive about getting more inclusion and diversity into the digital, data and technology profession.

Ross Maude
Former Director of Digital Data and Technology

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.

Martin Swain
Director of Intelligence and Law Enforcement Engagement

Martin joined Companies House in 2019 as Director of Strategy, Policy, External Communications and Legal, before taking on the new role of Director of Intelligence and Law Enforcement Engagement in January 2023. This role will focus on new powers that Companies House will have to play a greater role in fighting economic crime.

Before joining Companies House, Martin spent the majority of his career in Welsh Government, and was Deputy Director of Community Safety, leading crime, justice, civil contingencies and emergency planning. Martin is the Board lead on our environmental priorities. He has an MBA with a focus on innovation and organisational culture and is also a Welsh learner.

Aimee Symonds
Director of People

Aimee joined Companies House in June 2020 as Head of Human Resources. She took up the new role of interim Director of People Transformation in September 2022 and appointed as Director of People in February 2023. This role brings together HR, estates, internal communications and engagement, and puts people at the heart of delivering the 5-year corporate strategy and ambitious transformation agenda.

Michelle Wall
Director of Finance and Commercial

Michelle joined Companies House in March 2018 as Director of Finance and Commercial. Her passion is equality, diversity and inclusion, and she is the executive champion.

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 Spencer
Non-Executive Board Member (NEBM) and Audit and Risk Assurance Committee Member

Martin was appointed to the Companies House Main Board as a Non-Executive Director in May 2019 and subsequently accepted a second 3-year term. Previously, Martin was Senior Vice President at NTT DATA, a Tokyo based professional services business, and was specifically accountable for NTT DATA's public services businesses including strategy, growth, programme delivery, and risk and compliance.

Martin has a background in business management and technology consulting, and in the delivery of large infrastructure programmes, having previously worked for KPMG, Capgemini, and BAE Systems Detica in European and UK leadership roles.

Martin also holds Non-Executive Director roles with the NHS Counter Fraud Authority and Ofsted, has recently been appointed as interim Chair of the Education and Skills Funding Agency, and is a Civil Service Commissioner.

Tim Burt
Non-Executive Board Member (NEBM) and Audit and Risk Assurance Committee Member

Tim Burt is Vice-Chair of Teneo; an international strategic advisory firm. Since joining Teneo in 2015, he has provided senior counsel to leading global corporations on critical issues including reputation management, mergers, and acquisitions, restructuring, capital reorganisations and crisis mitigation.

Prior to Teneo, Tim was a founder Managing Partner at StockWell Group and previously served as a Partner at Brunswick Group. From 1989 to 2005, he was a journalist at The Financial Times, where he worked in a number of roles including Media Editor, Motor Industry Correspondent and Nordic Correspondent. He is a graduate of the University of Durham and a Fellow of the Royal Society of Arts & Commerce.

Carol Shutkever
Non-Executive Board Member (NEBM) and Remuneration Committee Member

Carol is a Corporate Lawyer who was a Partner at Herbert Smith Freehills LLP for 20 years. She headed the firm’s UK corporate governance team, providing advice on company law, board governance, listed company regulation, corporate social responsibility, risk management and corporate reporting. She also led the firm’s UK corporate knowledge management team, with responsibility for legal precedents and resources, technical expertise, analysing new law and regulation, legal training, briefings, and seminars.

Carol is now an independent Consultant and is an Examiner for The Chartered Governance Institute. She is a Board Director and Trustee of a schools Multi Academy Trust and a homeless charity, and is a Member of the Finance & Governance Committee of the United Nations Association-UK.

Emir Feisal
Non-Executive Board Member (NEBM) & Chair of the Audit and Risk Assurance Committee

Emir is a Chartered Accountant and is a specialist in transformational change and essential resource planning. The majority of his career was spent at the Sunday Times as Associate Managing Editor for this leading Sunday paper.

He is a Commissioner for the Judicial Appointments Commission, which selects candidates for judicial office in Courts and Tribunals. He is at present, a Board Member and Audit Chair of the Disclosure and Barring Service, the Driver & Vehicle Standards Agency, The Pension Ombudsman, the Honours Committee, and is a Trustee of The Henry Smith Charity, one of the largest grant makers in the UK.

He has held Non-Executive Board Member positions with Lambeth Clinical Commissioning group, London Metropolitan University, and the Bar Tribunal Adjudication Service, amongst others.

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 responsibilities.

Future developments

Companies House's future developments are detailed in its strategy 2020-2025.

Political and charitable gifts

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

Audit service

The statutory external audit was performed by the National Audit Office (NAO) and reported on by the Comptroller and Auditor General. The notional audit fee for 2022/23 was £72,475. This includes £18,119 for work carried out on the LFP Trust Statement. The NAO did not perform any non-audit services.

Conflict of interest

A register of interests is maintained for the Accounting Officer and her Executive Board, and the non-executive board members are asked for declarations of interest in any of the items considered at a particular meeting at Board, Audit and Risk Assurance Committee, and Remuneration Committee meetings.

Directors’ statement

The Executive Board consists of the Chief Executive Officer and Executive Directors. In respect of each of these persons, at the time this report is approved:

1. So far as they are aware there is no relevant audit information of which the auditor is unaware.
2. They have taken all the steps they ought to have taken in their role in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Personal data breaches reported to the Information Commissioner’s Office

Information regarding Companies House’s data controls and breaches, of which one was reported to the Information Commissioner’s Office, can be found in the ‘Data Controls’ section of the Governance Statement.

Statement of Accounting Officer's responsibilities

Under the Government Resources Accounts Act 2000, HM 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 and of its income and expenditure, statement of financial position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual 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 judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements

- prepare the financial statements on a going concern basis
- 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

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

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 auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance statement

Introduction

I have been appointed as Accounting Officer and the Registrar of Companies for England and Wales. I am also the Chief Executive Officer for the organisation. 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 relationship between Companies House and BEIS/DBT. 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.

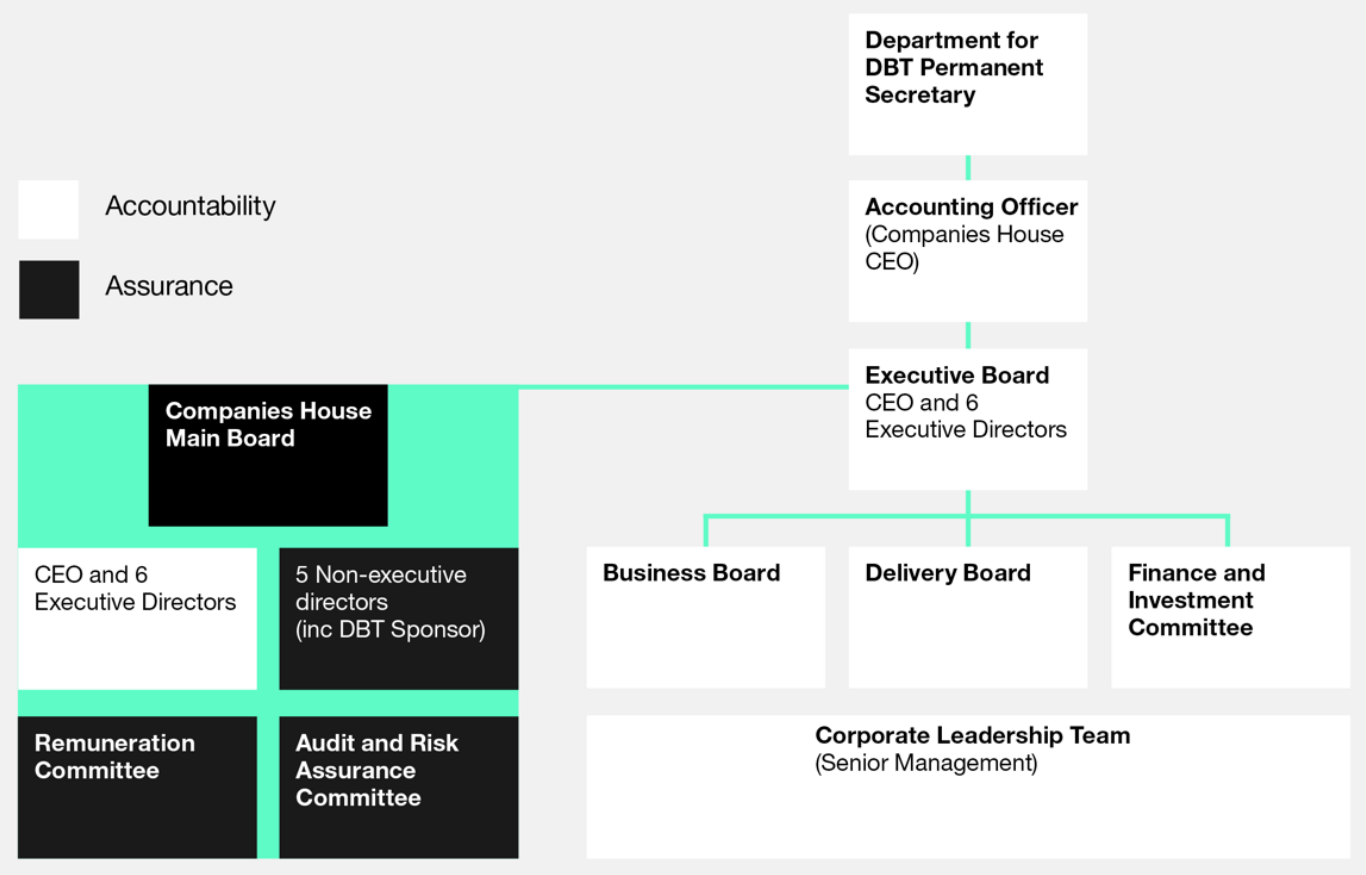
I am also required as Accounting Officer by HM Treasury's Managing Public Money and the Government Financial Reporting Manual to provide a statement on how I have discharged my responsibility to manage and control the resources for which I am responsible during the year. The Governance Statement gives 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's Corporate

Governance in Central Government Departments: Code of Good Practice 2017.

In addition, I am also the Regulator for Community Interest Companies (CIC), appointed in September 2020. CIC decides whether an organisation is eligible to become, or continue to be, a community interest company and is responsible for investigating complaints, taking appropriate action where necessary, and providing guidance and assistance to help people set them up. A separate Annual Report is provided representative of CIC.

Governance framework

We are managed by a Board and an Executive Board. The Board is chaired by an independent non-executive board member. The Board has strategic oversight and is supported by the Audit and Risk Assurance Committee and Remuneration Committee. The Executive Board 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.



Governance Structure

Relationship with BEIS/DBT

Following the ONS review of our sector classification, from April 2020 we were re-classified to form part of central government, relinquishing our trading-fund status. This had no impact to our status as an Executive Agency (EA) of BEIS and remaining an EA of BEIS.

However, significant changes were made to our internal controls and arrangements that ensured closer alignment to BEIS' governance requirements. Since then, wider machinery of government changes were announced in February 2023, and we have continued to work closely with officials and the BEIS/DBT sponsorship team to ensure we align with evolving requirements. In addition, Companies House and BEIS/DBT have two joint boards: Sponsorship Board which reviews performance, risk, finance and policy matters and the Reform Board which is focussed on delivering register reform and corporate transparency changes.

Companies House's boards and committees

All boards and committees were well attended throughout 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. Members of the Board declared their association with other organisations and recorded that there were no conflicts of interest.

Companies House's Main Board

The Board's main role is to set Companies House's strategy and direction, and to oversee operational effectiveness. It is led by an independent Non-Executive Chair. It comprises seven members of the Executive team (including the Chief Executive), five 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 Main Board:

- received regular updates on the ongoing legislative reforms and transformation
- reviewed progress implementing the strategy 2020 to 2025
- agreed the contents of the 2023/24 Business Plan and public targets
- reviewed and agreed the 2022/2023 Annual Report and Accounts
- reviewed operational and financial performance

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.

