Annual Report and Accounts

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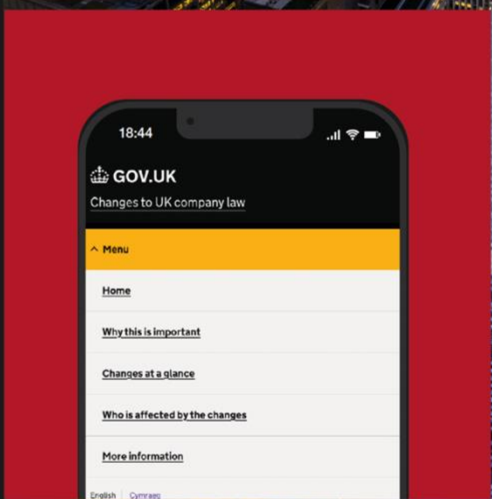
2023
24

Companies House


HC 155

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Driving **confidence** in the **UK economy**

Companies House
Annual report and accounts 2023 to 2024
For the period 1 April 2023 to 31 March 2024

Presented to the House of Commons pursuant to section 7 (1 and 2) of the Government Resources and Accounts Act 2000.

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Contents

Chair's introduction

In last year's Annual Report and Accounts, I reflected on how exciting it was to be joining Companies House at a pivotal point in their transformation.

Back in 2020, Companies House set out a 5-year strategy with the vision to be the most innovative, open and trusted registry in the world. They knew that delivering this vision was ambitious and would require both legislative reform and organisational transformation.

This Annual Report and Accounts for 2023 to 2024, concludes year 4 in the delivery of the strategy, and the planned programme of legislative reform passed its next major milestone with the Royal Assent of The Economic Crime and Corporate Transparency Act 2023 ("ECCTA 2023") in October 2023. This marks a significant moment in the history of the UK companies register as the implementation of the new registrar's powers, from 4 March 2024, brings about the biggest changes since 1844.

The measures in this act of Parliament take Companies House a significant step closer towards realising their vision and their new strategic narrative was launched.

- We drive confidence in the economy by creating a transparent and accountable business environment.
- Use of our data informs business and consumer decisions, supports growth and helps disrupt economic crime.

Over time the changes will allow Companies House to actively improve the integrity of the UK registers and as the changes are implemented it's important that a balance is maintained between tackling economic crime and the ease of doing business for law-abiding companies.

Thanks to the commitment and hard work of our brilliant people, they have begun to translate the legislation into practice and to deliver a reformed Companies House, which is fit for the future. The scale of the changes involved cannot be underestimated, but we're excited to contribute further to both the growth of the UK economy and tackling economic crime for years to come.

John F. Clarke

John Clarke
Chair of Main Board
15 July 2024

Chief Executive's introduction

I am pleased to publish the Annual Report and Accounts for 2023 – 2024.

Companies House has always played a key role in fostering confidence in the UK economy. We aim to be the most innovative, open and trusted registry body in the world and what we do here matters globally—from our Registers of Persons of Significant Control and of Overseas Entities, we are often first in line for creating a more dynamic, transparent and accountable business environment internationally.

The Economic Crime and Corporate Transparency Act 2023 ("ECCTA 2023") will continue in that vein, promising to set a new global standard for the role of corporate Registrars in fostering confidence by supporting the tackling of economic crime. I'm delighted that from 4 March 2024 my fellow Registrars and I benefit from wide ranging, increased powers to promote greater confidence in our registers. Significant among these is our new, more active role, in combatting economic crime and tackling abuse of UK corporate structures.

In preparation for this, our fantastic Companies House colleagues in our Cardiff, Belfast and Edinburgh offices have worked tirelessly, not only to maintain our existing customer service standards, but to also completely overhaul, create and reimage many of our processes and functions.

In the operating context for this year, I am pleased to report, the Government Internal Audit Agency (GIAA) evaluation of the effectiveness and accuracy of Companies House reporting on key success indicators, received a 'substantial' audit opinion confirming the validity of Companies House reporting and the successful achievement of 6 out of the 7 Ministerial targets. Our recruitment target was impacted by the announcement and timing of a headcount cap across government, which delayed our recruitment and onboarding.

None of this achievement would have been possible without our brilliant people, and I want to take this opportunity to thank them, and so many others who have helped us along this journey.

L. C Smyth

Louise Smyth
Accounting Officer, Chief Executive and Registrar for England and Wales
15 July 2024

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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 2023 – 24 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 2024 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.

We drive confidence in the economy by creating a transparent and accountable business environment. Use of our data informs business and consumer decisions, supports growth and helps disrupt economic crime.

We employ around 1300 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 examine and store 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.

Corporate transparency and register reform

The Economic Crime and Corporate Transparency Act 2023 (“ECCTA 2023”) followed the Economic Crime (Transparency and Enforcement) Act 2022 (“ ECTE 2022 ”) and similarly seeks to address the threat of illicit finance whilst maintaining the ease of doing business for legitimate commerce.

The (“ECCTA 2023”) amends the Companies Act 2006 to reform Companies House’s processes and furnish the Registrars with new statutory functions and objectives.

The (“ECCTA 2023”) expands the statutory role of the Registrar of Companies for England and Wales (and equivalents in Scotland and Northern Ireland) beyond their previous remit of registering company information.

The Registrars are now tasked with doing more to protect the integrity of the information on the register and seeking to prevent companies and others from carrying out unlawful activities. To support this the act equips them with new powers. This includes powers to query suspicious appointments or filings, request further evidence or reject filings.

A significant programme of secondary legislation is necessary to implement the reforms. Some 50 or more statutory instruments are likely to be needed to underpin all aspects of the operational roll-out. The Government intends to deliver these instruments in phases, designed to be closely aligned with the extensive operational transformation within Companies House.

The first phase of implementation commenced on 4 March 2024, encompassing the systems, process and organisational change needed to operate the new Registrars objectives and powers and new legal requirements for companies.

The Department for Business and Trade has laid the first report to Parliament on progress on the implementation of Parts 1 to 3 of the Economic Crime and Corporate Transparency.

Organisational structure

Companies House

Performance highlights 2023 – 2024

UK register size
(as at 31 March 2024)

5.35 million

2022/23: 5.12 million

Incorporations
890,684

2022/23: 801,006

Dissolved companies
663,167

2022/23: 585,807

In liquidation
109,352

2022/23: 106,343

Companies in course of dissolution
365,033

2022/23: 364,998

Companies restored
7,648

2022/23: 7,505

Register of Overseas Entities
30,776

2022/23: 27,411

Paper purchase A4 ream equivalent
3,174

2022/23: 2,700

Companies House

Rate of confirmation statements filed by companies as at 31 March 2024

97.3%

2022/23: 97.4%

Total filings accepted digitally

13.1 million

2022/23: 12.7 million

Number of times the register data was accessed

16bn

2022/23: 14 billion

Total filings accepted

14.3

2022/23: 13.9 million

Rate of annual accounts filed by companies as at 31 March 2024

98.3%

1.

2022/23: 98.5%

Digital take-up

92%

2022/23: 92%

Customer satisfaction

82%

2022/23: 82%

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 2023 to 2024.

Performance analysis

Purpose

The performance analysis provides a detailed view of performance against the delivery of our Business Plan for 2023 to 2024, including the targets and main commitments we set ourselves under each of our strategic goals for the reporting period.

Performance outturn against our Ministerial Targets in 2023 to 2024

Target	Output	Outcome	
Removal of records—remove in excess of 16,000 pieces of information relating to identity details and/or addresses used without permission, in order to minimise the risk of records kept by the registrars creating a false or misleading impression to members of the public. (using existing powers)	34,934 Target met and exceeded.	Achieved	✔
Register of Overseas Entities—issue financial penalties for non-compliance in cases that we have identified and prioritised.	Target met	Achieved	✔
Complete and up-to-date data—97% of companies on the register have filed a confirmation statement.	97.3%	Achieved	✔
Digital service availability—digital services are available for a minimum of 99.5% of the time.	100% Target met and exceeded.	Achieved	✔
Customer satisfaction—80% of customers satisfied with Companies House.	82% Target met and exceeded.	Achieved	✔
Resourcing—increase the resource in the operations and intelligence teams by up to 241 new posts to enable legislative reform*	Resource in the operations and intelligence increased to enable commencement of legislative reform	Partially met—resource increased by 174 additional FTE for the commencement of new powers.	✔
Delivering value—We will manage our expenditure within budgetary limits**	Successful completion of the external auditor review of the end of year accounts	Achieved	✔

The effectiveness and accuracy of Companies House reporting on key success indicators, has been evaluated by The Government Internal Audit Agency (GIAA). They provided a ‘substantial’ audit opinion confirming the validity of Companies House reporting.

*The Government Internal Audit Agency (GIAA) confirmed that failure to meet the resourcing total can be attributed to the following factors which have contributed to a significant delay in being able to recruit:

- The announcement of a headcount cap across government part way through recruiting for new powers (September 2023) which delayed onboarding and recruitment.
- A delay in the approval of Companies House fee increases—on the basis that the increase was linked to the need to increase the headcount.

** The target ‘Manage expenditure within budgetary limits and utilise central government funding’ was excluded from the GIAA review, as it is delivered through successful completion of the external auditor review of the end of year accounts.

Risk management and assessment.

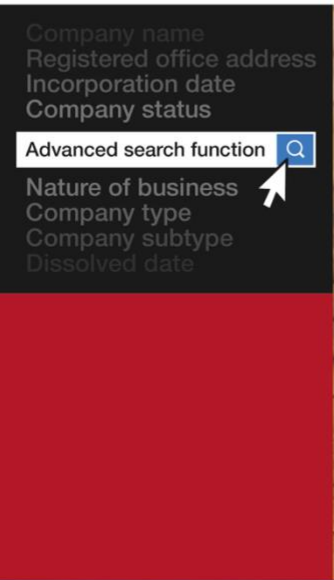
Companies House actively manages risks across the business, and over the period April 2023 to March 2024, the principal risks were monitored and managed at Executive level.