Audit and Risk Assurance Committee

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

The Audit and Risk Assurance 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 Assurance Committee:

- received regular reports of the management and progress against the organisation's strategic risks
- received regular strategic risk updates
- 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
- received reports and held discussions on specific areas during the year including cyber security
- operational processes, information security and systems resilience

Internal effectiveness reviews are conducted regularly in line with NAO guidance.

Remuneration Committee

The Board are also supported by a Remuneration Committee chaired by the Board's Chair. During this financial year, following a period of negotiation, the Committee endorsed the Executive's pay and reward recommendations, and staff award scheme recommendations.

The Committee also considered the gender pay gap analysis, cost of living concerns, and held discussions regarding matters of equality, diversity, and inclusion.

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 non-executive board members. The Board discusses the progress against each year's annual business plan, which the Executive Board is responsible for delivering, and regularly reviewed our performance against the plan.

In Autumn 2022 an independent effectiveness review was carried out for Main Board. The Board considered the outcomes of the review in November 2022 and agreed that a small sub-group should be convened to develop an action plan to address the key recommendations. Main Board receives regular updates on progress implementing the action plan.

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.

Board membership

During the year, there were changes to the composition of the Main Board, the Audit and Risk Assurance Committee, and the Remuneration Committee. The term of appointment for Lesley Cowley ended and a new Chair, John Clarke, was appointed. Sally Meecham replaced Ross Maude as Interim Executive Director for Digital, Data and Technology and Aimee Symonds replaced Angela Lewis as Director for People Transformation,

Table of attendance of the Board and its sub-committees

Board member	Main Board 7 meetings in year	Audit and Risk Assurance Committee 5 meetings in year	Remuneration Committee 2 meetings in year
Lesley Cowley (NEBM) Chair of the Main Board (March 2017 to 28 February 2023)	6 of 6 (6)	-	2 of 2 (2)
John Clarke (appointed 1 March 2023	1 of 1 (1)		
Louise Smyth (CEO, Registrar)	7 of 7 (7)	5 of 5 (5) (Attendee)	2 of 2 (2)
Martin Spencer (NEBM)	5 of 7 (7)	5 of 5 (5)	-
Eoin Parker (BEIS)	7 of 7(7)	-	2 of 2 (2)
Emir Feisal (NEBM, Chair of ARAC) (Appointed 7 January 2022)	5 of 7 (7)	5 of 5 (5)	-
Carol Shutkever (NEBM) (Appointed 17 January 2022)	7 of 7 (7)	-	2 of 2 (2)
Timothy Burt (NEBM) (Appointed 7 January 2022)	7 of 7 (7)	5 of 5 (5)	-
Angela Lewis (Director of People Transformation)	2 of 3 (3)	-	1 of 1 (1) (Attendee)
Aimee Symonds (Director of People Transformation – Interim from Sept 2023 and permanent in the role of Director of People from Feb 2023)	4 of 4 (4)		1 of 1 (1) (Attendee)
Michelle Wall (Director of Finance and Commercial)	6 of 7 (7)	3 of 5 (5) (Attendee)	-
John-Mark Frost (Director for Transformation Delivery)	7 of 7 (7)		-
Ross Maude (Director of Digital, Data and Technology) Senior Information Risk Owner	1 of 2 (2)	-	-

Board member	Main Board 7 meetings in year	Audit and Risk Assurance Committee 5 meetings in year	Remuneration Committee 2 meetings in year
Sally Meecham (Director of Digital, Data and Technology Senior Information Risk Owner	5 of 5 (5)		
Martin Swain Director of Intelligence and Legal Enforcement Engagement)	6 of 7 (7)	-	-
Jill Callan (Director of Operations)	7 of 7 (7)	-	-

Figures denote meetings attended (meetings available to attend, subject to term dates) in year.

Managing the business – change and investment

In addition to the Main Board, the Audit and Risk Assurance Committee, and the Remuneration Committee, I had the assistance of four internal Boards; the Executive Board, Business Board, Delivery Board and the Finance & Investment Committee.

The Executive Board is comprised of the Executive Directors 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
- the monitoring of strategic risks

The Business Board is chaired by the Director of Operations and is comprised of corporate leaders from across the organisation. It is responsible for monitoring:

- all customer interaction
- all customer delivery systems
- all operational systems
- workload planning which in turn feeds into strategic planning
- service performance, for example: throughput and quality
- operational level risk within the Board's remit

The Delivery Board is chaired by the Director for Transformation Delivery, and membership includes the Head of Portfolio Delivery and select Heads of Functions. It is responsible for monitoring:

- the delivery of the portfolio delivery planning
- spend against profiled budget and management of resources
- the effectiveness of the management of project activity
- decisions relating to projects
- portfolio level risks and issues

The Finance and Investment Committee is chaired by the Director of Finance and Commercial, and membership is comprised of the Director of Intelligence and Legal

Enforcement Engagement and various Heads of Function, including the Head of Strategic Finance and the Head of Financial Control. This group is responsible for:

- overseeing, monitoring, and reviewing stewardship of Companies House's investments, including financial planning and performance of revenue and capital expenditure plans
- providing the Executive Board with a means of assurance regarding the organisation's financial position and investments in support of delivering value through efficient use of resources

Risk Management Framework and internal controls

We have continued to embed the new Risk Management Framework that was first introduced towards the end of the 2020/21 financial year. Our focus has been on ensuring that robust risk registers were dispersed across all levels of Companies House, with clear escalation and reporting lines established. Issue management arrangements have also been embedded, across three tiers and using similar principles to risk management which ensures transparency and timely mitigation of issues.

Our risk management approach continues to mature, and we have established the Risk and Assurance Community of Practice to engage greater organisational engagement through intelligence sharing and collaboration of risks. The pace, scale and complexity of our transformation and the legislative reform agenda has made it more challenging to capture risks effectively and we are now exploring software that will further enhance the current system.

Risk assessment

Risk management at Companies House actively manages risks across the business, and over the period April 2022 to March 2023, the principal risks were monitored and managed at Executive level. Below is a summary of the highest risks during the year.

During 2022/2023, there has been considerable increase in risks associated with capability and capacity within the organisation. Initially, the concerns related to Digital and Data services, however as the year progressed, it has been challenging to recruit into many other specialist roles across the entire organisation, due in part to a competitive recruitment market and in financial terms, Government departments struggling to provide an attractive financial package to compete with other sectors. Work continues around mitigating these risks, and there has been some movement towards recruitment activity at the year's latter end, however, with the demands of the transformation programme, and the potential new legal powers, the risk around capability and capacity will continue into 2023/2024.

As the pace of the transformation programme has increased, there are some uncertainties around the deliverability. This is in part due to the ambitious timescale set by parliament and the delay of the reading at the House of Lords, which has the potential to impact Royal Assent. Nevertheless, we are focussed on monitoring and implementing mitigations for those areas that are within our control and developing a robust action plan as part of the Gateway Review process.

With the new legislation due in the autumn 2023, there is a need to progress the change management to new ways of working, this will have to be communicated across the organisation and a focus on the sensitive nature that the new powers may bring. This includes a heightened risk of fraudulent activity both externally and potentially internally and the extra security measure that will be required.

The Russia-Ukraine conflict has continued throughout the year, which has seen the risk of cyber-attack remain on the strategic and corporate registers, the risk will continue throughout 2023/2024 due to the conflict and the potential for increase in cyber related attack due to the new legislation and powers.

Issues and highlights

Companies House's Executive Board considered a range of issues and highlights throughout the course of 2022/2023. These have included:

- funding and fees issues, including moving to a sustainable funding model
- transformation and business case to secure funding for years 4 and 5

- Gateway 3 Assurance Review and action plan
- legislative changes, interpretation, implementation, and timing of Royal Assent
- hybrid working

Compliance with functional standards

Companies House has established Executive sponsorship and organisational leads for each of the functional standards in scope. We continue to address varying levels of implementation, with a focus on the mandatory elements.

Crisis management

Overall responsibility for our crisis management sits with the Director of People Transformation and is supported by strategic and operational business continuity leads. The Government Internal Audit Agency (GIAA) also provides support and input, advising on efficiency and effective way of managing incidents.

Supporting Crisis Management is a clarified incident escalation process which includes an incident categorisation matrix aligned to the risk management process.

With engagement across Companies House, scenario specific tactical and strategic level plans have also been developed and continue to evolve. These include:

- Crisis Management Strategic Framework – defines Companies House overarching response to any significant incident.

- Crisis Management Strategic Plan – outlines the strategic level response to significant incidents.
- Local and National Power Outage Plan. These plans set outs Companies House's response to a local and national power outage including protecting infrastructure, assets, and colleagues.
- Business Continuity Plans – continually evolving plans covering areas directly providing, or supporting, the delivery of our services.

In line with best practice a review of all Business Impact Analysis (which identifies critical activities and their requirements for recovery) has been started to reflect the transformation of Companies House including changes to our systems, services, and ways of working.

Cabinet Office spending controls

In addition to the rules set out in Managing Public Money, Cabinet Office operates a set of additional spending controls. Companies House is compliant with the full suite of spending controls.

Companies House provided 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 Pipeline Assurance Group with members from Companies House, BEIS/DBT Assurance, Digital and Central Digital & Data Office (Cabinet Office) which meets monthly.

The pipeline and associated spend are subject to review by BEIS/DBT's Joint Assurance Review for assurance that controls have been properly applied.

BEIS CAB also approved a case for a delivery partner contract under the Delivery Service Provider (DSP) Framework to provide additional digital, data and technology resources and expertise. This will enable Companies House to deliver both the legislative reforms and the non-legislative elements of the Transformation programme.

Commercial controls

Our commercial activity is governed by the Public Contracts Regulations 2015 (PCR). Control over commercial contracts is maintained by our procurement function in conjunction with relevant budget holders, procurement procedures and project controls.

We are supporting the economy by ensuring PCR compliant procurements, including:

- engagement of market through competitive processes to stimulate competition, innovation and deliver value for money, spend monitoring, and review of policies and processes in line with Government Commercial Function (GCF)
- use of central government commercial frameworks

- commitment to compliance by ensuring suppliers adhere to legislation including but not limited to:
  - Environmental ISO14001
  - Data Security ISO27001
  - ISO 45001
  - Data Protection Act 2018
  - Modern Slavery Act 2015
- contract management to drive efficiency and continuous improvement, business continuity planning, and financial due diligence.
- in line with Government Procurement Policy (Procurement Policy Notes, PPNs), tailoring our commercial approach to COVID-19 to the nature, scale, and location of the threat in the UK

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 Assurance 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/DBT 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 the 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 monthly basis.

LFPs received are surrendered directly to HM Treasury and do not form part of Companies Houses' Executive Agency income. The Trust Statement for Late Filing Penalties 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. Budget allocation and monitoring is sub-delegated to Executives and budget holders. The LFP scheme is also reported and reviewed with BEIS/DBT.

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 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.

Data controls

Governance arrangements have remained in place this year. The Senior Information Risk Officer (SIRO), who is also the Director of Digital, Data and Technology, 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, the business continuity manager, and 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 were 38 reported incidents of personal data breaches over this period. Given the very large volume of accepted transactions, the number of breaches reported is extremely low. These were mostly caused by human error. We did report one case to the Information Commissioner's Office (ICO) as a precaution and in accordance with their guidelines. The ICO was content that the incident was not likely to pose a high risk to data subject's rights and freedoms and decided that it did not need to take further action.

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. The Record of Processing Activity (ROPA) is constantly reviewed to ensure records of the personal data processed by Companies House 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. There have been no substantial data security incidents during 2022/23.

Application of Business Appointment Rules

In compliance with the Business Appointment Rules Companies House is transparent in its advice given to individual applications for senior staff. There were two changes to staff at SCS1 or SCS2 during the financial year.

During the year, Companies House appointed Sally Meecham as an off-payroll Director of Digital Data and Technology. She was appointed from 21st June 2022 until 30th June 2023. Her appointment was approved by the Accounting Officer and Spend Approval was sought and obtained in advance of her appointment.

This appointment was for an extended period, due to pressures in the Digital recruitment market, and the need to ensure this critical role continued the activities on both the Companies House Digital Transformation, and to support the transformation under register reform.

Approval under HMT’s “Guidance for tax assurance process of public sector appointees” was not sought prior to the appointment. Retrospective approval was requested but not provided. This approval was not sought in a timely fashion due to an oversight and lack of understanding of the approval route. To prevent this from happening in future all SCS appointments will be formally scrutinised by the executive committee to provide assurance that all spending controls have been secured.

Counter fraud and error

The management of fraud, error, corruption, and debt is a critical part of good governance. As an Executive Agency of BEIS/DBT, any losses and recoveries are reported quarterly to Cabinet Office via BEIS/DBT.

Overall responsibility for our management of fraud, error and debt sits with the Director of Finance and Commercial, supported by a Counter Fraud Network Group. The GIAA provides support and input, advising on aspects of control and risk management.

Our Counter Fraud Strategy 2022 – 2025 outlines the actions we plan to take over the period. These include:

- promoting a counter-fraud culture
- reporting on fraud
- assessing fraud risk
- proactive counter fraud initiatives
- counter fraud investments
- measurements and baselines

We continued to develop our counter fraud capability in anticipation of the legislative reforms that will give us new powers to achieve our strategic goals to increase trust in our data, maximise the value of our registers and play a more central role in tackling economic crime. We have a particular focus on designing counter-fraud measures into our new processes and ensuring an understanding of key threats.

Whistleblowing procedures

Companies House's whistleblowing policy and procedures have been produced in line with the Civil Service Employee Policy. Companies House reviewed its whistleblowing policy and procedures in March 2022 to ensure they are fit for purpose. 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.

To develop this area further, an Assurance Framework that brings together the different sources of assurance is currently in development. A new process has been adopted, the Controls and Assurance Record, which pulls together the various sources of assurance across the organisation and tests their effectiveness, with potential gaps and overlaps raised through an Assurance Improvement Plan issued at both an organisation and directorate level.

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 Assurance Committee and approved by the Accounting Officer. Regular reports are made to the Accounting Officer and Audit and Risk Assurance 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.

GIAA audit opinion

This financial year, the Head of Internal Audit (HIA) returned an opinion of 'moderate' assurance. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and internal control processes.

This opinion is formed as a result of individual audit engagements undertaken throughout the year, attendance of boards and committees, and regular meetings with senior management. The HIA assurance activities were aligned to the key risks to strategic objectives of the organisation, focusing on:

- strategic change activities – specifically, those supporting the Transformation programme
- governance, risk management, and internal control design focusing on workforce planning
- digital, Information and Cyber Security
- key financial controls and business planning
- the customer journey

Louise Smyth
Accounting Officer
Chief Executive and Registrar

L. C Smyth

4 December 2023

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 and local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving public services, including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the government's departmental expenditure limits
- the government's inflation target

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

Further information about the work of the review body can be found at: www.gov.uk/government/organisations/review-body-on-senior-salaries

Service contracts

The Constitutional Reform and Governance Act 2010 requires civil service appointments to be made on merit on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated in this remuneration report, the officials covered by this report hold appointments which are open-ended. 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.org.uk

Fee entitlements for non-executive board members

The table below shows fee entitlements for non-executive directors who were members of Companies House's Main Board during the year ending 31 March 2023.

Board member	2022/23 £'000	2021/22 £'000
Lesley Cowley[1], non-executive chair (Term ended 28 February 2023)	40-45 (FYE 45- 50)	45-50
Martin Hagen, (non-executive director and chair of the Audit and Risk Assurance Committee) (term ended 31 December 2021)	Nil	5-10 (FYE 10-15)
Vanessa Sharp, non-executive director (term ended 31 August 2021)	Nil	0-5 (FYE 10-15)
Kathryn Cearns, non-executive director (term ended 31 December 2021)	Nil	10-15 (FYE 15-20)
John Clarke [2], non-executive chair (Appointed 1 March 2023)	0-5 (FYE 35-40)	Nil
Emir Feisal, non-executive director and chair of the Audit and Risk Assurance Committee	10-15	0-5 (FYE 10-15)
Martin Spencer, non-executive director	10-15	10-15
Timothy Burt, non-executive director	10-15	0-5 (FYE 10-15)
Carol Shutkever, non-executive director	10-15	0-5 (FYE 10-15)
Eoin Parker[3], non-executive director	Nil	Nil

This table has been subject to audit.

1. Lesley Cowley was Chair of Companies House from March 2017 to 28 February 2023.
2. John Clarke was appointed as Chair on 1 March 2023. The Chair's remuneration is in respect of a time commitment of a minimum of 30 days per annum.
3. Eoin Parker is a civil servant (BEIS/DBT) and is not remunerated for serving on the Board.

Directors – single total figure of remuneration

The table below outlines the single total figure of remuneration for Companies House directors.

Name	Salary		Bonus performance payments		Pension		Total	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Louise Smyth	115-120	110-115	Nil	5-10	55	20	170-175	135-140
John-Mark Frost	75-80	75-80	5-10	5-10	30	30	110-115	110-115
Ross Maude [1]	20-25 (FYE 120-125)	120-125	Nil	0-5	8	48	25-30	165-170
Michelle Wall	80-85	75-80	Nil	0-5	17	27	95-100	105-110
Angela Lewis [2]	35-40 (FYE 75-80)	80-85	5-10	5-10	6	24	45-50	110- 115
Martin Swain	80-85	80-85	0-5	0-5	-7	21	75-80	100-105
Jill Callan	70-75	70-75	Nil	0-5	-13	70	60-65	140-145
Aimee Symonds [3]	40-45 (FYE 70-75)	Nil	Nil	Nil	20	Nil	60-65	Nil
Sally Meecham [1]	225-230 (FYE 290-295)	Nil	Nil	Nil	Nil	Nil	225-230	Nil

This table has been subject to audit.

1. Ross Maude – resigned from the position of Director of Digital Data and Technology during June 2022, he was replaced on an interim basis during June 2022 by Sally Meecham, who was not employed by Companies House, but was an off-payroll employee.
2. Angela Lewis – resigned from position of Director of People Transformation in November 2022 and was replaced on an interim basis by Aimee Symonds. Her FYE salary was higher last year due to back-pay paid in April 2021.
3. Aimee Symonds was appointed as Director of People in February 2023, after taking up the role of interim Director of People Transformation in September 2022, following the resignation of Angela Lewis.
4. The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions

made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

5. The final salary pension of a person in employment is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of any pay rise during the year. Where there is no or a small pay rise, the increase in pension due to extra service may not be sufficient to offset the inflation increase – that is, in real terms, the pension value can reduce, hence the negative values.

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 2022/23 (2021/22: Nil).

Bonus (performance payments)

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 Main 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.

Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2022/23 relate to performance in 2022/23 and the comparative bonuses reported for 2021/22 relate to the performance in 2021/22.

Fair pay disclosure (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation, and the lower quartile, median and upper quartile remuneration, and corresponding ratio of the organisation’s workforce.

The banded remuneration of the highest paid director at Companies House in the financial year 2022/23 was £290,000 to £295,000 for Sally Meecham (2021/22: £120,000 to £125,000). This was 9.33 times the median remuneration of the workforce (2021/22: 4.46), which was £31,349 (2021/22: £27,462).

Sally Meecham was appointed on a temporary basis to cover the role of Director of Digital Data and Technology whilst recruiting for a permanent full time Director of Digital Data and Technology. Sally Meecham was paid as a contractor during her employment at Companies House which began on 21 June 2022. She was the only off payroll engagement on the board during the financial year and is also disclosed as an off-payroll board member.

In 2022/23, 5 specialist contractors in Digital Data & Technology received remuneration in excess of the highest paid director (2021/22: 44). Remuneration ranged from £19,000 to £381,000 (2021/22: £18,000 to £366,000).

The increase in the average salary and allowances of Companies House employees of 33% reflects the increased use of contingent labour to supplement existing workforce to support the Companies House Transformation programme.

The decrease in the average performance pay and bonuses paid of 39% is attributed to the continuation of the removal of the Corporate Efficiency Award (CEA) as disclosed in the prior year.

Total remuneration includes salary, non-consolidated performance related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. All employee remuneration figures have been calculated, including temporary and agency staff, in line with the Government Financial Reporting Manual (FReM) guidelines.

Percentage change in total salary and bonuses for the highest paid director and the staff average

	Total salary and allowances	Bonus payments
Salary average	33%	-39%
Highest paid director	139%	-100%

Ratio between the highest paid directors' total remuneration and the lower quartile, median and upper quartile for staff pay

		2022/23	2021/22
Band of highest paid director's total remuneration (FYE)	£'000	290-295	120-125
Range of staff remuneration (Including temporary and agency staff)	£'000	19-381	18-366
Median remuneration – total pay & benefits	£	31,349	27,462
Median remuneration – salary component of total pay & benefits	£	31,349	27,462
Ratio		9.33	4.46
25th percentile remuneration – total pay & benefits	£	23,437	22,735
25th percentile remuneration –salary component of total pay & benefits	£	23,237	22,735
Ratio		12.48	5.39
75th percentile remuneration – total pay & benefits	£	43,191	39,816
75th percentile remuneration –salary component of total pay & benefits	£	42,991	39,816
Ratio		6.77	3.08

Directors – pension benefits

Name	Real increase in pension and related lump sum at pension age £'000	Accrued pension as at 31 March 2023 and related lump sum £'000	CETV[1] at 31 March 2023 £'000	CETV[2] at 31 March 2022 £'000	Real increase (decrease) in CETV[3] funded by employer £'000
Louise Smyth	2.50-5 plus a lump sum of 0-2.5	50-55 plus a lump sum of 130-135	1187	1,016	41
John-Mark Frost	0-2.5	20-25	204	178	11
Ross Maude	0-2.5	10-15	123	117	4
Michelle Wall	0-2.5	20-25	341	302	5
Angela Lewis	0-2.5	30-35	506	487	1
Martin Swain	0-2.5 plus a lump sum of 0	35-40 plus a lump sum of 65 – 70	648	595	-17

Name	Real increase in pension and related lump sum at pension age £'000	Accrued pension as at 31 March 2023 and related lump sum £'000	CETV[1] at 31 March 2023 £'000	CETV[2] at 31 March 2022 £'000	Real increase (decrease) in CETV[3] funded by employer £'000
Jill Callan	0 plus a lump sum of 0	30-40 plus a lump sum of 75 – 80	699	644	-22
Aimee Symonds	0-2.5 plus a lump sum of 0-2.5	20-25 plus a lump sum of 30-35	268	240	9
Sally Meecham[4]	Nil	Nil	Nil	Nil	Nil

This table has been subject to audit.

1. Cash equivalent transfer value.
2. The opening balance at the start of the default period scheme year does not agree with the closing balance in the previous year because of a retrospective update to salary data.
3. Taking account of inflation, the CETV funded by the employer has decreased in real terms for Martin Swain and Jill Callan
4. Sally Meecham was not employed by Companies House but was an off-payroll employee.

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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

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 Exchequer. 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.

Staff report

Overview

The staff report covers employee matters in the year. It also provides statutory disclosures on staff costs, numbers, composition, and other activities.

Staff policies

We have continued our focus on employee health, with structured support for the five key pillars of mental, physical, financial, social and digital wellbeing. We have a thriving community of people led networks where peer to peer discussion, shared experience, support and signposting are a staple part of the organisations culture. Strong relationships with our Occupational Health provider have ensured an understanding of the way in which we work, resulting in consistency throughout a wide range of support and recommendations that bring workable solutions.

The transition to hybrid working maintains a good balance between work and life commitments, ensuring we get the best from face-to-face meetings, team collaboration and coming together to celebrate moments that matter. Our people policies are evolving to ensure they provide clear and succinct direction which raises leadership capability and fosters confident decision making with a self-service approach.

Staff engagement

This year's People Survey (2022/23) saw a completion rate of 87% compared with a 93% completion rate last year. The median response rate across around 100 organisations that took part is 77%. The overall (mean) completion rate for Civil Service was 65% which is three percentage points higher than last year. This year's results have given an overall engagement score of 65% which is down by six percentage points on last year's figure. In view of significant challenges faced this is unsurprising and aligns with the Civil Service engagement score of 65%.