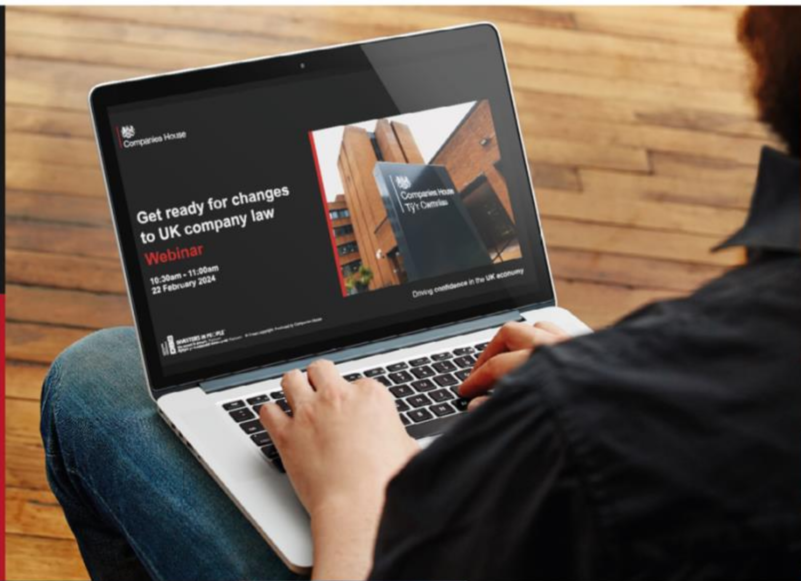
Companies House’s Executive Board also considered a range of issues and highlights throughout the course of 2023 to 2024. The Board’s management and assessment of risk is presented within the governance statement of the Corporate Governance Report.

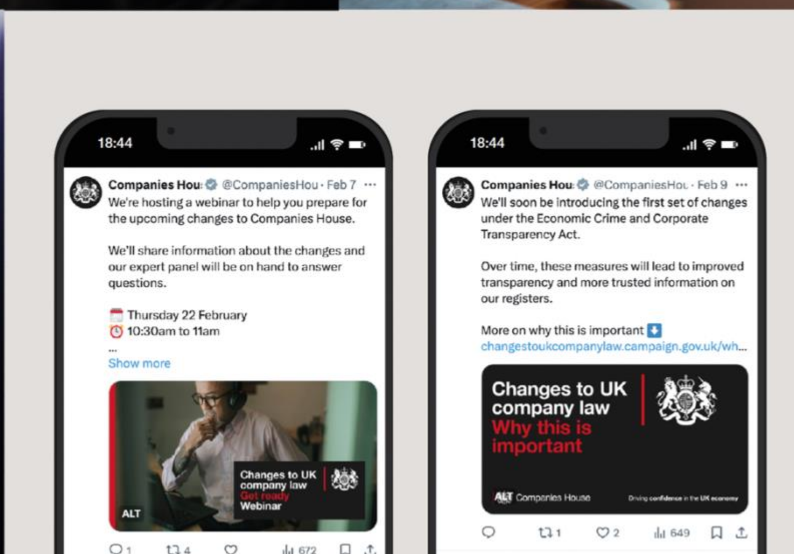
Companies House

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.

The new powers and responsibilities of the (“ECCTA 2023”) are designed to further improve trust and confidence in our registers.

Use of our new powers is a cultural shift for Companies House. It will also have a significant impact on our customers, and their experience of our registers. We know the impact that the false and malicious use of names and addresses used without consent has on individuals, and that such practices have been ongoing for some time. However, until this year our ability to rectify such misuse has been extremely limited. Given this, upon receipt of our new powers we prioritised targeting the retrospective removal and rectification of such false information in order to maximise confidence in the register and minimise distress to individuals. Tackling the backlog of potential false information for removal started on the first day of our new powers, 4 March 2024.

From 4 March to the end of March, Companies House has:

- commenced the process to remove names and addresses used without consent. This includes removals of People of Significant Control (PSC) and shareholders—previously those wishing to have their details removed would have had to apply to the courts.
- removed 4,000 registered office addresses
- removed 2,100 officer addresses and 2,300 PSC addresses
- redacted 3,600 incorporation documents to remove personal data used without consent
- removed 1,250 documents from the register, including 800 false mortgage satisfaction filings which would have previously required a court order
- contacted 3,800 companies with PO Boxes as their registered office address, to make them aware that this would no longer be legally compliant and requiring them to provide an alternative appropriate address. As of 1 April 2024, the number of companies on the register using a PO box has reduced to 1,900.

Where a company’s registered office is not appropriate, such as in instances of fraudulent use, Companies House will change the address to a default address. These companies will be struck off the register unless they can provide an appropriate address with evidence that they are entitled to use that address. There were 26,800 companies with a defaulted registered office address on the register on 4 March.

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. Importantly, we have successfully embedded a new Data Governance Framework into our Project governance. This has been supported through close collaboration with colleagues across all strategically important projects.

We have invested in improving our data maturity across the organisation, and our new Data Issues tracker allows colleagues to easily report to us data quality issues impacting a variety of areas across the organisation, and we have piloted a project aimed at improving the quality of data in our Persons of Significant Control Register.

Work on a cloud data platform solution continues to allow our Data Scientists to fully mobilise the value of our data to enable proposals for more sophisticated digital solutions and to help us with improving data quality—particularly through highlighting patterns and anomalies. We have also initiated an AI Steering Group with representatives from across the business to discuss opportunities and the implications for generative AI in the organisation.

Compliance

We are pleased to have maintained year-end compliance rates above 97% in each of the four years of our strategy, for both confirmation statements and annual accounts. With 97.3% of companies filing up-to-date confirmation statements at the end of 2023 to 24, compared with 97.4% in 2022 to 23; 97.2% in 2021 to 22; 97.5% in 2020 to 21 from the baseline of 97.2% at the start of our strategy. Compliance for companies filling up to date annual accounts was 98.3% at the end of this financial year, which compares with 98.5% at the end of 2022 to 23; 98.4% in 2021 to 22 and 97.8% at the end of 2020 to 2021, from the baseline of 98.7% at the start of our strategy.

Companies House

Strategic goal 2

We maximise the value of our registers to the UK economy.

Through our work to improve the accuracy of our registers, we build trust and confidence in the data we make publicly available. In doing so, we expect the use of our data to grow and broaden, creating additional value for the UK economy.

We are always seeking new ways to increase the company information we publish and to improve its accessibility so that it can be used easily. This will increase the value of the information we share and drive economic growth.

To progress towards our strategic goal of ‘we maximise the value of our registers to the UK economy’, during this period,

- We decommissioned our legacy search services, Companies House Direct (CHD), WebCHeck and the Extranet on 30 November 2023. These have been replaced with the more modern, fully accessible Find and Update Company Information service.
- Information on the Register of Overseas entities can also be accessed on the Find and Update Company information service.
- The key development work to deploy the functionality for corporate annotation to the registers was completed with work continuing on the development and deployment of prescribed annotations.

We paused our project to make company accounts information more accessible with new search functionality and our project to develop a full end-to-end digital service for providing certificates and certified copies, whilst higher priority, legislative reform projects for implementation from March 2024 took place.

The total number of companies on the register has increased throughout the strategy to March 2024. There are now over 5.3 million companies on the company register, from the baseline of 4.3 million at the start of our strategy.

The 12 months change in total companies register size this year was 234,000 compared with the baseline 12 month change figure of 148,869 at the start of our strategy.

Making company information publicly available

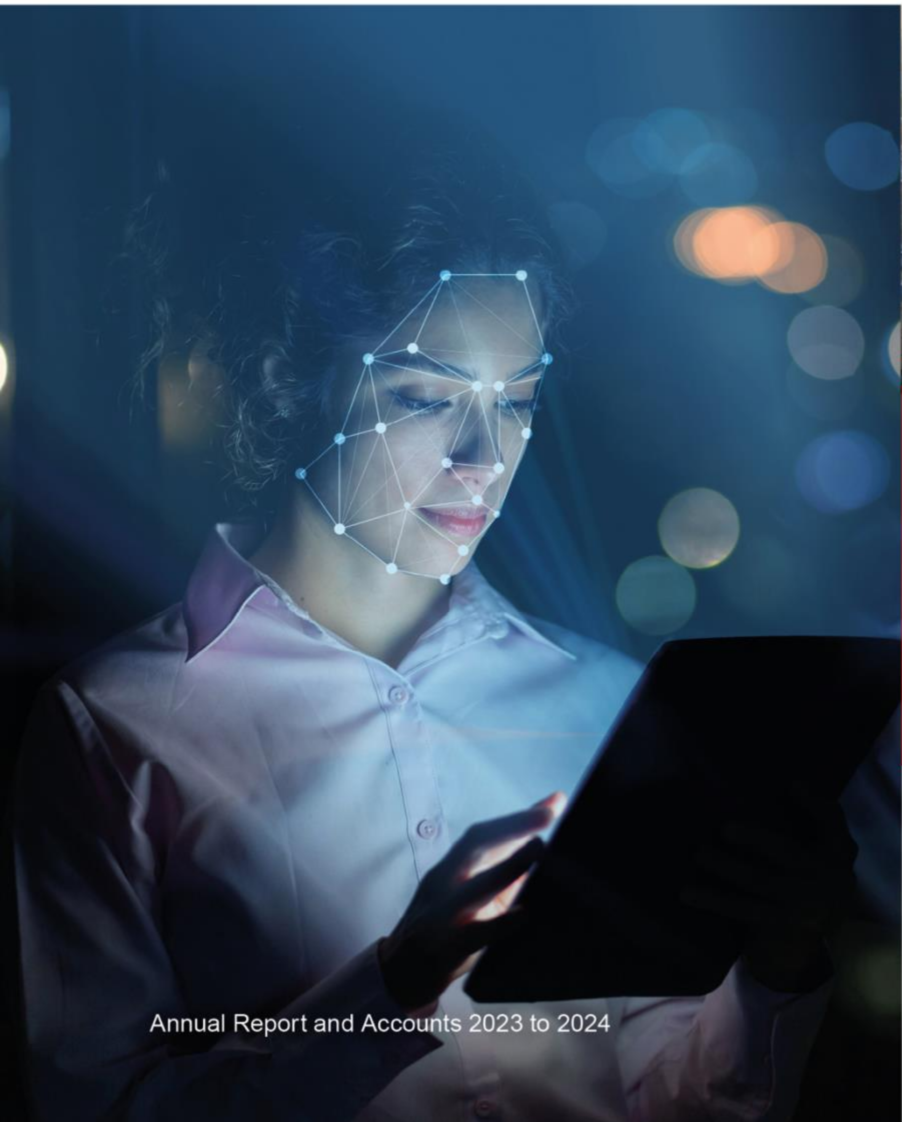
We are continuously looking for ways to improve the information we make available on companies, in the interests of public transparency and to support economic growth.

We know users value accessing the information we make available, including online through Find and Update Company Information. Our registers were accessed over 16.5 billion times in 2023 to 2024, an increase from a baseline of 6.5 billion back in 2018 to 2019, and 9.5 billion in 2019 to 2020 at the start of our strategy. Research commissioned by Companies House and the Department for Business, Energy and Industrial Strategy (BEIS) [sic] in 2019, found that the value of our registers to data users was between £1 billon to £3 billon. The Department for Business and Trade has an active programme of data gathering, analysis and research and this year, research was commissioned to establish a baseline for the value of our registers to law enforcement agencies.

Companies House

Strategic goal 3

We combat economic crime through active use of analysis and intelligence



Partnership working to combat economic crime

Following the establishment of our Intelligence and Law Enforcement Directorate in 2022 to 2023, we have continued to develop and embed this new function.

Our intelligence function has built strong relationships with partners in government, the regulatory and law enforcement sectors and the private sector.

The Insolvency Service is a key partner in the reforms, important steps have already been taken including the creation of Anti Money Laundering (AML) cells funded by the Economic Crime Levy, establishing a Memorandum of Understanding with Companies House to enable funding to flow into more complex investigation and prosecutions.

This year we have increased our role in combatting economic crime by

- Introducing more extensive legal gateways for data sharing with law enforcement, other government bodies and the private sector.
- being a member of the Joint Money Laundering Intelligence Taskforce (JMLIT), a National Economic Crime Centre (NECC) led partnership between law enforcement and the financial sector to exchange and analyse information relating to money laundering and wider economic crime threats.
- working closely with those in the AML regulated sectors, playing an active role in the Anti Money Laundering Supervisory Forum as well as engaging with the legal and accountancy intelligence sharing expert working group. In advance of the commencement of new and tailored new powers, we began sharing information using Regulation 52 of The Money Laundering Regulations. This sharing is already supporting work to Improve the integrity of the Register of Overseas Entities.
- Full sharing of information and intelligence with relevant partners under (“ECCTA 2023”) has now begun.

At the end of year 4 delivering against our strategy, we are pleased to have successfully achieved our strategic outcome to have an intelligence hub to support the creation and sharing of intelligence and have commenced implementation against our outcome to pursue those who misuse our registers.

By introducing enhanced intelligence capability & capacity to identify strategic and tactical threats of economic crime and fraud on the registers, we have developed a much greater understanding of how our data can be used by and shared with partners to help prevent, detect and investigate economic crime.

The number of requests we have received from law enforcement agencies has increased to 3,204 in 2023 to 2024, compared to our baseline of 1,500 in 2021 to 2022 and the number of corporate bodies' details we have supplied in response this year was 6,163.

To progress against our strategic goal and outcomes to combat economic crime this year we:

- developed a Compliance Framework to inform decisions and actions associated with our powers now the ("ECCTA 2023") has come into force.
- iterated the People with significant control (PSCs) discrepancy reporting service guidance to reflect the new requirements introduced in the new Money Laundering Regulations. This included a new definition of a material discrepancy and new requirement to report on an ongoing basis not just at onboarding. The planned changes were successfully implemented with further work ongoing in this area.
- continued our conversations with His Majesty's Courts and Tribunals Service (HMCTS) on a project for digital integration into their case management system to enable Companies House to submit criminal prosecutions efficiently and effectively. HMCTS have moved this project into their 2025 to 2026 portfolio plan and the ("ECCTA 2023") broadens the scope for Companies House as we now have additional responsibilities for prosecuting criminal offences.
- Implemented processes for the Register of Overseas Entities, encouraging compliance of those we believe are legally required to register, progressing through to issuing financial penalties for non-compliance and other offences.
- Progressed the technical development and stakeholder engagement and communication for the application process to on-board Authorised Corporate Service Providers (ACSPs), linked with the Identity Verification Process (IDV).
- Work on the preparation of our Strategic Intelligence Assessment was completed by the end of March 2024 with ongoing work to complete the control strategy, before sharing.

Register of Overseas Entities

The Register of Overseas Entities forms an important part of the government's strategy to tackle global economic crime and strengthen the UK's reputation as a place where legitimate businesses can thrive. The register is the first of its kind in the world and builds upon the UK's global leadership in tackling corruption.

The aim of the register is to increase transparency and reveal the beneficial owners of overseas entities that own property or land in the UK.

The register has had a significant impact since it was launched with 30,776 overseas entities registered out of the estimated 32,000 in scope and the data on the register has been accessed more than 1 million times.

The UK Register of Overseas Entities marked its first full year of operation and saw new processes implemented to encourage compliance of those we believe are legally required to register.

This included introducing a penalty regime in July 2023, in line with our public target for failing to register as an overseas entity. As part of this, all in scope entities, totalling some 3,000 entities that failed to Register have received a penalty warning notice.

Enforcing compliance

Companies House guidance on the approach to enforcement was published in July 2023 to encourage compliance with the Register of Overseas Entities.

Where help and advice does not secure compliance with regulatory requirements, Companies House uses a consistent and proportionate approach to enforcement.

Restrictions

Overseas entities that have not registered with Companies House, or have failed to comply with the updating duty, now face restrictions on selling, transferring, leasing or raising charges against their property or land. Overseas entities also cannot buy any new UK property or land without an Overseas Entity ID. Companies House continue to scrutinise information on the register, working with the UK Land Registry and other agencies to identify those that have failed to comply with their obligations.

Financial penalties

The Registrars may impose a financial penalty when satisfied beyond reasonable doubt that an offence has been committed.

The next stage of activity is the application of charges to secure debt recovery where non-compliance continues.

Prosecution

Companies House may refer non-compliance with regulatory requirements for the Register of Overseas Entities, to The Insolvency Service and other law enforcement agencies to be considered for prosecution. Prosecution will usually be considered for the most serious cases. Once a case has been referred, all decisions in respect of investigation, charging and prosecution rest with the prosecuting authority.

The (“ECCTA 2023”) makes amendments which will bring the requirements for ROE into line with the new requirements for companies and secondary legislation will be required to implement a number of these measures.

Companies House

Strategic goal 4

Our brilliant services give a great user experience

This year we continued to set public targets for customer satisfaction and availability of our digital services, which were refined to reflect our operating environment. They represent the importance of brilliant services to the organisation and the people who interact with us and access our registers.

The outcome at the end of 2023 to 2024 was 82% of customers were satisfied with Companies House against a target of 80%. Over the period of the strategy our customer satisfaction score has declined by 10 percentage points from a high baseline satisfaction score of 92%. As the methodology and target definition have been refined since the start of our strategy in 2020, the trend figures are not directly comparable, across the 4 years.

A factor in the decline related to our contact centre, when this is excluded from our satisfaction data the result for this year is 82% against an earlier baseline of 87%. This year we took the decision to end our contact centre agreement and work commenced with a new contact centre provider from February 2024. The definition and methodology changes implemented at the start of the 2023 to 2024 financial year, resets the baseline to 82% for the final year of our strategy.

Informing customers and stakeholders

We're committed to communicating effectively to make people aware of the changes to their obligations under the new legislation. By taking a firm but fair and evidenced-based approach to using the new powers, we'll find a balance between tackling economic crime and minimising burdens on law-abiding companies, which make up the vast majority of entities on our registers.

The changes to UK company law campaign site was launched in November 2023, and is the central hub for customers and stakeholders to find out about the upcoming changes and how to comply with the new requirements.

Companies House has published a regular drumbeat of communication on their digital channels, including press notices with the Department for Business and Trade and Home Office, and 12 blog posts on GOV.UK focusing on different areas of the legislation.

Stakeholders have been kept updated and provided with opportunities to engage with Companies House around the changes. 26 separate industry-themed forums (accountancy, finance, civil society, law, data users, software providers) 24 stakeholder conferences and 13 bilateral meetings with key senior stakeholders have taken place. A video summarising the reforms with key messages around the phased implementation approach was shared by 87 stakeholders and partners.

In addition, a technical briefing raised awareness with trade press and consumer affairs journalists. Companies House issued 20 stakeholder newsletters to 615 stakeholders on their mailing lists and their annual reputation survey found that stakeholder support was high.

Other promotional activities included:

- advertisements and advertorials in the trade press spanning multiple sectors including accountancy, legal, business, and construction.
- updating more than 50 pages on GOV.UK by 4 March providing guidance for the public.
- using social media (X, Facebook, LinkedIn, YouTube) to reach company directors and agents. Companies House's social media posts have had nearly 2 million impressions since the Economic Crime and Corporate Transparency Bill was introduced in Parliament. This resulted in nearly 55,000 new subscribers for their email newsletters, taking the total number to 546,139.
- 19 newsletters have been sent to subscribers to encourage readiness and compliance. Most subscribers are company directors, with a smaller number of stakeholders, partners and interested citizens.
- producing an explainer video series published on YouTube and embedded across the Companies House channels. The animated series covers key changes relating to the ("ECCTA 2023"), including the actions required from 4 March. The first four videos in the series have received 2,631 views in total to 15 March 2024.
- delivering live webinars targeted at company directors and intermediaries to support readiness and compliance with the first tranche of changes. Reaching 1,077 attendees and a further 2,195 views of the recorded presentation post-webinar.
- Approximately 6,000 customers have been contacted to advise them of specific actions they need to take.

Companies House are utilising YouGov polls to track awareness among business leaders. In December 2023, awareness was at 22%. In March 2024, awareness had risen to 29%, showing an increase of 7%.

Digital services

We have again successfully exceeded our target with 100% 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 implementation of the ("ECCTA 2023")

Digital enablement—the value digital take up would be if all filers chose to file digitally where possible has remained high throughout the period of our strategy with a baseline of 94.58% at the end of March 2020 and 94.69% at the end of March 2024.

Reputation

Our reputation is monitored via an annual independently run Public Sector reputation measurement and management tracker, amongst business leaders, the informed general public and stakeholders familiar with Companies House. The reputation scoring model is based on qualitative and quantitative research around what people think, feel and do in relation to an organisation.

There has been a slight decline from our baseline scoring at the start of our strategy period, but Companies House is still measuring as having a strong reputation. The slight decline should be viewed in the context of its alignment with wider public sector reputational decreases following the covid pandemic and other socio-economic factors.

Companies House has also maintained its position as being in the top 25 of the 80 public sector organisations tracked, in terms of our reputation.