We continued to adopt our two-tier approach in responding to the results of the People Survey by creating our corporate action plan and working with our directorate engagement groups. Focussing on the future is key as this year will see the biggest change to Companies House in 170 years. This presents a unique, exciting opportunity to focus on building leadership capability and delivering change. A huge amount of work has been undertaken relating to hybrid/flexible working and pay and benefits and while these remain priority areas of focus, they are incorporated into a broader theme around creating a great employee experience which provides a broader scope.

Driven by colleague led support, a host of activity has enabled us to keep our "you said, we did" commitment on every agenda whilst capturing valuable data for our continued work with Investors in People.

Staff composition

The information included within the staff report has been subject to audit.

The table below shows the full headcount for the number of senior civil service staff (or equivalent) by band during the year.

Senior civil service staff band	2022/23 Number of senior service staff	2021/21 Number of senior service staff
Band 1	8	6
Band 2	1	1
Total	**9**	**7**

This table has been subject to audit.

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

Staff numbers by location	2022/23 Total employees	2022/23 Full-time equivalent posts (FTE)	2021/22 Total employees	2021/22 Full-time equivalent posts (FTE)
Cardiff	1,149	1,060	1,062	981
Belfast	24	23	21	19
Edinburgh	44	43	40	39
London	4	4	6	6
Total	**1,221**	**1,130**	**1,129**	**1,045**

This table has been subject to audit.

Staff numbers by activity	2022/23 Total employees	2022/23 Full-time equivalent posts (FTE)	2021/22 Total employees	2021/22 Full-time equivalent posts (FTE)
Customer Delivery Directorate and Late Filing Penalties	716	647	651	590
Digital Services	243	236	236	231
Corporate Services	178	165	157	143
Strategy	55	53	59	56
Chief Executive and Registrar and legal	29	29	26	25
Total	**1,221**	**1,130**	**1,129**	**1,045**
Staff who worked on capital projects (also included above)	122	-	125	-

This table has been subject to audit.

In addition, the average number of contract staff was 125 (2021/22: 58) of whom 90 (2020/21: 36) were included on capital projects.

Staff numbers by contract type (average headcount)	2022/23	2021/22
Staff with a permanent (UK) employment contract with Companies House	1,179	1,097
Other staff engaged on the objectives of Companies House	42	90
Total	**1,221**	**1,187**

This table has been subject to audit.

Staff composition (average headcount)	2022/23			2021/22		
	Female	Male	Total	Female	Male	Total
Directors (senior civil servants)	5	2	7	4	3	7
Employees	687	527	1,214	622	500	1,122
Total	**692**	**529**	**1,221**	**626**	**503**	**1,129**

There were six independent non-executive board members as at 31 March 2023 (2021/22: 6).

The average staff turnover in the year was 12% (2021/22: 12%).

During 2022/23, the total number of whole time equivalent (WTE) days lost to sickness absence was 7,318 days (2021/22: 7,480 days). This equated to an average of 6.48 working days lost per staff member (2021/22: 7.15 days); a total sickness absence rate of 2.6% (2021/22: 2.8%).

Staff costs

Staff costs (for the above persons)	2022/23 £'000	2021/22 £'000
Salaries	38,336	32,492
National Insurance	3,901	3,254
Pension costs	9,839	8,852
Contract staff	9,424	7,528
Capitalised staff costs (included above)	(592)	(1,539)
Capitalised contract staff project costs (included above)	(1,086)	(2,976)
Staff costs per operating account	**59,822**	**47,611**

This table has been subject to audit.

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. This 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 The Pensions Increase legislation. Existing members of the PCSPS who were within 10 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 switched into alpha sometime between 1 June 2015 and 1 February 2022. Because the government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the CETV shown in this report – see above).

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 defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and 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.

At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with The 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 an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). 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. (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 but note that part of that pension may be payable from different ages.)

Further details about civil service pension arrangements can be found at the website
www.civilservicepensionscheme.org.uk

Further information on the treatment of pension liabilities is included in the accounting policies (note 3 of the financial statements).

Consultancy and the use of contingent labour

Consultancy and the use of contingent labour	2022/23 £'000	2021/22 £'000
Consultancy expenditure	175	151
Contingent labour expenditure	9,424	7,528

The use of contingent labour has increased during the year, to supplement the existing workforce and support the extensive Transformation programme.

Compensation for loss of office

Companies House did not run an exit release scheme during 2022/23. This means that no members of staff left during the year under a voluntary exit scheme (2021/22: Nil), and no compensation payments were made during the year (2021/22: Nil).

During the year 2 employees received compensation payments totalling £75,706 following their efficiency departure (2021/22: Nil).

This section has been subject to audit.

Off-payroll engagements

The table below shows the number of highly paid off-payroll worker engagements as at 31 March 2023, who earned £245 per day or greater.

	2022/23
Number of existing engagements as at 31 March 2023	147
Of which:	
- Number that have existed for less than one year	88
- Number that have existed for between one and two years	45
- Number that have existed for between two and three years	7
- Number that have existed for between three and four years	1
- Number that have existed for more than 4 years	6

The table below shows the number of highly paid off-payroll workers engaged at any point during the year ending 31 March 2023, who earned £245 per day or greater.

	2022/23
Number of temporary off-payroll workers engaged during the year ending 31 March 2022 earning £245 per day or greater.	147
Of which:	
- Not subject to off-payroll legislation	66
- Subject to off-payroll legislation and determined as in-scope of IR35	0
- Subject to off-payroll legislation and determined as out-of-scope of IR35	81
- Number of engagements reassessed for compliance or assurance purposes during the year	0
- Of which: Number of engagements that saw a change to IR35 status following review	0

The table below shows any off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2022 and 31 March 2023.

	2022/23
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year	1
Number of individuals on-payroll and off-payroll that have been deemed board members and/or senior officials with significant financial responsibility during the financial year	8

Sally Meecham was appointed on a temporary basis to cover the role of Director of Digital Data and Technology whilst recruiting for a permanent full time Director of Digital Data and Technology. She was the only off payroll engagement on the board during the financial year.

Auditable and non-auditable elements of this report

The tables in this remuneration and staff report specified as audited have been subject to audit and are referred to in the Certificate and Report of the Comptroller and Auditor General to the House of Commons. The Auditor General's opinion is included within this certificate and report.

Parliamentary accountability and audit report

Parliamentary accountability

The information included within the Parliamentary accountability report has been subject to audit.

Fees and charges

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

	Income 2022/23 £'000	Cost of services 4 2022/23 £'000	Surplus/ (deficit) 2022/23 £'000
Registration activities[1]	84,626	(80,227)	4,399
Dissemination activities[2]	1,826	(3,770)	(1,944)
Other services[3]	2,209	(14,241)	(12,032)
Total as per operating account	**88,661**	**(98,238)**	**(9,577)**

This table has been subject to audit.

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. The surplus is attributable to the new registration activity generated from the Register of Overseas Entities (ROE).
2. Dissemination activities includes searches delivered on paper, electronically and to bulk customers. The deficit is a result of the free provision of dissemination services to users.
3. Other services include income from rentals and surplus office space. The costs of services are made up of all other expenditure incurred which is outside of the costs to deliver registration and dissemination activities. The deficit is a result of the transformational reform Companies House is currently undertaking and the market revaluation of our Crown Way right of use asset and is not recovered through fees.
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.
5. A fees and charges review is planned later this year due to the surplus and deficit level identified across both registration and dissemination activities.

Regularity of expenditure

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

Special payments and losses

There was one individual loss (2021/22: no losses) made under this category that met the reporting threshold of £0.3m. A constructive loss of £0.4m has been provided for in relation to an onerous lease contract – see note 12 Provisions in the Financial Statements.

There were no special payments (2021/22 – no payments).

Please see the Trust Statement for disclosure of late filing penalties losses and special payments.

Remote contingent liabilities

There are no remote contingent liabilities to disclose for 2022/23.

Louise Smyth
Accounting Officer
Chief Executive and Registrar of England and Wales

L. C Smyth

4 December 2023

The certificate and report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Companies House for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000.

The financial statements comprise: the Companies House

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Companies House's affairs as at 31 March 2023 and its net expenditure for the year then ended; and

- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 2019. I am independent of the Companies House in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Companies House's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Companies House's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Companies House is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance Report, Financial Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Companies House and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report, Financial Performance and Accountability Reports.

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 by the Companies House or returns adequate for my audit have not been received from branches not visited by my staff; or

- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the 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:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;

- providing the C&AG with unrestricted access to persons within Companies House from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing the Companies House's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Companies House will not continue to be provided in the future.

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 Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Companies House's accounting policies, key performance indicators and performance incentives.
- inquired of management, Companies House's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Companies House's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Companies House's controls relating to the Companies House's compliance with the Government Resources and Accounts Act 2000, and Managing Public Money;

- inquired of management, the Companies House's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Companies House for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Companies House's framework of authority and other legal and regulatory frameworks in which the Companies House operate. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Companies House. The key laws and regulations I considered in this context included

Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2022, employment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

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

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 I identify during my audit.

Report

My certificate above sets out my opinion that, 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. I note that the section of the Governance Statement entitled ‘Application of Business Appointment Rules’ refers to the appointment of an interim director under an off-payroll arrangement for an extended period, for which approval under HM Treasury’s rules for off-payroll workers was refused by HM Treasury. I consider the financial transactions associated with this appointment to be immaterial to my opinion on regularity and I have therefore not qualified my opinion in this respect.

Gareth Davies 6 December 2023
Comptroller and Auditor General

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

4. Financial statements

Statement of comprehensive net expenditure for the year ending 31 March 2023

	Note	2022/23 £'000	2021/22 £'000
Total operating income	2	**88,661**	**83,859**
Staff costs	3	(59,822)	(47,611)
Non-staff administration costs	4	(45,177)	(41,290)
Repayment of VAT	5	-	(2,527)
Net (loss) on revaluation of right of use asset		-	(8,069)
Remeasurement gain on right of use asset & lease liability	7	6,909	-
Total operating expenditure		**(98,090)**	**(99,497)**
Net operating expenditure		(9,429)	(15,638)
Interest payable on lease liability	7	(148)	(288)
Net expenditure for the year		**(9,577)**	**(15,926)**
Comprehensive net expenditure for the year		**(9,577)**	**(15,926)**

All income and expenditure is derived from continuing activities.

The accompanying notes form part of the financial statements.

Statement of financial position as at 31 March 2023

	Note	2022/23 £'000	2021/22 £'000
Non-current assets			
Property, plant and equipment	6	4,602	4,680
Right of use assets	7	1,525	22,729
Intangible assets	8	29,603	24,750
Total non-current assets		**35,730**	**52,159**
Current assets			
Trade and other receivables	9	15,359	11,267
Cash and cash equivalents	10	7,224	2,801
Total current assets		**22,583**	**14,068**
Total assets		**58,313**	**66,227**
Non-current liabilities			
Provisions	12	(420)	(151)
Lease liability	7	(41)	(27,721)
Total non-current liabilities		**(461)**	**(27,872)**
Current liabilities			
Trade and other payables	11	(14,474)	(10,778)
Provisions	12	(449)	(376)
Lease liability	7	(2,086)	(2,517)
Total current liabilities		**(17,009)**	**(13,671)**
Total liabilities		**(17,470)**	**(41,543)**
Assets less liabilities		**40,843**	**24,684**
Taxpayers' equity			
General fund		40,843	24,684
Total		**40,843**	**24,684**

The accompanying notes form part of the financial statements.