Reducing paper

During 2023 to 24, incoming mail weight decreased to around 61,137 kg. This is a slight increase from 60,595 kg in 2022 to 23 and a substantial decrease on our pre-strategy baseline figure of 82,900 kg in 2019 to 20.

As part of our regional office moves, the decision was taken to consolidate our postal services to Cardiff, and we moved post from Edinburgh to Cardiff as part of the relocation in September 2023, with Belfast, commencing diverting post to Cardiff from 4 March 2024.

In the final year of our strategy, we will be undertaking work to understand our future operational requirements and the development of our digital roadmap for our services as part of work on our next organisational strategy.

Paper purchase was 3,174 A4 ream equivalent this year. Whilst the trend shows a slight increase against last year’s 2,681 A4 ream equivalent we can report our overall reduction is ahead of the 50% target at 67 % when compared with the GGC baseline year in 2017 to 18 figures when our paper purchase was 9,695 A4 equivalent reams.

Companies House

Strategic goal 5

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

CUSTOMER SERVICE EXCELLENCE
INVESTORS IN PEOPLE™
We invest in people Platinum
Rydym yn buddsoddi mewn pobl Platinwm

Companies House continues to build an inclusive positive culture to underpin our transformation journey and to ensure great user experience and service delivery for our customers. Commencement of implementation on the new legislation involved systems, process and organisational changes in order to operate the new Registrars objectives and powers and new legal requirements for companies.

In September 2020, receiving Investors in People (IiP) Platinum status was a standout moment, success rested on our infrastructure and aspiring for Companies House to be the best it can be. Colleagues stepped up and broadened capabilities in ways that exceeded expectations and showed the high levels of integrity placed on living our values.

To progress our strategic goal of ‘our culture enables our brilliant people to flourish and drives high performance’, during 2023 to 2024, we were pleased to retain our platinum Investors in People status and together with our results from the Civil Service People Survey, we’ll be using these insights to inform our People action plans.

Through creative thinking, adaptable behaviour, bold ideas, and curious questioning, our people have enabled the business to push forward, adapt, and our data is now accessed by users more than 16 billion times in 2023 to 2024 from a baseline of 6 billion at the start of our 5-year strategy.

In our strategy, we committed to optimising our working environment to deliver hybrid working and maximise our use of government estate.

At the end of year 4, the handover to the Government Property Agency (GPA) completed and from 1 April 2024, Companies House becomes a tenant in a GPA owned and managed building, and all services and maintenance becomes the responsibility of the GPA. Through the transition we have worked in partnership with the GPA to ensure continuity of services, including safety of the building and building users through new GPA led Incident Command processes.

Companies House staff based in Cardiff are now working from our reduced footprint, and we have secured additional space from the GPA in the Crown Way building, on a short term flexible rental agreement where we are able to change the space with 1 months' notice for new teams who are using the area for training and consolidation and the space is adapting as learning requirements evolve and new colleagues join.

The secure intelligence hub is now up and running with the appropriate access controls and behaviours to operate securely and the ROSA hub is in place following ROSA security guidance.

At the beginning of September 2023, our Edinburgh office moved to their new location, in Queen Elizabeth House in Edinburgh, one of the two government hubs in Scotland and we continue to work with the GPA on the move in Belfast to the Government Hub at Erskine House.

Upon completion of the Belfast move in 2024, we will have achieved our strategic ambition to optimise our working environment, deliver hybrid working and have maximised our use of government estate, by reducing our footprint by 60% and remain on track in meeting our Greening Government Targets.

Location	From sq. m	To sq. m
Cardiff	29,861 gross (the net area—without tenants paying rent on the space occupied was 21,888 sq m).	8,837 split across a long— and short-term rental agreement.
Edinburgh	725	216
Belfast	560	144

Smarter working award

In May 2023, Companies House was assessed by the Smarter Working Programme on how our Smarter Working ambition has matured, and how we have embedded new ways of working into our day-to-day lives. Included in the assessment was our continued commitment to hybrid working, the way that we use the office to come together and collaborate, and the tools and environment we have to support our ambition.

We were pleased to achieve a Smarter Working ‘mature status’ award, recognising our commitment to Smarter Working, and the contributions that we’ve all made along the way.

At Companies House we are committed to supporting a healthy work life balance and have adopted hybrid ways of working which provide elements of choice and flexibility in where work is carried out provided the needs of the business can be met and we maintain high standards of performance.

At the end of year four of our strategy we are pleased to have successfully evidenced delivery of our strategic outcome to embed Hybrid ways of working to support our strategy and transformation.

Equality, diversity and inclusion

In Companies House we recognised 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 (ED&I) Steering Group, ensuring our activities are aligned, have impact and deliver effective outcomes. We are delighted to have secured Executive or Corporate Senior Leadership Sponsors, for all of our people networks.

Entering its second year, our ED&I steering group has continued to develop and has played a key role in ensuring that Companies House continues to deliver on its strategic objectives by monitoring development, delivery, and implementation of our organisational ED&I strategy. Following Executive Board review of our structure and implementation of Directorate changes, we have expanded our membership to welcome representatives from Intelligence & Law Enforcement, Data Analytics & Research (DAR) as well as our new Women's network lead and our lead for Welsh Language.

The group focussed on 4 areas for delivery during 2023, which were:

- continuing to raise the profile of equality impact assessments
- gender pay gap action plan
- disability pay gap report
- reverse mentoring

An updated Equality Impact Assessments template has been produced alongside information in relation to when/where/why and who needs to complete these templates. Presentations continue to be delivered across the organisation to raise the profile and there has been a positive increase in completed EQIA's.

Gender pay gap

Gender Pay Gap legislation introduced in April 2017 requires all employers of 250 or more employees to publish their gender pay gap each year. The gender pay gap is the difference between the average earnings of men and women, expressed relative to men's earnings.

Companies House gender pay gap and data report for 2023 was published on 28 March 2024.

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

Building strong external campaigns to showcase our inclusive culture is helping to draw in the diverse talent that we need to achieve our strategy. Our campaign content has attracted over 2 million impressions, 17,914 engagements and 16,211 click-throughs across our social media channels.

Following on from our Gender Pay Gap Report (2023) we set up a Gender Pay Gap working group as an opportunity to take an evidenced based approach to what our data is telling us in relation to our GPG and to look at practical steps to move toward reducing this.

Although we do not have a statutory requirement to do so we have produced an internal report to look at our Disability Pay Gap report and provided this as evidence to support our submission to continue to be a Disability Confident Leader. We were successful in our submission and have retained this status.

Reverse Mentoring—following on from our successful pilot with our Executive Board we have completed cohort one of this programme and have received very helpful feedback from mentor's and mentee's—a report of findings has been produced and we are currently reviewing the approach to be taken for cohort 2.

Benchmarking of our data has been conducted for Companies House employees against the latest data sets published on the national census conducted in 2021 to 2022.

Our workforce data shows that 54.5% of Companies House are women, 7.98% are from ethnic minority background and 12.15% declare themselves as having a disability. Representation of women at Companies House is slightly higher than the UK population census figure of 51%, ethnic minority and disabled staff data shows underrepresentation when benchmarked against the population of England, Wales and Northern Ireland Census data of 19.0% ethnic minority and 17.74% disabled * (data for Scotland due for release later in 2024).

Our workforce data indicates that there is more to be done to improve our response rates from 70% (excluding prefer not to say), and 75% when this cohort is included, to effectively benchmark our position and continue the ongoing work towards our strategic ambition to reflect the diversity of our customers through our own diversity. The next publication of Civil Service Statistics is due July 2024, and we will use this to support our benchmarking and data led approach to decision making.

Learning, skills and capability

To successfully deliver our Corporate Strategy, our people will need to grow and develop their skillsets and behaviours to deliver our ambitious plans and adapt to the challenges posed as we transform.

We must adopt different ways of working, increase our knowledge, and develop new skills to deliver on both our current and future strategic goals and achieve our vision of being the most open, innovative, and trusted register in the world.

Skills for leading 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.

Lead and Inspire and the Senior Leadership programmes were both running at the start of this financial year, however in light of Royal Assent of the Economic Crime and Corporate Transparency Act in October 2023, we paused both programmes, as we prepared for the implementation of new powers to create more time for people to focus on the technical training related to their new roles. This was a positive move, welcomed by staff. We have taken this time to review and iterate the programmes with a view to re-starting our leadership programmes in 2024 to 2025.

One Big Thing

One Big Thing is an annual initiative, where all civil servants take shared action on a reform priority. This year's theme was data skills and was designed to empower civil servants to understand the value of using data insights in their day-to-day work as well as uplift data skills and confidence across all of the Civil Service.

As a specialist data business with key objectives around improving our data, it's vital for Companies House to continue to invest in upskilling colleagues to support our transformation journey and respond to the evolving needs of our customers.

We asked colleagues of all grades, skills and experience to complete a minimum of 90 minutes' worth of the training by March 2024 with a view to making foundational data literacy a core skill.

Future skills development and an emphasis on professions

In 2021 to 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 runs over a number of years.

This year we have taken stock of the roll out against the four types of government professions; operational delivery, policy, functional and specialist professions, to establish the right foundations for our future plans which will see everyone understanding the career pathways associated with their profession and establish ways to monitor their capability in line with their profession.

Pay and reward

In response to the Cabinet Offices 2023 pay guidance we submitted a pay flexibility business case. Our case was awaiting Treasury approval when the general election was announced meaning there was not sufficient time to gain approval pre-election. With the prospect of not receiving a decision until Autumn we decided to take an offer of a one year pay deal totalling 5% in line with the pay guidance. The funds were focussed on providing all colleagues with a consolidated pay increase and the creation of a scarce skills allowance to assist us in the attraction and retention of colleagues in roles where markets attract higher levels of wages.

Our in-year reward schemes attract high volumes of nominations, and our employee benefit platform continues to receive extremely high levels of engagement and use, and we continue to look for ways to improve our offer and work closely with our internal communications team to ensure colleagues are aware of the benefits their whole employment package offers them.

Employee experience

The 2023 Civil Service People Survey ran from 19 September to 23 October. 356,715 people, from 103 Civil Service organisations, completed the survey, giving an overall response rate of 65%.

The Civil Service People Survey provides 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. The Companies House response rate this year was 87% and our engagement index increased by 2 per centage points to 67% compared with a Civil Service overall engagement score of 64%.

Through the year we carry out short pulse surveys using People Voice our ‘in house’ survey tool to focus in on areas that matter within Companies House and insights help further inform and shape our actions.

Recruitment

In 2023 to 2024, our workforce resourcing plan focused on having the right people in place at the right time, with the right skills to support the preparation for and implementation of the Economic Crime and Corporate Transparency Act 2023. We increased the resource in the operations and intelligence teams and have trained over 700 operational delivery professionals to commence the phased implementation of the reforms.

A workforce plan to March 2025 has been developed to outline people resource requirements to enable successful delivery of legislative reform, in year 5 of our strategy.

A strategic workforce planning group has been established and training was delivered to the group in February and March 2024. Establishing the group and investing in this training has been a really positive step forward in engagement with strategic workforce planning in preparation for the next spending review period.

Corporate social responsibility.

Our corporate social responsibility activity ensures that Companies House acts on its commitment to being a responsible business.

Our people pillar

For our people, corporate social responsibility flows through our diversity networks, the way we work, and initiatives to support colleagues.

Community Outreach

We partner with The Cardiff Commitment which is a part of Cardiff Council. Organisations and business in the Cardiff area pledge to support children and young people to understand: ‘the sorts of jobs and industries that are growing in Cardiff and the surrounding area and to support them to explore which jobs might be right for them.

As part of this work, we are partner to two local secondary schools—Cathays High School and Ysgol Gyfun Gymraeg Glantaf, sitting on their termly Business Forums and offering support with mock interviews for pupils.

We also partner with Cardiff and the Vale College attending a Careers Fayre for their students and offering employability sessions for students and ran employability sessions with Cardiff People First an advocacy group for people with learning disabilities.

In partnership with Careers Wales, we delivered employability sessions for veterans and supported a STEM Ambassadors event.

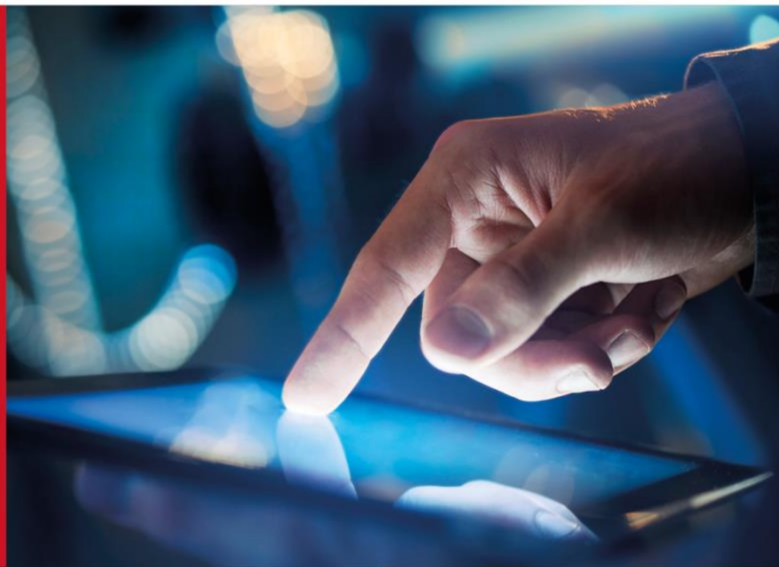
Volunteering

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 the financial year 2023 to 2024, we have spent 86 hours volunteering in our local communities. We have donated £79,800 worth of furniture, plus fundraised £4,598.24 for local charities, including 314 Easter Eggs for local foodbanks.

Strategic goal 6

We deliver value through efficient use of resources



Operating in central government

Following the Office for National Statistics (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). We are currently an Executive Agency of the Department for Business & Trade following wider machinery of government changes that were announced in February 2023.

We work closely with officials and the Department for Business & Trade sponsorship team to ensure we continue to align our internal controls with evolving requirements.

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 investment funding for transformation over 5 years of £108.1 million allocated across three Spending Review periods. We have invested in new capabilities to prepare for implementation of the legislative reforms as part of our wider transformation programme. This includes transforming our systems, services, structures and culture.

Our workforce plans continue to play a vital role in ensuring efficient and effective use of resources and our plans have been developed to outline the resources required to enable successful delivery of legislative reform to March 2025.

This year there was extraordinary demand for new commercial agreements alongside renewal of existing ones. With resource constraints in place, we focused on enabling the implementation of legislation and have been successful in accessing services from the commercial market and managing those contracts actively to deliver value.

We made appropriate and proportionate use of external delivery partner to help us develop our implementation plans and improve our status reporting. Proactive handover to our internal teams allowed ongoing ownership and development and resulted in the successful implementation of our new powers on 4 March 2024.

A self-assessment against the Public Value Framework was completed in 2022 to 2023 and the report approved by Executive Board. We are now taking forward an action plan for 2024 to 2025 and will continue to review as part of our ongoing self-assessment in line with Treasury guidance.

Managing public money

Our expenditure is effectively managed within delegated limits from the Department of Business and Trade. Companies House Finance and Investment Committee, are responsible for overseeing, monitoring, and reviewing stewardship of investments, including financial planning and performance of revenue and capital expenditure plans; and 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.

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. As part of the impact of legislative reform, we completed a project to review and assess our fee model to ensure this supports the new legislation and The Registrar of Companies (Fees) (Register of Overseas Entities) Regulations 2024 were laid before Parliament on 19 February 2024 and came into force 1 May 2024.

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 addition to the investment for the transformation of Companies House, the government has made available multiple year funding of £19 million awarded via the Economic Crime Levy for new intelligence cells in Companies House (CH) and the Insolvency Service (INSS), allowing both agencies to plan to step up their Anti Money Laundering work. The first payments from the Economic Crime Levy were made in the financial year from 1 April 2023 to 31 March 2024.

Financial performance

Expenditure

HM Treasury has a constitutional role in controlling public expenditure. Government departments need Treasury consent before undertaking expenditure or committing to spending.

All legislation that affects spending must have the support of the Treasury before it is introduced. Policy decisions with financial implications must be cleared with the Treasury before they gain approval by the Cabinet.

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 2023 to 2024

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 Department for Business and Trade (DBT) 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:

1. Annually Managed Expenditure (AME)
2. 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 DBT, 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 2023/24

	2023/24			2022/23
	Budget £000s	Actual £000s	Variance £000s	Actual £000s
Resource DEL	30,436	28,207	(2,229)	9,207
Capital DEL	19,573	17,930	(1,643)	(9,067)
Total DEL	**50,009**	**46,137**	**(3,872)**	**140**
Resource AME	121	(712)	(833)	370
Capital AME	131	457	326	-
Total AME	**252**	**(255)**	**(507)**	**370**

In year there was an IFRS16 remeasurement which resulted in a Capital DEL loss of £1.7m. This was following the decision to significantly reduce the footprint within the Cardiff office from 1 April 2024 with the lease modification accounted for over a 4-year lease term. Companies House transferred the property to Government Property Agency (GPA) on 31 March 2021 and leased the entire floor space at the Crown Way site, however the subsequently modified lease now contains 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 2023 to 24 financial year, the size of the register grew by 4.57% (compared to the size of the register in 2022 to 2023) which led to an operating income of £90.5m (2022 to 2023: £88.7m). The Register of Overseas Entities has contributed an additional £3.3m in service delivery income.

Operating expenditure in year totalled £120.8m (2022 to 2023: £98m) including staff costs of £74.8m (2022 to 23: £59.8m). Operating expenditure includes £2.9m of tangible assets transferred to the GPA following the reduction in footprint at the Cardiff office. The government transfer has been accounted for as a capital grant in kind and is capital neutral.

Non-staff operating expenditure decreased by £1.9m from last year to £43.2m (2022 to 2023: £45.1m).

The underlying performance in departmental resource expenditure against budget was an overall underspend of £3.1m. Goods and Service costs have been underspent by £2.8m, driven by GPA facilities management costs being significantly below the anticipated values.

Depreciation and amortisation increased by £0.7m to £7.8m on the previous year (2022 to 2203: £7.1m), due in part to the impact of the increase in the value of the property lease.

Statement of financial position/capital

Capital is underspent by £1.3m. This is attributable to the lower than expected costs on the Cardiff, Edinburgh and Belfast property leases.

The Statement of Financial Position as at March 31, 2024, has a total balance of Taxpayers equity £47.1m (2022 to 2023 as restated: £37.0m).

The gross book value of intangible assets has increased by £14.7m, from £99.7m to £114.4m as a result of our transformation activity.

Companies House had a total cash balance of £9.4m (2022 to 2023: £7.2m) as at 31 March 2024. This is following £40.3m (2022 to 2023 as restated: £21.8m) of cash drawn down from DBT 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 £9.7m (2022 to 2023: £10.4m) was provided by DBT to enable the continued pursuit and handling of appeals and debt collection relating to the penalties issued due to the late filing of annual accounts.

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

Civil sanctions (financial penalties)

Through the Economic Crime (Transparency and Enforcement) Act 2022 and the Economic Crime and Corporate Transparency Act 2023, which received Royal Assent on the 15 March 2022 and 26 October 2023, the government has reformed the role and the powers of the Registrar of Companies House to tackle economic crime and improve transparency over corporate entities. This has resulted in the creation of a Register of Overseas Entities (ROE), increased the scope of criminal offences and introduced a sanctions regime for non-compliance with the reforms. A civil sanction involves the registrar issuing a financial penalty as an alternative to criminal prosecution. This income is now reflected in the Trust Statement alongside the late filing penalties scheme (LFP).

Expenditure for the civil sanction scheme activity is not funded through fees but is agreed with government as part of the spending review. Penalties collected in respect of non-compliance with the new powers and reforms adopted by Companies House are paid entirely to HM Treasury.

During the year £0.2m was provided by DBT to enable the pursuit and handling of appeals and debt collection relating to the penalties issued due to non-compliance with registering and updating the Register of Overseas Entities (ROE).

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

Performance in other areas

Complaints

In 2023/24, 1 case was referred to the independent complaint adjudicators. This is awaiting their consideration. 2 further matters were raised but local resolution within Companies House was achieved after initial discussions. The cases were not taken forward for investigation.

The independent complaint adjudicators 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 independent complaint adjudicators.

In 2023/24, the Information Commissioner's Office contacted Companies House to assist their investigations into complaints relating to 4 Freedom of Information requests and 2 Data Protection complaints. Our position was supported in all cases with no further action required.

Freedom of Information Act

We replied to 639 Freedom of Information requests in the period, 613 of which were met within the 20-day deadline for requests. 25 of the remaining 26 received a substantive response within a calendar month.