Louise Smyth
Accounting officer
Chief Executive and Registrar for England and Wales

L. C Smyth

4 December 2023

Statement of cash flows for the year ending 31 March 2023

	Note	2022/23 £'000	2021/22 £'000
Cash flows from operating activities			
Net operating expenditure	SoCNE	**(9,429)**	**(15,638)**
Non-cash transactions			
Net loss on revaluation of right of use asset		-	8,069
Remeasurement gain on right of use asset & lease liability	7	(6,909)	-
Depreciation and amortisation	6, 7, 8	7,050	8,197
Impairment	6, 7, 8	311	124
Profit on disposal	4	(1)	-
Auditor's remuneration	SoCiTE	72	67
Other non-cash adjustments		64	-
Changes in operating assets and liabilities			
(Increase)/decrease in trade and other receivables	9	(4,092)	(1,152)
Increase/(decrease) in trade payables and other current liabilities	11	3,696	(1,324)
Movements in payables relating to items not passing through the operating account		(95)	(539)
Movement in provisions	12	342	502
Net cash outflow from operating activities		**(8,991)**	**(1,694)**
Cash flows from investing activities			
Purchase of property, plant and equipment	6, 7	(1,479)	(1,486)
Purchase of intangible assets	8	(8,614)	(6,274)
Proceeds of sale of assets	4	1	
Net cash outflow from investing activities		**(10,092)**	**(7,760)**
Cash flows from financing activities			
Principal element of finance lease payments	7	(2,094)	(3,474)
Net Parliamentary funding – drawn down	SoCiTE	25,600	14,100
Net cash inflow from financing activities		**23,506**	**10,626**
Net increase in cash and cash equivalents in the period		**4,423**	**1,172**
Cash and cash equivalents as at the start of the period		2,801	1,629
Cash and cash equivalents as at the end of the period		**7,224**	**2,801**

The accompanying notes form part of the financial statements.

Statement of changes in taxpayers' equity for the year ending 31 March 2023

	General fund £'000	Total reserves £'000
Balance as at 1 April 2021	26,443	26,443
Comprehensive net expenditure for the year	(15,926)	(15,926)
Net Parliamentary funding – drawn down	14,100	14,100
Non-cash charges – auditor's remuneration	67	67
Balance as at 31 March 2022	**24,684**	**24,684**
Balance as at 1 April 2022	24,684	24,684
Comprehensive net expenditure for the year	(9,577)	(9,577)
Net funding receivable from BEIS	25,600	25,600
Non-cash charges – auditor's remuneration	72	72
Other non-cash adjustments	64	64
Balance as at 31 March 2023	**40,843**	**40,843**

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 accompanying notes form part of the financial statements.

Notes to the accounts for the year ending 31 March 2023

1. Statement of accounting policies

1.1 Basis of accounting

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards. These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adapted and interpreted by the HM Treasury 2022/23 Government Financial Reporting Manual (FReM) and as set out in the Accounts Direction to the Department for Business, Energy & Industrial Strategy (BEIS) pursuant to section 5(2) of the Government Resources and Accounts Act 2000 (GRAA). Where the FReM permits a choice of accounting policy, the policy selected is that judged to be most appropriate to the particular circumstances of the BEIS Departmental Group for the purpose of giving a true and fair view. The policies adopted by Companies House are described below and they have been applied consistently to items considered material to the accounts. Companies House is domiciled in the UK.

On 7 February 2023, the prime minister announced a major machinery of government change which redistributed the activities of several existing government departments, including BEIS, and created three new departments, the Department for Business and Trade, the Department for Science, Innovation and Technology, and the Department for Energy Security and Net Zero. Companies House has been designated to the Department for Business and Trade with accounting officer responsibilities formally transferred from 1 April 2023.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to measure property, plant and equipment, intangibles, investment properties and financial instruments at fair value to the extent required or permitted under IFRS as set out in these accounting policies.

1.3 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.

1.4 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with the 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 and estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- subsequent measurement of ROU assets under IFRS 16 (note 7)
- estimated useful life of intangible assets (note 8)
- assessment of the existence of impairment indicators for intangible assets (note 8)

1.5 New and amended standards adopted

IFRS 16 Leases supersedes IAS 17 Leases and is generally effective for periods beginning on or after 1 January 2019. Implementation of IFRS 16 in the public sector had been delayed and government departments are required to adopt IFRS 16 from 1 April 2022 in accordance with the FReM. However, as departments can elect to adopt the standard early, Companies House agreed with BEIS and HM Treasury that it would adopt IFRS 16 from 1 April 2021. See accounting policy 1.14 below for further details. No new additional standards have been adopted in these financial statements.

1.6 Standards issued but not yet effective

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

1.7 Revenue recognition

Operating income represents fees and charges in respect of services provided. Operating income is made up of regulatory and search services. Regulatory and search services income is out of scope for Value Added Tax (VAT) purposes.

Regulatory services

The recognition of regulatory fees are dependent on:

- The number of entities on the register, which drives annual confirmation statement filings.
- The demand for limited liability incorporations, which drives incorporation applications.

- External factors such as the economy, legislative changes and taxation policies, which drives dissolution.
- The number of late filing penalties incurred, which drives the income collected from BEIS to reimburse costs relating to late filing penalty collection activities.

Companies House's income from regulatory activities are assessed under the IFRS 15 framework as follows:

- 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 performance obligation is typically satisfied when the document is filed.
- The transaction price is fixed by fees order.
- At each performance obligation, the transaction price is allocated to the transaction filed.
- Revenue is recognised when the relevant transaction is registered, which in effect is materially at the same time.

Search services

Many of Companies House's search services, such as obtaining basic company information, can be obtained free of charge from the Companies House website. There are other services such as ‘Companies House Direct’ and ‘Certified Copies’ which attract fees and are driven by user demand for the services. Companies House’s income from search activities are assessed under the IFRS 15 framework as follows:

- 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 the point of provision of the information which is materially the same time as the request.

Other operating income

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 classified as other operating income, and is recognised in the period to which it relates.

1.8 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.

1.9 Taxation

Companies House is exempt from corporation tax by way of Crown exemption. Companies House is not registered separately for VAT but falls within BEIS' registration. Irrecoverable VAT on expenditure is charged to the SoCNE and is capitalised in relation to the purchase of fixed assets.

1.10 Property, plant and equipment (PPE)

Assets are capitalised as PPE if they are intended for use on a continuing basis and their original carrying value, on an individual or asset pool basis, exceeds the relevant capitalisation threshold of £2,000. All research expenditure is written off as incurred. Assets under construction which are integral to property leased from the Government Property Agency (GPA) are transferred to the GPA when the asset is ready for use.

Valuation of PPE

PPE is carried at fair value held at historical cost and assets under construction which are held at cost. In accordance with the FReM, assets that have short useful lives or are of low value are carried at depreciated historical cost less impairment as a proxy for fair value. The difference between these is not considered material to the accounts. Land and buildings are measured at current value in existing use using professional valuations in accordance with the Royal Institution of Chartered Surveyors' (RICS) valuation standards. Any revaluation gains or losses are treated in accordance with IAS 16 Property, Plant and Equipment.

Depreciation of PPE

Apart from freehold land which is not depreciated, PPE assets are depreciated to estimated residual values on a straight-line basis over the following estimated useful lives:

- 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

1.11 Intangible assets

Intangible non-current assets are capitalised if they are intended for use on a continuing basis and their original carrying value, on an individual or asset pool basis, exceeds the relevant capitalisation threshold of £2,000. There are no active markets for Companies House's intangible assets which are valued at the lower of depreciated replacement cost and value in use. Where there is no value in use, depreciated replacement cost is used.

In accordance with IAS 38 Intangibles, the policy on expenditure incurred on the replacement of Companies House's Core Information Processing System (CHIPS), and the web based front end system Companies House Service (CHS), is to capitalise only costs directly attributable to creating and developing the platform. 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. Intangible assets acquired separately are measured on initial recognition at cost.

Capitalisation ceases when all the activities that are necessary to prepare the asset for use are substantially complete.

Amortisation of intangible assets

Amortisation commences at the point of commercial deployment over the asset's estimated useful economic life. The useful economic lives of CHIPS and CHS are regularly re-assessed against our IT strategy and revised where necessary. They are amortised on a straight-line basis over the following periods:

- CHIPS: 18 years

- CHS: 14 years
- IT projects: 3 to 10 years

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

1.12 Impairment of PPE and intangible assets

Companies House reviews carrying amounts at each reporting date. If an indicator for impairment occurs, then the recoverable amount of the asset (the higher of fair value less costs to sell and value in use) is estimated, and an impairment loss recognised to the extent that it is lower than the carrying amount. Losses arising from a clear consumption of economic benefit are charged to net expenditure for the year. Losses that do not result from a loss of economic value or service potential are taken to the revaluation reserve to the extent that a revaluation reserve exists for the impaired asset; otherwise, to net expenditure for the year.

1.13 Cash and cash equivalents

Cash and cash equivalents comprise current balances with banks and other financial institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Any bank overdraft amounts are included within trade payables and other liabilities.

1.14 Leases

Adoption of IFRS 16 'Leases'

Leases as a lessee

The introduction of the new leasing standard IFRS 16 has been deferred for public sector organisations from 1 April 2020 to 1 April 2022. However, as agreed with BEIS and HM Treasury, Companies House early adopted this standard with effect from 1 April 2021.

IFRS 16 represents a significant change in lessee accounting by removing the distinction between operating leases (off-statement of financial position financing) and finance leases (on-statement of financial position financing) and introducing a single lessee accounting model. Per IFRS 16, a lease is to be recognised when a contract, or part of a contract, conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

IFRS 16 requires the recognition of all leases as finance leases with exemption given to low value leases and short-term leases, i.e., those leases with "low value" de minimis threshold of £10,000 or lease terms of less than 12 months. This results in the recognition of right of use assets, measured at the present value of future lease payments, and matching liabilities in the statement of financial position (SoFP).

Companies House adopted IFRS 16 from 1 April 2021 on the cumulative catch-up basis as mandated in the FReM, and therefore the cumulative impact on previous years' results will be recognised within equity at the beginning of the period. Under the "grandfathering" rules mandated in the FReM for the initial transition to IFRS 16, right of use assets and lease liabilities will be recognised for all relevant leases not previously recognised as finance leases for accounting purposes under IAS 17.

The right of use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease. The revaluation model is used as the subsequent measurement basis for the class of right of use assets relating to buildings, using cost as an appropriate proxy for current value in existing use or fair value where there is not a material difference and engaging professional valuers where otherwise.

After the commencement date (the date that the lessor makes the underlying asset available for use by Companies House), Companies House measures the lease liability by:

- increasing the carrying amount to reflect interest
- reducing the carrying amount to reflect lease payments made
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in substance fixed lease payments. The lease

liability is subsequently remeasured if there is a change in the:

- lease term • assessment of purchase option
- amounts expected to be payable under a residual value guarantee
- future payments resulting from changes in an index or rate

Impact of the new standard

Companies House has four property leases relating to the lease of our office space in Cardiff, Edinburgh, Belfast and London which are in scope for IFRS 16 adoption. Early adoption of IFRS16 occurred on the 1st April 2021. Companies House has applied the HM Treasury central internal rate of borrowing to any in-year remeasurements of 0.95%.

Practical expedients on transition

Companies House has elected:

- to not reassess whether contracts contain a lease or not at the date of initial application, as mandated in the FReM;
- to apply the “cumulative catch-up” approach for adopting IFRS 16 as mandated in the FReM;
- to recognise an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in

the statement of financial position immediately before the date of initial application (IFRS 16, Section C8.b. ii), as mandated in the FReM;

- to not make any adjustments for leases for which the underlying asset is of a low value, as mandated in the FReM;
- to recognise all short-term leases through the statement of comprehensive net expenditure rather than recognise a right of use asset, as mandated in the FReM; and
- to use hindsight to determine the lease terms in contracts which contain options to extend or terminate as mandated in the FReM.

Valuation of right of use assets

As outlined in the FReM, the subsequent measurement basis of right of use assets shall be consistent with the principles for subsequent measurement of owned property, plant and equipment set out in the FReM adaptations to IAS 16.

Accordingly, right of use assets are measured at current value in existing use. Leases of buildings which give rise to right of use assets with a lower value or shorter lease term, are held using the cost measurement model as a proxy for current value in existing use.

Current value in existing use for all other right of use assets is determined using professional valuations in accordance with the Royal Institution of Chartered

Surveyors' (RICS) valuation standards. The full replacement cost of the right of use assets are calculated by identifying the current market rental value that could be achieved for existing use of the right of use asset and capitalising it for the full remaining lease term from the valuation date. The valuation should reflect the terms and conditions of the lease giving rise to the right of use asset and should reflect an assumption that Companies House requires the use of the entire right of use asset.

Any revaluation gains or losses are treated in accordance with the principles for owned property, plant and equipment, set out in the FReM adaptations to IAS 16.

Leases as a lessor

Where leases satisfy the criteria outlined in IFRS 16 p.63, leases as a lessor are classified as finance leases. Amounts due from lessees under finance leases are recognised as receivables at the amount of Companies House's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on Companies House's net investment outstanding in respect of the leases.

Where the criteria of IFRS 16 p.63 is not met, leases as a lessor are classified as operating leases. Assets subject to operating leases are recognised in the SoFP with rental income plus initial direct costs incurred in arranging the lease, including incentives to the lessee to enter into the lease, recognised on a straight-line basis over the lease term.

1.15 Financial instruments

Companies House adopted IFRS 9 Financial Instruments from 1 April 2018. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the statement of financial position when Companies House becomes a party to the contractual provisions of an instrument.

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

Financial assets

Companies House hold financial assets in the following categories:

- receivables held at amortised cost
- cash and cash equivalent

Both receivables and cash and cash equivalents are held at amortised cost.

Receivables are shown net of impairments in accordance with the requirements of IFRS 9, where material. 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 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 2023, consider that no further impairment is required.

Financial liabilities

Companies House hold financial liabilities in the following categories:

- trade payables
- accruals
- other payables

Trade payables, accruals and other payables are amounts established as due at the reporting date, but where payment is made subsequently. Since these balances are expected to be settled within 12 months of the reporting date there is no material difference between fair value, amortised cost and historical cost.

1.16 Pension costs

Unfunded defined benefit pension schemes

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). These 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 My CSP 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.

Defined contribution pension schemes

Employees may opt to join a personal stakeholder pension scheme instead, providing the scheme meets the minimum criteria set out by the 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 net expenditure when they fall due. There is no further payment obligation for Companies House once the contributions have been paid.

1.17 Provisions

A provision is recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation (legal or constructive), that can be reliably measured, and which results from a past event. Where the time value of money is material, the provision is measured at present value using discount rates prescribed by HM Treasury.

2. Income

	2022/23 £'000	2021/22 £'000
Confirmation statement	53,856	54,427
Incorporations	9,266	8,644
Other	11,128	7,240
LFP activity	10,376	10,138
Sub total	**84,626**	**80,449**
Search services		
Companies House Direct	253	295
Certified copies	1,508	855
Other	65	87
Sub total	**1,826**	**1,237**
Other income		
Rent and rates from the sub-lease of ROU assets	1,398	1,379
Other	811	794
Sub total	**2,209**	**2,173**
Total as per operating account	**88,661**	**83,859**

3. Staff costs

	2022/23 £'000	2021/22 £'000
Salaries	38,336	32,492
National Insurance	3,901	3,254
Pension costs	9,839	8,852
Contract staff	9,424	7,528
Capitalised staff costs	(592)	(1,539)
Capitalised contract staff project costs	(1,086)	(2,976)
Staff costs per operating account	**59,822**	**47,611**

The total pension charge for the year totalled £9.8m (2021/22: £8.9m). For 2022/23 the banded charges averaged 26.31% of pensionable pay for permanent staff (2021/22: 26.7%). Within one of the civil service pension arrangements, permanent staff are allocated at one of the four rates in the range 26.6% to 30.3% of pensionable pay (2021/22: 26.6% to 30.3%), based on salary bands.

Employer contributions are usually reviewed every four years following a full scheme valuation by the Government Actuary. The date of the last actuarial valuation was 31 March 2016. The contribution rates are set to meet the cost of the benefits accruing during 2022/23 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.

4. Non-staff administration costs

Auditor's remuneration	2022/23 £'000	2021/22 £'000
Audit services (non-cash transaction)	72	67
Subtotal	**72**	**67**

Following Companies House's transition to a central government department, there is no cash fee payable for the audit of 2022/23 Companies House's financial statements. Instead, there is a notional audit fee for 2022/23 of £72,475 (2021/22 notional fee: £67,000). This includes £18,119 for work carried out on the Late Filing Penalty Trust Statement (2021/22 notional fee: £16,750). This expense is charged within operating expenditure and recognised as a non-cash charge within the statement of changes in taxpayers' equity.

	2022/23 £'000	2021/22 £'000
Administration costs		
Chief Executive and senior managers' travel and subsistence	26	1
Other employees travel and subsistence	56	39
Staff related costs	477	368
Recruitment and training	973	771
Printing and stationery	4,180	3,788
Communications and awareness	659	832
Maintenance contracts/leases	3,506	3,551
Repair and maintenance – buildings	1,258	1,589
Accommodation cost	3,000	2,770
Property rental	267	190
Office equipment	89	136
Software	6,093	4,716
Professional services (including contact centre and costs of litigation)	14,997	12,304
Other administration costs	1,809	1,390
Subtotal	**37,390**	**32,445**

	2022/23 £‘000	2021/22 £‘000
Non-cash items		
Depreciation and amortisation	7,050	8,197
Impairment	311	124
(Profit) / Loss on disposal	(1)	-
Provision expense	427	524
Subtotal	**7,787**	**8,845**
Total non-staff administration costs	**45,177**	**41,290**

5. Repayment of VAT

	2022/23 £’000	2021/22 £’000
Repayment of VAT	–	2,527

There is no VAT repayment due for 2022/23. As part of the internal tax review on off-payroll contracts during 2021/22, Companies House identified that a portion of our software development supplier contracts should be considered resource-based, instead of contracted-out-services as they were previously regarded. Prior to the 2021/22 financial year, VAT was recovered on these contracts under the government’s contracted-out-service headings. As a result, we voluntarily disclosed an over recovery of VAT to HMRC during 2021/22 for VAT reclaimed between 2018/19 and 2021/22 on our external software development supplier contracts and subsequently repaid a balance of £2.5m.

6. Property, plant and equipment

6.1 Property, plant and equipment 2022/23

	Leasehold improvement £'000	Plant and machinery £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
Cost or revaluation					
As at 1 April 2022	657	5,234	18,284	1295	25,470
Additions	57	285	1007	204	1,553
Disposals	-	-	(322)	-	(322)
Impairment	(198)	-	-	-	(198)
Transfers	1,152	347	-	(1,499)	-
As at 31 March 2023	**1,668**	**5,866**	**18,969**	**-**	**26,503**
Depreciation					
As at 1 April 2022	512	2,892	17,386	-	20,790
Charged in year	21	536	948	-	1,505
Disposals	-	-	(322)	-	(322)
Impairment	(72)	-	-	-	(72)
As at 31 March 2023	**461**	**3,428**	**18,012**	**-**	**21,901**
Net book value as at 31 March 2023	**1,207**	**2,438**	**957**	**-**	**4,602**
Net book value as at 31 March 2022	145	2,342	898	1,295	4,680

All works integral to the Crown Way building in Cardiff within the Assets under construction category have now been completed.

6.2 Property, plant and equipment 2021/22

	Leasehold improvement £'000	Plant and machinery £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
Cost or revaluation					
As at 1 April 2021	657	5,366	18,340	-	24,363
Additions	-	191	347	1,295	1,833
Disposals	-	(323)	(403)	-	(726)
As at 31 March 2022	**657**	**5,234**	**18,284**	**1,295**	**25,470**
Depreciation					
As at 1 April 2021	493	2,710	16,335	-	19,538
Charged in year	19	505	1,454	-	1,978
Disposals	-	(323)	(403)	-	(726)
As at 31 March 2022	**512**	**2,892**	**17,386**	**-**	**20,790**
Net book value as at 31 March 2022	**145**	**2,342**	**898**	**1,295**	**4,680**
Net book value as at 31 March 2021	164	2,656	2,005	-	4,825

7. Leases

7.1 Leases as a lessee

All Companies House leases relate to property leases. One lease relates to the lease of the Crown Way office in Cardiff from the Government Property Agency and three leases relate to the lease of offices from private landlords in Belfast, Edinburgh and London.

	Buildings £`000	Total £`000
Right of use assets		
As at 1 April 2022	22,729	22,729
Additions	22	22
Depreciation expense to SoCNE	(1,835)	(1,835)
Remeasurement loss to SoCNE	(19,256)	(19,256)
Impairment loss to SoCNE	(135)	(135)
As at 31 March 2023	**1,525**	**1,525**

All of the property leases give rise to right of use assets with a lower value or shorter lease term and are held using the cost measurement model as a proxy for current value in existing use.

	Buildings £‘000	Total £‘000
Lease liabilities		
As at 1 April 2022	(30,238)	(30,238)
Rent repayments	2,094	2,094
Interest expense to SoCNE	(148)	(148)
Remeasurement gain to SoCNE	26,165	26,165
As at 31 March 2023	**(2,127)**	**(2,127)**

The lease term for the Cardiff office was for a total of 15 years with an end date of 31 March 2036. During 2022/23 an 18-month break option has been exercised giving notice to reduce the footprint from 1 April 2024 by an estimated 72%. The reduction in space is to support transformation activity. A new occupancy agreement is expected to be drawn up by the Government Property Agency at the end of 2023 when the terms & conditions of the lease from April 2024 are to be agreed – see note 16.

The lease modification shortening the lease term to the 31 March 2024 has been accounted for as a decrease in scope which has resulted in a remeasurement gain in the SoCNE of £6.9m.

The London office has now permanently closed and is in line with Companies House strategy to focus on a more digital customer experience. The lease obligation remains till the 28 June 2024 following the exercising of a break option. The right of use asset has been fully impaired.

The lease term for the Belfast office had been extended. The lease term originally had an end date of 1 October 2022 but has been extended to have an end date of 1 October 2024.

The lease term for the Edinburgh office has an end date of 15 January 2024. A Memorandum of Terms of Occupation (MOTO) has been signed on a new property lease for a replacement office in Edinburgh – see note 16.

The table below analyses Companies House's lease liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2022/23 £'000	2021/22 £'000
Amounts due		
Not later than one year	2,094	2,783
Later than one year and not later than five years	41	11,737
Later than five years	-	17,623
Discounted using the incremental borrowing rate	(8)	(1,905)
Total lease liability	**2,127**	**30,238**

7.2 Leases as a lessor

Future income due under non-cancellable operating leases

	2022/23 £'000	2021/22 £'000
Receivable within 1 year	625	630
Receivable within 2–5 years	-	726
Total	**625**	**1,356**

The information above relates to the subleasing of Companies House's head lease for the Cardiff office. Companies House has 5 tenants (2021/22: 7) who lease the surplus space. 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.

8. Intangible assets

8.1 Intangible assets 2022/23

Intangible assets include software and the associated implementation costs.

	Software £`000	Assets under construction £`000	Total £`000
Cost			
As at 1 April 2022	85,051	6,159	91,210
Additions	-	8,614	8,614
Impairment	(135)	-	(135)
Asset transfer	8,104	(8,104)	-
As at 31 March 2023	**93,020**	**6,669**	**99,689**
Amortisation			
As at 1 April 2022	66,460	-	66,460
Charged in year	3,711	-	3,711
Impairment	(85)	-	(85)
As at 31 March 2023	**70,086**	**-**	**70,086**
Net book value as at 31 March 2023 31 March 2023	**22,934**	**6,669**	**29,603**
Net book value as at 31 March 2022 31 March 2022	18,591	6,159	24,750

£0.6m (2021/22: £0.9m) of the closing Net Book Value (NBV) relates to Companies House Information Processing System (CHIPS), and £22.3m (2021/22: £17.7m) of the closing NBV relates to other in-house projects. The remaining amortisation period for these assets is 1 – 8 years.

A total of £8.1m AUC have been transferred to intangibles during the period, which include assets relating to Cloud and Register of Overseas Entities (ROE) projects.

In accordance with Companies House's policy, all intangible assets were reviewed throughout the year and at year end for impairment.

8.2 Intangible assets 2021/22

Intangible assets are software and the associated implementation costs.