Companies House Welsh language monitoring report

The Welsh Language Commissioner is an independent body established by the Welsh Language (Wales) Measure 2011.

In December 2023, the Welsh Language Commissioner undertook a monitoring review of Companies House compliance with Welsh language duties and the outcome from the various services monitored showed improvement on the previous commissioner's monitoring undertaken in 2021 to 22.

We have maintained a Welsh Language Committee that meets regularly to monitor progress on compliance, along with our Welsh Language Unit who ensure that we provide a Welsh language service across all areas of the business. Membership of the committee is drawn from across the organisation and chaired by our Director of Digital & Technology.

Following the establishment of a new directorate for Strategy, Policy and External Communications within Companies House in July 2023, the Welsh Language Unit will be moving into this directorate together with the Scotland and NI registrars to ensure jurisdictional and devolved issues are given the attention they need.

The latest report covers the period from 1 April 2022 to 31 March 2023 and was published on 24 April 2024 on gov.uk.

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. The strategy recognises the characteristics of the net zero challenge and requires action by multiple parties across the public and private sectors, and the need for taking a systems approach to policy will help to navigate this complexity. At the same time, the government also published the Heat and Buildings Strategy, providing further detail on decarbonising our homes, commercial, industrial and public sector buildings.

The UK has set the most ambitious target to reduce carbon emissions by 68% by 2030 compared to 1990 levels—and is the only major economy to have set a target of 77% for 2035.

Given the changed economic context, the government commissioned a review into its approach to net zero to better understand 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.

The Independent Review of Net Zero—final report was published 13 January 2023 and in December 2023 the Department for Energy Security and Net Zero published the UK Roadmap to Net Zero Government Emissions a product of collaboration between the UK Government and the Devolved Administrations of Scotland, Wales, and Northern Ireland.

Official statistics published on 6 February 2024, confirm that the UK has cut emissions by 50% between 1990 and 2022. Despite rises in some sectors from 2021 levels, as the UK continued to recover from COVID-19, 2022 saw an overall fall in greenhouse gas emissions in the UK—with a decrease of 3.5% from 2021, and 9.3% lower when compared to 2019, the most recent pre-pandemic year.

Following machinery government changes in February 2023, accountability for Net Zero transferred from the Department for Business, Energy & Industrial Strategy to the Department for Energy Security & Net Zero.

The government has also recognised the recommendations of the Financial Stability Board's (FSB's) Task Force on Climate-related Financial Disclosure (TCFD) as one of the most effective frameworks for organisations to analyse, understand, and ultimately disclose climate-related financial information against.

The TCFD's recommendations set out how organisations across sectors and geographies can assess and disclose their Governance, Strategy, Risk Management and Metrics and Targets related to climate change. Implementing TCFD's recommendations aligns the UK public sector with global best practice. Companies House is adopting TCFD-aligned disclosure in a phased approach. The Board's governance around climate related risks and opportunities is presented within the Accountability Report, governance framework section and noted within this Sustainability Report on adapting to climate change.

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 and the handover process, which commenced to the Government Property Agency (GPA) completed this year.

From 1 April 2024 Companies House becomes a tenant in a GPA owned and managed building, and all services and maintenance becomes the responsibility of the GPA. Our staff are now working from our new Cardiff footprint, and we are working with the GPA to determine the long-term future for the Crown Way site.

At the beginning of September 2023, our Edinburgh office moved to their new location, and we are now situated in Queen Elizabeth House in Edinburgh, one of the two government hubs in Scotland. We continue to work with the GPA regarding the move of our Belfast Office to the Government Hub at Erskine House in 2024 to 2025.

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 and published on 17 May 2024.

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.

Companies House is aware that its day-to-day operations impact on the natural environment. These impacts are to be addressed through the implementation of the internationally recognised Environmental Management System ISO 14001:2015. The scope of the EMS covers all activities and services at Crown Way, Cardiff.

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 was audited in September 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.

On 1 November 2023, our Total Facilities Management provider was on-boarded to the GPA. Part of the transition process meant that all-associated environmental operational procedures were also transferred, and the day-to-day management was no longer the responsibility of Companies House.

However, the Companies House Executive Team are keen to ensure that Companies House retains the standard and environmental management remains high on its agenda. During the reporting period, work has been undertaken to identify how the standard can still be applied, and what procedures need to be put in place, to ensure we are in a good position for the next audit.

Companies House Environmental Working Group

At the end of 2023 to 2024 the Environmental Working Group (EWG) was disbanded since the Government Property Agency took responsibility for all associated building related environmental activities.

Internal Communications campaigns continue to raise staff awareness on Minimising waste and promoting resource efficiency.

GGC targets and outcomes

Companies House continues to make positive progress against the GGC targets. The following table shows a summary of our performance in 2023-24 and measures are reported against a 2017/18 baseline.[1]

GGC targets by March 2025	Outcomes 2023/24
GHG emissions	
Overall emissions—62% reduction	54% reduction
Direct emissions—30% reduction	29% increase
ULEV[2]—25% of fleet by 31 Dec 2022	No central car or van fleet to report against this target
Domestic flights—reduce emissions by 30%	16% reduction
Waste	
Overall waste—15% reduction	46% reduction
Landfill—reduce to less than 5% of overall waste	0% of overall waste
Recycling—increase to 70% of overall waste	66% of overall waste
Remove consumer single-use plastic items	2,431 items procured
Measure and report on food waste by 2022	3 tonnes
Paper use—reduce by 50%	67% reduction
Water	
Usage—reduce by 8%	30% reduction

Notes
1. It should be noted that a reduction of staff onsite, since the COVID pandemic has been a factor in the rate of reduction.
2. Ultra-low Emission Vehicle: less than 50g CO^2 per km.

Greenhouse gas emissions

Emissions		Comparative data over the previous 3-year period of our 5-year strategy			GGC reporting baseline
	2023/24 Tonnes CO_2e	2022/23 Tonnes CO_2e	2021/22 Tonnes CO_2e	2020/21 Tonnes CO_2e	2017/18 Tonnes CO_2e
Scope 1 [1]	148	66	117	171	115
Scope 2 [2]	602	605	723	826	1,499
Scope 3 (Transmission loss of electricity)[3,4]	52	55.3	64	71	140
Scope 3 (Official business travel (rail, taxi, air, underground—all offices) [3,4]	38	26	0.4	-	78
Total GHG emissions[5]	**839**	**752**	**904**	**1,067**	**1,831**

Notes

1. Scope 1: direct emissions from sources owned or controlled (gas, biomass, fuel for fleet, and fugitive emissions). Biomass information to be included in Scope 1 from 2022/23. Only includes for 82% for the building due to partial occupation. Biomass boiler was down during 3 separate months of this financial year and repairs took longer than anticipated negatively impacting our scope 1 emissions in 2023 to 2024.
2. Scope 2: indirect emissions from consumption of purchased electricity or sources of energy generated upstream (offsite electricity generation).
3. Scope 3: transmission loss of electricity and official business travel
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:

- Reduction in our footprint and office space in our Cardiff and Edinburgh Offices.
- Improved IT practices and technology: introduction of more energy efficient monitors/laptops.
- Cloud migration reducing the demands on our cooling systems in our Data Centres.
- 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.

Greenhouse gas emissions—financial information

Greenhouse gas emissions		Comparative data over the previous 3-year period of our 5-year strategy			GGC reporting baseline
	2023/24 £'000	2022/23 £'000	2021/22 £'000	2020/21 £'000	2017/18 £'000
Scope 1 (Gross expenditure on the purchase of energy (gas and electricity)	865	687	623	613	562
Official business travel (Rail, hire cars, taxis, air and fuel)	96	54	1	-	198
Total expenditure (On reported areas of energy)	961	741	624	613	760

Energy use		Comparative data over the previous 3-year period of our 5-year strategy			GGC reporting baseline
	2023/24 kWh	2022/23 kWh	2021/22 kWh	2020/21 kWh	2017/18 kWh
Gas[2]	785	330	582	857	530
Electricity: renewable	-	-	-	-	-
Electricity: mains standard [3]	2,935	3,129	3,404	3,541	4,263
Total related energy use	**3,720**	**3,459**	**3,986**	**4,398**	**4,793**

Notes
1. Figures for the Cardiff office account for 82% of the building in 2023-24 due to partial occupation.
2. Gas usage is included for the Cardiff office only.
3. Electricity usage includes the Cardiff, Edinburgh, and Belfast offices.
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.

Travel		Comparative data over the previous 3-year period of our 5-year strategy			GGC reporting baseline
	2023/24 CO2e	2022/23 CO2e	2021/22 CO2e	2020/21 CO2e	2017/18 CO2e
International travel					
Long-haul air travel	-	16	-	-	12.46
Short-haul air travel	6.89	1.42	-	-	6.22
Domestic travel					
Domestic air travel				-	
Rail				-	
Bus/Coach[2]	-	-	-	-	-
Taxi	1.11	0.42	0.05	-	18.69
Private vehicle (staff owned or hire vehicles)	1.15	0.89	0.15	-	5.22
Total emissions from travel	**38.63**	**26.48**	**0.59**	**-**	**82.79**

Notes

1. Totals may not sum due to rounding.
2. Data not available for bus/coach travel.
3. Companies House adhered to our core department's travel policy.

Air travel		Comparative data over the previous 3-year period of our 5-year strategy			GGC reporting baseline
	2023/24 Km	2022/23 Km	2021/22 Km	2020/21 Km	2017/18 Km
Domestic travel	89,254	23,196	865	-	166,797
Short haul	37,260	9,266	-	-	32,294
Long haul	-	82,845	-	-	55,014
Total distance travelled	**126,514**	**115,307**	**865**	**-**	**254,105**

Minimising waste and promoting resource efficiency		Comparative data over the previous 3-year period of our 5-year strategy			GGC reporting baseline
	2023/24 [1] Tonnes	2022/23 Tonnes	2021/22 Tonnes	2020/21 Tonnes	2017/18 [2] Tonnes
Recycled/reused	87.5	105.4	105.9	60.8	151.9
ICT waste	5.4	7.3	-	-	2.5
Composted/food waste	3.1	4.2	4.3	6.4	10.8
Incinerated	36.2	35.4	31.4	29.4	49
Waste to landfill[4]	-	-	-	0.1	28.8
Total waste arising[3]	**132.1**	**152.2**	**141.6**	**96.6**	**242.9**

Notes

1. Figures from 2023-24 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, no waste has been sent to landfill.

Companies House is pro-active in ensuring that staff adhere to the responsible segregation of waste, where possible, to ensure the correct waste bins/collection devices are used and waste is not contaminated.