	Software £`000	Assets under construction £`000	Total £`000
Cost			
As at 1 April 2021	82,937	2,082	85,019
Additions	-	6,315	6,315
Impairment	-	(124)	(124)
Asset transfer	2,114	(2,114)	-
As at 31 March 2022	**85,051**	**6,159**	**91,210**
Amortisation			
As at 1 April 2021	62,874	-	62,874
Charged in year	3,586	-	3,586
As at 31 March 2022	**66,460**	**-**	**66,460**
Net book value as at 31 March 2022	**18,591**	**6,159**	**24,750**
Net book value as at 31 March 2021	20,063	2,082	22,145

9. Trade receivables and other current assets

	31 March 2023 £'000	31 March 2022 £'000
Trade receivables	3,665	3,342
Other receivables	3,562	2,009
Prepayments and accrued income	3,412	3,284
Amounts due from BEIS	4,720	2,632
Total	**15,359**	**11,267**

No amounts fall due after more than one year (2021/22: Nil)

10. Cash and cash equivalents

	31 March 2023 £'000	31 March 2022 £'000
Balance as at 1 April 2022	2,801	1,629
Net change in cash and cash equivalent balances[1]	4,423	1,172
Balance as at 31 March 2023	**7,224**	**2,801**
The following balances as at 31 March were held at:		
Government Banking Service (GBS)/RBS	6,379	2,492
Commercial banks and cash in hand	845	309
Balance as at 31 March 2023	**7,224**	**2,801**

1. The 2022/23 net change increase in cash and cash equivalents of £4.4m is attributable to the new income stream of £3.5m from the Register of Overseas Entities (ROE) and an increase in cash drawn down from BEIS

11. Trade payables and other current liabilities

	31 March 2023 £'000	(Restated) 31 March 2022 £'000
Amounts falling due within one year		
Trade payables	32	58
Accruals and customer prepayments	9,103	7,562
Other payables	5,339	3,158
Total	**14,474**	**10,778**

No amounts fall due after more than one year (2021/22: Nil).

£1.9m of payroll liabilities were misclassified as accruals in the 2021/22 comparative and have been reclassified as other payables.

12. Provisions for liabilities and charges

	Provision for onerous lease contract £'000	Provision for legal claims £'000	Dilapidation provision for lease assets £'000	Total £'000
Balance as at 1 April 2022	-	376	151	527
Provisions additions in the year	367	60	-	427
Provisions utilised in the year	-	(57)	(28)	(85)
Balance as at 31 March 2023	**367**	**379**	**123**	**869**

The £0.4m of provisions held for legal claims are expected to be utilised within one year.

The onerous lease contract provision is a result of the unavoidable contractual obligations that have arisen following the permanent closure of the London office. The £0.4m of provisions held are expected to be utilised after one year and is a constructive loss.

13. Financial commitments

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

	31 March 2023 £'000	31 March 2022 £'000
Not later than one year	22,792	14,063
Later than one year and not later than five years	18,104	5,455
Later than five years	85	1,211
Total	**40,981**	**20,729**

Financial commitments have increased by £20.3m from £20.7m in 2021/22 to £41.0m in 2022/23 due to a number of financially significant contracts that were renewable within the 2022/23 financial year.

14. 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. We have cash balances held with the Government Banking Service.

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

We do not believe we are exposed to market risk as Companies Houses' fees are set by the fees model.

We do not believe we are exposed to liquidity risk as Companies House is centrally funded by BEIS through the spending review.

15. Related party transactions

Companies House is an Executive Agency of BEIS. BEIS is regarded as a related party, and during this financial year, Companies House has had various material transactions with the divisions of the Department.
BEIS existed until 2023 when it was split to form the Department for Business and Trade (DBT), the

Department for Energy Security and Net Zero (DESNZ) and the Department for Science, Innovation and Technology (DSIT). Companies House is now an Executive Agency of the Department for Business and Trade.

Companies House also 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 (including their close family members) or senior managers have undertaken any transactions with Companies House during the year.

16. Subsequent events

A new occupancy agreement for the Crown Way office in Cardiff is expected to be drawn up by the Government Property Agency at the end of 2023.

As we transition to hybrid working, we have undertaken to reduce the footprint of the current office space we occupy. We have given notice to terminate footprint from the 1 April 2024 to support our transformational activity. We will hand back the excess footprint not required, estimated at 72% in the property on 31 March 2024 having served the required 18 Months' Notice.

The lease modification from the 1 April 2024 will be accounted for when the terms of the new occupancy agreement are agreed and signed by both parties.

The property lease with a private landlord for the office in Edinburgh has an end date of 15 January 2024. A Memorandum of Terms of Occupation (MOTO) has been signed on a new property lease for a replacement office in Edinburgh. This has a lease term of 5 years commencing the 31 August 2023 with an IFRS16 impact of £253k on the right of use asset and lease liability.

There have been no significant events between the statement of financial position and the date of authorising these financial statements.

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

5. Trust statement: Late Filing Penalties 2022/23

Foreword by the Accounting Officer

Scope

This Trust Statement reports on the revenue, expenditure, assets and liabilities required for, or generated by the operation of, the Late Filing Penalty (LFP) 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 LFPs. Companies House invoices BEIS for the cost of administering the scheme.

Statutory background

The purpose of the LFP 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 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 two 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 a 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 “companies” 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 centrally funded by BEIS and 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, so where a company files its accounts late in two successive years, it is liable to double the penalty otherwise due in the second year.

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

From 1 February 2009 to date, as per Companies Act 2006, the initial penalty value levied is as follows:

How late the accounts are 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

Business review and performance

The 2022/23 financial year has seen decrease in the numbers of penalties levied as companies recover from the COVID-19 pandemic.

During the financial year 323,643 penalties were levied (2021/22: 383,276), which is a decrease of 59,633 (-16%) on the previous year. The decrease in the number of penalties issued also led to a decrease in the total value of penalties, totalling £164.7m (2021/22: £174.0m). However, the average income per penalty increased from £454 in 2021/22 to £509 in 2022/23.

A total of 81,146 double penalties (2021/22: 78,132) were levied with a value of £79.6m (2021/22: £71.1m) against companies who had filed their accounts late for two successive years or more.

	2022/23 Number of penalties ’000	2022/23 £’000	2021/22 Number of penalties ’000	2021/22 £’000
England and Wales	303	153,450	358	162,071
Scotland	16	8,569	19	9,221
Northern Ireland	5	2,692	6	2,707
Total	**324**	**164,711**	**383**	**173,999**

On 20 May 2020, the Corporate Insolvency and Governance Bill was laid before Parliament with the aim to ease the burden faced by businesses during the coronavirus pandemic. As a result, during the period June 2020 to April 2021, all eligible companies received an automatic 3-month extension through legislative easements. The automatic extension has had an impact on annual LFP revenue and has resulted in additional LFPs being raised.

The LFP Trust has seen a continual increase in gross debt since the pandemic, with gross debt relating to penalties levied increasing from £150.3m last year to £175.0m. During the 2020/21 financial year, we suspended our debt collection activities in response to the COVID-19 pandemic. As a result, in order to deal with the backlog of collections, we have continued to expand our internal debt collection activities and the number of debts placed with our debt collection agency, Indesser.

As a result of our debt collection efforts, during 2022/23 we collected a total of £80.1m of cash from revenue activities (2021/22: £88.6m).

Results and appropriations

The net revenue for the Consolidated Fund was £74.7m (2021/22: £101.2m). The transfer of receipts to the Consolidated Fund from the Trust in the year was £79.0m (2021/22: £87.0m), which left a balance due to the Consolidated Fund of £49.9m (2021/22: £54.2m). Please refer to the accompanying Trust Statement.

Case handling

As companies navigated through the pandemic, we saw an increase in the number of appeals being raised against LFPs. During the financial year 64,289 (2022/23: 83,347) appeals were received against penalties levied.

As at 31 March 2023, I and my fellow Registrars had applied limited discretion not to collect £23.2m of penalties levied under section 453(3) of the Companies Act 2006 (2021/22: £4.9m). This equates to 14.1% as a percentage of total penalties levied (2021/22: 2.8%), which is offset against penalty income in the statement of revenue, other income and expenditure.

The internal teams worked hard to respond to these appeals, but due to the unprecedented volumes, there was a backlog of LFP appeals of c.10,000 as at 31 March 2023. A provision of £0.5m has been recognised for the debts which have an appeal outstanding as at 31 March 2023 and where I and my fellow Registrars expect to apply our exceptional discretion not to collect a LFP (section 453(3) of the Companies Act).

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 of the Companies Act 2006. Under section 453 of the Act, it is the company not the individual officers which incurs an LFP. Therefore, 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, or where there is no economic benefit in pursuing a debt from a defunct company. Penalties are also written off as unrecoverable where the debt is over four years old.

In 2022/23 the total debt written off was £35.4m (2021/22: £20.5m) of which 59% related to dissolved companies (2021/22: 78%). As part of the expected credit loss model, £7.3m has been recognised to provide for debts which have been through the full debt collection strategy but were not passed back over to Companies House as at 31 March 2023.

Assessing the level of expected credit losses in these uncertain times is challenging, but we consider that a prudent approach has been adopted. The level of bad debt provision has increased from £108.4m to £139.8m. The credit loss model includes the appeals backlog and end of strategy factors noted above and has been calculated in line with the accounting policy (See note 1).

Independent adjudicators

The independent adjudicators' principal role is to deal with appeals against LFPs once they have passed through the first two internal stages at 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 Companies House's website.

Court and other legal costs

From 1 April 2021, LFP changed the accounting policy for court and other legal costs to recognise costs net of trade receivables. 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. The amount of cash collected and owed to Companies House totalled £1.6m (2021/22: £0.6m). See note 1, for further details on the accounting policy change.

Funding

The cost of administering the scheme is 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 (see note 9).

Cash balances

Net cash inflow from revenue activities for the year was £80.1m (2021/22: £88.6m). After payments of £79.0m to the Consolidated Fund (2021/22: £87m), the net increase in cash for the year was £1.1m, taking cash balances at year end to £13.8m (2021/22: £12.7m). Cash balances are managed in accordance with Treasury guidelines. Companies House transfers to the Consolidated Fund, on a monthly basis, the penalty income receipted.

Audit service

The statutory external audit was performed by the National Audit Office (NAO) and reported on by the Comptroller and Auditor General. Following the transition to a central government department, there is no cash fee payable for the audit of the 2022/23 Trust Statement. Instead, there is a notional audit fee for 2022/23 of £18,119 (2021/22 notional fee: £16,750).

COVID-19 impact

The COVID-19 pandemic continued to have an effect on LFP operations and results.

All eligible companies received an automatic extension of 3 months (from 9 to 12 months) for accounts with a filing deadline before 5 April 2021 to support companies through the COVID-19 pandemic. The extension service continued post 5 April 2021 but through application, with an auto-except for COVID-19 related reasons.

The automatic extension has continued to impact annual LFP revenue as businesses recover from Covid-19. Penalty income decreased by £9.3m (from £174.0m to £164.7m) however the average revenue per penalty has increased to £509 per penalty (2021/22: £454).

Registrars

England and Wales

Louise Smyth
Chief Executive and Registrar of Companies House

Scotland

Lisa Davis
Registrar of Companies for Scotland

Northern Ireland

Lynn Cooper
Registrar of Companies for Northern Ireland

Louise Smyth

Accounting Officer
Chief Executive and Registrar for England and Wales

4 December 2023

Statement of Accounting Officer's responsibilities

Under the Government Resources Accounts Act 2000, HM Treasury has directed Companies House to prepare a Late Filing Penalty Trust Statement ("Trust Statement") for each financial year in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Companies House and of its income and expenditure, statement of financial position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual 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 judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the Trust Statement;

- prepare the Trust Statement on a going concern basis; and
- confirm that the Trust Statement as a whole is fair, balanced and understandable and take personal responsibility for the Trust Statement and the judgements required for determining that it is fair, balanced and understandable.

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

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 Companies House Trust Statement's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Performance report and accountability report

The Performance Report covering both Companies House and the Trust Statement, starts from page 5.

The Accountability Report covering both Companies House and the Trust Statement, starts from page 63.