Across our offices, many different waste collection devices are provided and are marked to denote what waste should be placed in which bin. Throughout the reporting year, communications were issued to staff to remind them of the importance of being responsible and how they can make a difference by promoting the waste hierarchy in managing waste. This strategic approach promotes environment friendly practices and reducing the impact on the environment.

On 6 April, the Welsh Government introduced a new law to legislate, that all public sector work premises, need to separate all waste streams as per the legislation. In advance of its implementation, Companies House ensured it was prepared and adapted its operational procedures and issued guidance and communications to staff to ensure compliance.

Food waste

We have reduced our food waste from a 2017 to 2018 baseline of 11 tonnes to 3 tonnes in 2023 – 2024, primarily through the reduction of our office footprint and hybrid working. 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. On 1 April 2024, the staff restaurant in the Cardiff office will move from Companies House's current provider to the Government Property Agency's catering supplier.

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, 2,431 individual single use plastic items were procured, a reduction from 2,558 in 2022 to 2023.

Our customer loyalty scheme, in our staff restaurant, continues to incentivise building users to purchase multi-use plastic items (cups, water bottles, cutlery), which reduces the amount of single-use plastic items being provided unnecessarily.

Reduce paper use by at least 50% from a 2017 to 2018 baseline		**Comparative data over the previous 3-year period of our 5-year strategy**			**GGC reporting baseline**
	2023/24 A4 ream equivalent	2022/23 A4 ream equivalent	2021/22 A4 ream equivalent	2020/21 A4 ream equivalent	2017/18 A4 ream equivalent
Paper procured	3,174	2,681	6,111	6,015	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 migration of services to a digital platform and rationalisation of the printers in our offices.

Reducing our water use		Comparative data over the previous 3-year period of our 5-year strategy			GGC reporting baseline
	2023/24 m^3	2022/23 m^3	2021/22 m^3	2020/21 m^3	2017/18 m^3
Water consumption	6,499	5,843	3,485	5,622	9,229

Notes:

Figures for 2023-24 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 our demise, have been fitted with modern energy saving hydro-taps, which provide the required amount of instant hot/cold water.

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

Procuring sustainable products and services

The government is committed to continuing its efforts to reduce greenhouse gas GHG emissions and deliver on its carbon budget commitments, while keeping costs down for consumers and supporting the creation of good jobs and growing the economy. As environmental and carbon considerations feature in the aspects of delivery of most public contracts, this is an opportunity to take further steps to support the reduction of GHG emissions through public procurement.

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 detail their commitment to achieving Net Zero through the publication of a Carbon Reduction Plan (CRP).

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

GPA are the strategic leaders of sustainability across the government office portfolio they promote biodiversity across its estate in all its forms. The GPA will continue to ensure high standards of procurement are followed to minimise adverse environmental impacts.

The GPA Nature Recovery and Biodiversity Annex outlines the key actions that will be taken to maintain compliance and embed recent legislation and policy

Adapting to climate change

GPA have a commitment to develop an organisational Climate Change Adaptation Strategy across estates and operations. This headline commitment is broken down into 2 parts:

- Departments should conduct a Climate Change Risk Assessment across their estates and operations to better understand risk and to target areas that need greater resilience.
- Departments should develop a Climate Change Adaptation Action Plan, including existing or planned actions in response to the risks identified.

Companies House Chief Executive is responsible for the management of Companies House, including embedding consideration of climate change into the business.

During 2023 to 2024, the Audit and Risk Assurance Committee had oversight of the latest sustainability performance reporting against GGC's and endorsed the recommendation to put measures in place to ensure that climate change adaption is embedded within the overall governance structure, decision making, and assurance processes. Further details on Companies House governance framework are within the governance report.

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

During the reporting year, Companies House largely completed the process of moving the majority of its digital services to the cloud—this activity is due to conclude by March 2025. We continue to monitor and measure the reduction in electricity consumption (power and cooling) within our onsite data centres and report this within the Greening Government Commitments data.

Additionally, we continue to work closely with our cloud computing suppliers to ascertain the carbon cost of our cloud footprint in order to calculate the net carbon impact of the migration. This includes working with our providers to move our infrastructure to a serverless platform which reduces our carbon footprint.

Companies House is keen to ensure that as technology moves forward and any equipment is replaced when it comes to the end of its life, any surplus IT kit (laptops/PC's) or decommissioned equipment from our data centres, is disposed on in a sustainable way. We have a contract with an organisation which will re-use or re-purpose the equipment if 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 and certify its destruction.

Companies House

02
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

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). In addition, he is developing his skills in Systemic (Team) coaching at Hult Ashridge Business School.

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 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.

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.

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.

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.

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 has since worked as an independent consultant and was an examiner for The Chartered Governance Institute. She is the Chair of the Board of a schools Multi Academy Trust and is a Board Director and Trustee of the charity United Nations Association—UK and of a charity focused on preventing youth homelessness.

Eoin Parker

Non-Executive Board Member (NEBM)/DBT representative

Eoin is the Director of Business Frameworks (BF) in the Department of Business and Trade (DBT).

Eoin was previously 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.

Charlie Boundy

Chief Data Officer

Charlie is a senior data leader with extensive leadership experience turning data into a sustainable resource in a number of large enterprises. He draws on best practice experience from retail, utilities, telcos, insurance and government—most recently as the Head of Advanced Analytics at the Department for Work and Pensions.

He joined Companies House as Chief Data Officer in July 2023 with knowledge across the full range of data disciplines including strategy, advanced analytics, engineering and governance. This includes data protection, data quality and even open data as well as applying data for counter fraud, customer experience and operational performance.

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. He left Companies House in May 2023.

Rohan Gye

Director of Digital and Technology

Rohan has worked in the civil service since 1999 and his career has seen him undertake a variety of roles including IT, fraud investigation, policy, change management, leadership and product management.

Rohan was a service owner at DVLA for several years. He led all of DVLA's services during his period in this role, driving forward the transformation and digitisation of DVLA's core services.

In his most recent role in the Department for Environment, Food and Rural Affairs (Defra), Rohan was a deputy director on the Farming and Countryside Programme which is responsible for designing and delivering the new farming schemes in England following the UK's exit from the EU. He joined Companies House as Director of Digital and Technology in July 2023.

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. She left Companies House in June 2023

Robert McNeil

Director of Transformation Delivery

Robbie took on the role of interim Transformation Delivery Director in May 2023 having previously been part of the directorate in his role as Service Owner for our Get Company Information service. Robbie has 35 years' experience delivering and supporting digital services in the public sector and has led many key deliveries at Companies House, including the Find and Update Company Information service which underpins our information provision, satisfying over 12 billion searches a year, and provides the technical platform for future deliveries.

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 focuses on new powers that Companies House now has 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 Transformation

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 Transformation Directorate 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.

Sarah Whitehead

Director of Strategy, Policy and External Communications

Sarah joined the Civil Service as a patent examiner at the Intellectual Property Office (IPO) in 2009. Since then, she has held a variety of policy and operational roles at the IPO, before joining Companies House as Director of Strategy, Policy and External Communications in July 2023.

Sarah has experience of domestic legislation, international, trade and innovation policy. In 2019 she was chair of the WIPO Standing Committee on the Law of Patents. Prior to her current role at Companies House, Sarah was Acting Director of Business and International Policy at the IPO and Deputy Director for Customer Experience within the IPO's Business Operations Division.

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.

The terms of reference state the Chair of the Main Board has the authority to amend Executive Director membership of Main Board during the financial year.

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 2023/24 was £84,723. This includes £21,181 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; and
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 on page 94.

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

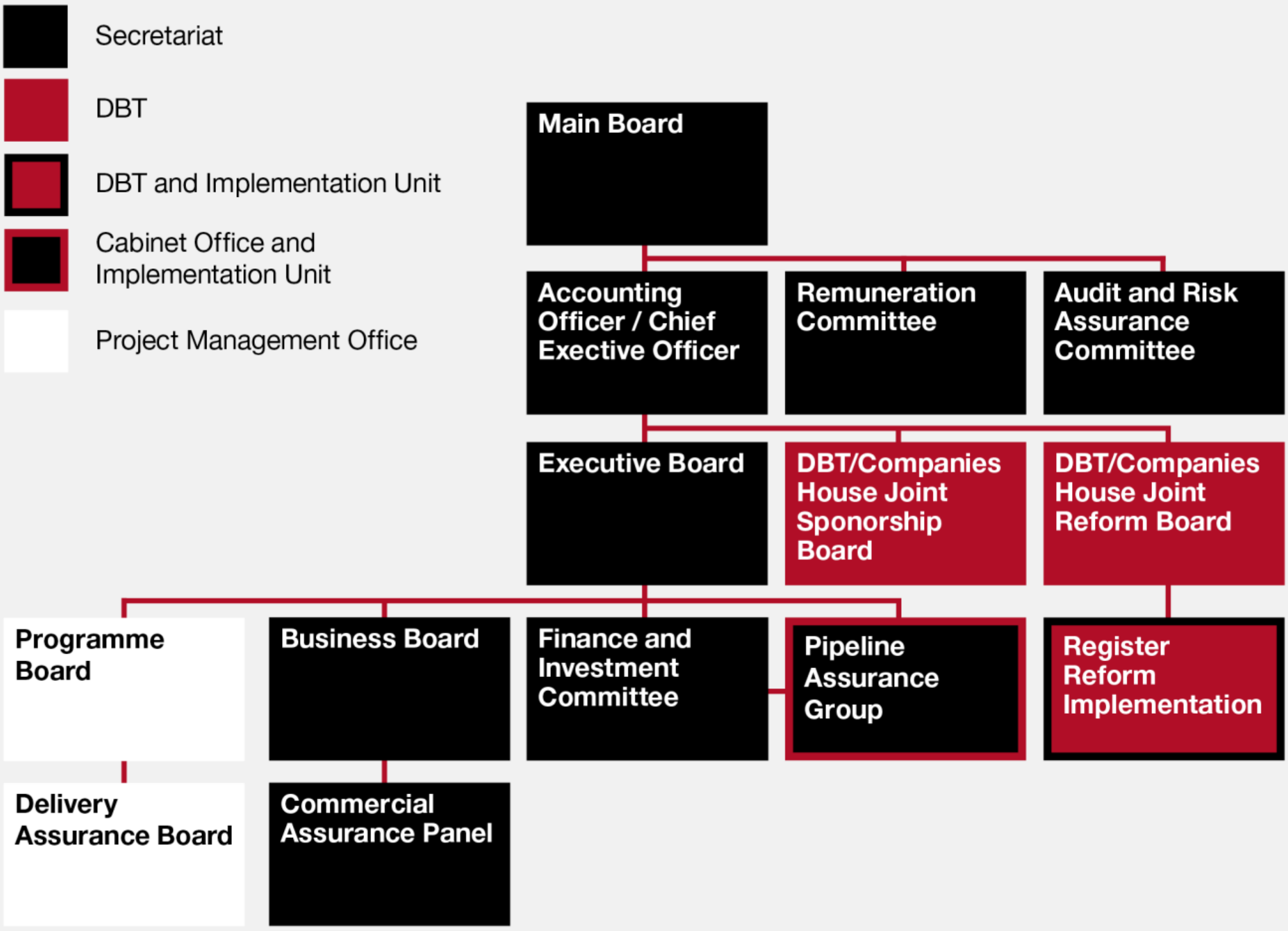
I have been appointed as Accounting Officer and the Registrar of Companies for England and Wales. I am also the Chief Executive Officer for the organisation. I have responsibility for the proper, effective, and efficient use of public funds. I am accountable to the Minister for the performance of Companies House, in accordance with the Framework Document, which sets out the relationship between Companies House and the Department for Business and Trade (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

Our governance around climate related risks and opportunities

The Chief Executive is responsible for the management of Companies House, including embedding consideration of climate change into the business.