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

Parliamentary accountability disclosure

Losses and special payments

This table has been subject to audit.

Losses	2022/23		2021/22	
	Volumes	Values £'000	Volumes	Values £'000
Debt written off – dissolved Companies	33,485	20,988	26,316	15,954
Other write-offs[1]	31,414	14,434	16,995	4,519
	64,899	**35,422**	**43,311**	**20,473**

In accordance with Managing Public Money (A4.10.8) total losses over £300k should be disclosed. No single item exceeded £300k within that total. Companies House has gained parent company approval from BEIS in relation to write-offs which exceed £25k in value.

1. The Registrar also writes off penalties 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 for England and Wales

L. C Smyth

4 December 2023

The certificate and report of the Comptroller and Auditor General to the House Of Commons

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 2023 under the Government Resources and Accounts Act 2000.

The financial statements comprise: the Companies House Trust Statement’s

- Statement of Financial Position as at 31 March 2023;
- Statement of Revenue, Other Income and Expenditure and Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Companies House Trust Statement’s affairs as at 31 March 2023 and its net revenue for the consolidated fund for the year then ended; and

- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 2019*. I am independent of the Companies House Trust Statement in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Companies House's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Companies House Trust Statement's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Companies House Trust Statement is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Performance Report, Financial Performance, Accountability Report, Foreword by the Accounting Officer, Statement of Accounting Officer's Responsibilities, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Companies House Trust Statement and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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 by the Companies House Trust Statement or returns adequate for my audit have not been received from branches not visited by my staff; or

- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Companies House from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing the Companies House Trust Statement's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Companies House Trust Statement will not continue to be provided in the future.

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 Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Companies House Trust Statement's accounting policies, key performance indicators and performance incentives.
- inquired of management, Companies House Trust Statement's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Companies House Trust Statement's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Companies House Trust Statement's controls relating to the Companies House Trust Statement's compliance with the Government Resources and Accounts Act 2000 and Managing Public Money;

- inquired of management, the Companies House Trust Statement's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Companies House Trust Statement for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Companies House Trust Statement's framework of authority and other legal and regulatory frameworks in which the Companies House Trust Statement operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Companies House Trust Statement. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, employment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

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

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies 6 December 2023
Comptroller and Auditor General

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 2023

	Note	2022/23 £'000	2021/22 £'000
Revenue			
Penalties	2	164,711	173,999
Discretion applied under section 453(3) Companies Act 2006		(23,239)	(4,939)
Total revenue		**141,472**	**169,060**
Expenditure			
Bad and doubtful debts	4	(66,790)	(67,829)
Total expenditure		**(66,790)**	**(67,829)**
Net revenue for the Consolidated Fund	**6**	**74,682**	**101,231**

The accompanying notes form part of the Trust Statement.

Statement of financial position as at 31 March 2023

	Note	31 March 2023 £'000	31 March 2022 £'000
Current assets			
Trade and other receivables	3	38,435	43,165
Cash and cash equivalents	7	13,754	12,698
Total current assets		**52,189**	**55,863**
Current liabilities			
Trade and other payables	8	(2,278)	(1,634)
Total current liabilities		**(2,278)**	**(1,634)**
Assets less liabilities		**49,911**	**54,229**
Balance on Consolidated Fund account as at 31 March	**6**	**49,911**	**54,229**

The accompanying notes form part of the Trust Statement.

Louise Smyth
Accounting Officer
Chief Executive and Registrar for England and Wales

L. C Smyth

4 December 2023

Statement of cash flows for the year ending 31 March 2023

		2022/23 £'000	2021/22 £'000
Net cash flow from revenue activities		80,056	88,595
Cash paid to the consolidated fund	6	(79,000)	(87,000)
Increase in cash and cash equivalent		**1,056**	**1,595**
Notes to the statement of cash flows			
A. Reconciliation of net cash flow to movement in net funds			
Net revenue for the consolidated fund	6	74,682	101,231
Decrease/(Increase) in receivables	3	4,730	(14,014)
Increase in liabilities	8	644	1,378
Net cash flow from revenue activities		**80,057**	**88,595**
B. Analysis of changes in net funds			
Increase in cash in this period	7	1,056	1,595
Net funds as at 1 April	7	12,698	11,103
Net cash as at 31 March	**7**	**13,754**	**12,698**

The accompanying notes form part of the Trust Statement.

Notes to the Trust Statement for the year ending 31 March 2023

1. Accounting policies, judgements and estimates

1.1 Accounting Convention

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards. The Trust Statement is prepared in accordance with the Accounts Direction 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.

1.2 Accounting Convention

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

1.3 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 and estimates 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 LFPs issued to companies on the registers. As at 31 March 2023, the expected credit loss allowance was £139.8m (2021/22: £108.4M).

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 5.1,. The disclosure also includes sensitivity analysis on the carrying value of net receivables for changes in assumptions.

1.4 Changes in accounting policies

The LFP revenue recognition accounting policy has been amended for transactions beginning 1 April 2021. Prior to this date, third party court costs and other legal fees, incurred throughout the debt collection process and which are recoverable from the debtor, were recognised as other income once awarded by the courts. Once the costs were fully recovered, they were treated as an expense and transferred to Companies House.

From 1 April 2021, recoverable third-party costs are recognised net of trade receivables on the face of the statement of financial position and are not recognised as revenue under IFRS 15. This reflects the substance of the transaction as recoverable third-party costs are not owed to the Consolidated Fund. Once these costs are fully recovered, the payment is recognised as a liability to the LFP Trust Statement and the amounts are transferred to Companies House against previously incurred costs.

The change in accounting policy has been applied to all figures published from 1 April 2021.

1.5 New and amended standards adopted

IFRS 16 Leases

The introduction of the new leasing standard IFRS 16 was adopted early by Companies House from 1 April 2021. This new standard does not impact the LFP Trust Statement as there were no leases relevant to the Trust Statement.

1.6 Standards issued but not yet effective

IFRS 17

IFRS 17 Insurance Contracts is 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.

1.7 Presentational currency

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

1.8 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, 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.

- Failure to submit the financial statements does not enable the penalty to be recognised.

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.

1.9 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.

1.10 Operating costs

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

Court and other legal costs

Court and other legal costs are incurred for court activity in respect of penalties levied are recognised once awarded by the courts and are recognised in the financial statements of Companies House. Court and other legal costs are recoverable from the company to which the penalty relates and are included as part of the receivables owed. On receipt of the payment, the money collected is transferred to Companies House to use in the further pursuit of companies via the courts. The Registrars of Scotland and Northern Ireland exercise their discretion outside England and Wales against the companies on their respective Court and other legal costs are incurred for court activity in respect of penalties levied and are recognised once awarded by the courts registers.

1.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the statement of financial position when the Trust becomes a party to the contractual provisions of an instrument.

Financial assets

For the purposes of this Trust Statement, financial assets are held in the following categories:

- receivables held at amortised cost
- cash and cash equivalent

Both receivables and cash and cash equivalents are held at amortised cost.

Receivables held at amortised cost comprise of civil penalties levied in the LFP scheme, amounts for which have not been received at the financial year end.

Cash and cash equivalents comprise of current balances with banks and other financial institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Financial liabilities

For the purposes of this Trust Statement, financial liabilities are held in the other financial liabilities category.

Other financial liabilities comprise of amounts established as due at the reporting date, but where payment is made subsequently. Since these balances are expected to be settled within 12 months of the reporting date, there is no material difference between fair value, amortised cost and historical cost.

1.12 Impairment of financial instruments

Receivables are shown net of impairments in accordance with the requirements of IFRS 9. The Trust Statement 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 debt collection company.

2. Revenue and other income

	2022/23 Number of penalties ’000	2022/23 £’000	2021/22 Number of penalties ’000	2021/22 £’000
England and Wales	291	147,837	358	162,071
Scotland	15	8,266	19	9,221
Northern Ireland	19	8,608	6	2,707
Total	**325**	**164,711**	**383**	**173,999**

3. Trade and other receivables

	31 March 2023 £’000	31 March 2022 £’000
Penalties levied recoverable	175,003	150,299
Amount owed by Companies House Executive Agency	3,239	1,305
Impairment for doubtful debts	(139,807)	(108,439)
Total	**38,435**	**43,165**

No amounts fall due after more than one year (2021/22: 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.

Of the total provision for doubtful accounts of £139.8m, £0.5m specifically relates to trade receivables with an appeal outstanding as at 31 March 2023. A further £7.3m of the provision relates to trade receivables which have passed through the full debt collection strategy but are held as at 31 March 2023 ahead of being written-off. The remaining £131.9m of the provision has been calculated through the expected credit loss model.

4. Bad and doubtful debts

	31 March 2023 £'000	31 March 2022 £'000
Debt written off – dissolved companies	20,988	15,954
Other write offs	14,434	4,519
Total revenue losses	35,422	20,473
Increase/(decrease) in impairment for doubtful debt	31,368	47,356
Total	**66,790**	**67,829**

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 2023 £'000	31 March 2022 £'000
Balance as at 1 April	108,439	61,083
Change in estimated value of impairments	31,368	47,356
Balance as at 31 March	**139,807**	**108,439**

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.

5.1 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. The impairment has been spilt into three age categories with different collectable percentage rates. 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 key management assumption is that historic cash collection rates will continue in a similar pattern going forwards. 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 sensitivity analysis shows the impact on receivables (net of impairments) when increasing or decreasing the base provision percentage rates used in the credit loss model.

The analysis has yielded the following results:

	52% of provision – non-dissolution +/- £'000	48% of provision – dissolution +/- £'000	2022/23 Total +/- £'000	2021/22 Total +/- £'000
1% Flex – impact on net receivables				
Decrease in cash collected	695	647	1,342	1,283
Increase in cash collected	(883)	(823)	(1,706)	(1,433)
2.5% Flex – impact on net receivables				
Decrease in cash collected	1,737	1,618	3,355	3,208
Increase in cash collected	(2,208)	(2,056)	(4,264)	(3,583)
5% Flex – impact on net receivables				
Decrease in cash collected	3,474	3,236	6,710	6,418
Increase in cash collected	(4,416)	(4,113)	(8,529)	(7,166)

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. Balance on the Consolidated Fund

	31 March 2023 £'000	31 March 2022 £'000
Balance on the Consolidated Fund as at 1 April	54,229	39,998
Net revenue for the Consolidated Fund	74,682	101,231
Less amounts paid to the Consolidated Fund	(79,000)	(87,000)
Balance on the Consolidated Fund as at 31 March	**49,911**	**54,229**

7. Cash and cash equivalents

	31 March 2023 £'000	31 March 2022 £'000
Balance with GBS	13,754	12,698
Total	**13,754**	**12,698**

	2022/23 GBS £'000	2022/23 Commercial £'000	2021/22 GBS £'000	2021/22 Commercial £'000
Balance held as at 1 April	12,698	-	10,623	480
Net movement	1,056	-	2,075	(480)
Balance held as at 31 March	**13,754**	**-**	**12,698**	**-**

8. Trade and other payables

	31 March 2023 £'000	31 March 2022 £'000
Recovered third party costs owed to Companies House	(1,646)	(639)
Other payables	(632)	(995)
Total	**(2,278)**	**(1,634)**

No amounts fall due after more than one year (2021/22: Nil).

9. Expenditure

In managing the scheme, Companies House incurred expenditure of £10.4m (2021/22: £10.1m). 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.

	2022/23 £'000	2021/22 £'000
Appeal administration		
Staff costs	2,290	1,499
Overheads	1,733	802
Debt collection		
Staff costs	508	450
Overheads	5,845	7,369
Total	**10,376**	**10,120**
Average employees FTE	76	52

10. Related party disclosures

Companies House is an Executive Agency of BEIS. 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. This is reflected within the Companies House annual accounts.

BEIS existed until 2023 when it was split to form the Department for Business and Trade (DBT), the Department for Energy Security and Net Zero (DESNZ) and the Department for Science, Innovation and Technology (DSIT). Companies House is now an Executive Agency of the Department for Business and Trade.

None of the board members or senior managers has undertaken any 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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