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

During 2023 to 2024, the Audit and Risk Assurance Committee had oversight of the latest sustainability performance reporting against GGC's and endorsed the recommendation to put measures in place to ensure that climate change adaption is embedded within the overall governance structure, decision making, and assurance processes.

At the end of year 4, the handover to the Government Property Agency (GPA) completed. The Government Property Agency (GPA) have a commitment to develop an organisational Climate Change Adaptation Strategy across estates and operations.

Relationship with 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). We are currently an EA of DBT following wider machinery of government changes that were announced in February 2023.

We worked closely with officials and the DBT sponsorship team to ensure we continue to align our internal controls with evolving requirements. In addition, Companies House and 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 DBT 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 – 2025 and has been involved in work to develop our next strategy
- agreed the contents of the 2024/25 Business Plan and public targets
- reviewed and agreed the 2022/23 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 which have been progressed by the new Chair as part of new ways of working.

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 new Chair, John Clarke, was appointed. Robert McNeil replaced John-Mark Frost as Director of Transformation Delivery. Charlie Boundy, Chief Data Officer, and Rohan Gye, Director of Digital and Technology replaced Sally Meecham, Interim Director of Digital Data and Technology in July 2023. Sarah Whitehead replaced Martin Swain as Director of Strategy, Policy and External Communications in July 2023 following his appointment to the new role of Director of Intelligence and Law Enforcement Engagement.

Table of attendance of the Board and its sub-committees

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

Board member	Main Board 6 meetings in year	Audit and Risk Assurance Committee 6 meetings in year	Remuneration Committee 3 meetings in year
John Clarke (Appointed 1 March 2023)	Chair (6 of 6)	-	Chair (3 of 3)
Louise Smyth (CEO, Registrar)	Member (6 of 6)	Member (5 of 6)	Member (3 of 3)
Eoin Parker (DBT Sponsor)	Member (6 of 6)	-	Member (3 of 3)
Tim Burt (NEBM)	Member (6 of 6)	Member (6 of 6)	-
Emir Feisal (NEBM, Chair of ARAC)	Member (6 of 6)	Chair (6 of 6)	-
Carol Shutkever (NEBM)	Member (5 of 6)	-	Member (3 of 3)
Martin Spencer (NEBM)	Member (4 of 6)	Member (4 of 6)	-
Aimee Symonds (Director of People)	Member (5 of 6)	-	Attendee (3 of 3)
Michelle Wall (Director of Finance and Commercial)	Member (6 of 6)	Attendee (6 of 6)	-
John-Mark Frost (Director for Transformation Delivery (Left on 5 May 2023)	Member (2 of 2)	-	-
Sally Meecham (Director of Digital, Data and Technology Senior Information Risk Owner (Left 30 June 2023)	Member (2 of 2)	-	-
Martin Swain (Director of Intelligence and Legal Enforcement Engagement)	Member (6 of 6)	-	-
Jill Callan (Director of Operations)	Member (6 of 6)	-	-
Robert McNeil (Appointed as interim director on 20 March 2023)	Member (6 of 6)	-	-
Charlie Boundy (Appointed on 17 July 2023)	Member (4 of 4)	-	-
Rohan Gye (Appointed on 1 July 2023)	Member (5 of 5)	-	-
Sarah Whitehead (Appointed on 17 July 2023)	Member (4 of 4)	-	-

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, Transformation Programme 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 code
- 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 i.e. throughput and quality
- operational level risk within the Board’s remit

The Transformation Programme Board replaced the Delivery Board in autumn 2023. It has been established in response to a recommendation in our Gateway 3 review assurance review to provide sponsorship to Programme funded projects, and oversees the governance, management and delivery of the Programme itself. It is chaired by the Director of Transformation Delivery and membership is comprised of the Head of Portfolio Delivery and select Heads of Functions.

The Finance & 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

Companies House manages risks across the business, and over the period April 2023 to March 2024, the principal risks were monitored and managed at Executive level. To further enhance our oversight in this area and ensure that our risk management systems remain robust and effective during a period of unprecedented change, we commissioned a risk maturity assessment in January 2024. Based on the HM Treasury Risk Management Framework, the purpose of the assessment is to benchmark the current risk maturity level of the organisation and to identify where the risk framework can be strengthened. Together with ARAC, we have identified where we need to enhance our approach and have agreed an action plan to implement changes. We also plan to restructure this team to address resourcing gaps and to better align with the Government risk profession.

We have continued to implement our current risk framework alongside this work and below is a summary of the highest risks during the year.

During 2023/24, we have again faced considerable increase in risks associated with capability and capacity within the organisation. As well as ongoing issues with recruiting to specialist roles, these risks have been exacerbated by the Civil Service headcount cap and in turn delayed approval of our fees business case to support the introduction of new activities brought in by the ("ECCTA 2023").

As the pace of the transformation programme has increased there continues to be some uncertainties around the deliverability which has also increased the risk profile across our digital and data business-as-usual activities. We are actively working to ensure that risks across the organisation are mitigated.

Alongside the volume of digital delivery there is a huge change management requirement. Transforming the organisation has led to a heighted risk of failure to deliver and change fatigue.

We have focussed significant recourse on mitigation of security risks including cyber, physical security and insider threat. This work continues and an extensive training package for staff has been introduced.

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 our new Chief Data Officer 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.

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, DBT Assurance, Digital and Central Digital & Data Office (Cabinet Office) which meets monthly.

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

Commercial Assurance Panel

Our Commercial Assurance Panel (CAP) exists to oversee and approve commercial and contract management activity in Companies House (CH) to check for compliance against UK Procurement Law and provide assurance to the Finance & Investment Committee (F&IC) that the correct processes have been followed by the organisation in support of the portfolio of programme and project activity, BAU and business improvement activity and assure adherence to legislative and commercial spend control compliance, and Government Commercial policy.

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 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 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.

Late Filing Penalties (LFP) and civil sanctions received are surrendered directly to HM Treasury and do not form part of Companies Houses' Executive Agency income. The Trust Statement for both LFP and civil sanctions can be found in section 5. The LFP and civil sanction 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 and civil Sanction scheme is also reported and reviewed with 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 been improved this year and have been further strengthened with the appointment of a dedicated Chief Data Officer in July 2023. The Chief Data Officer is accountable for information risk and is supported by the Chief Security Officer who is accountable for security and a network of Information Asset Owners (IAOs) across the organisation. The IAO role has been reviewed this year and all executive directors are now the IAOs accountable for day-to-day control of information within their Directorates. Associated security topics and risks are discussed monthly by the Security Forum which is chaired by the Chief Data Officer and attended by relevant staff, including the Data Protection Officer, Security staff, and subject matter experts from across the organisation. We have an incident process in place and incidents are also reviewed at the Security Forum.

There were 33 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. 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.

We continue to upskill staff in the areas of security and data protection to support our transformation journey and respond to the evolving needs of our customers. All staff have received mandatory 'responsible for information' and the refreshed 'Security and Data Protection' training. 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 two substantial data security incidents during 2023/24. Both were caused by human behaviours, handled appropriately and the appropriate authorities informed.

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 three changes to staff at SCS1 during the financial year, with three new directors joining the Executive team.

Counter fraud and error update

The management of fraud, error, corruption, and debt is a critical part of good governance. As an Executive Agency of DBT, any losses and recoveries are reported quarterly to Cabinet Office via 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 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 systems and ensuring an understanding of key threats. In the last year, we have had resourcing gaps in this area and now looking to restructure and refocus our activity in light of our new legislation.

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 2024 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
- core activities and controls focusing on governance, risk management and internal control
- Digital, Data and Technology
- the customer journey

L. C Smyth

Louise Smyth
Accounting Officer
Chief Executive and Registrar

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 2024.

Board member	2023/24 £'000	2022/23 £'000
Lesley Cowley [1], non-executive chair (Term ended 28 February 2023)	Nil	40-45
John Clarke [2], non-executive chair	25-30	0-5 (FYE 25-30)
Emir Feisal, non-executive director and chair of the Audit and Risk Assurance Committee	10-15	10-15
Martin Spencer, non-executive director	10-15	10-15
Timothy Burt, non-executive director	10-15	10-15
Carol Shutkever, non-executive director	10-15	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	
	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000
Louise Smyth	120-125	115-120	10-15	Nil	-36	55	95-100	170-175
Michelle Wall	80-85	80-85	Nil	Nil	44	17	125-130	95-100
Martin Swain	85-90	80-85	5-10	0-5	26	-7	120-125	75-80
Jill Callan	75-80	70-75	0-5	Nil	49	-13	125-130	60-65
Aimee Symonds	75-80	40-45 (FYE 70-75)	Nil	Nil	46	20	120-125	60-65
Rohan Gye [1]	60-65 (FYE 80-85)	Nil	Nil	Nil	9	Nil	70-75	Nil
Sarah Whitehead [2]	50-55 (FYE 75-80)	Nil	Nil	Nil	20	Nil	70-75	Nil
Charlie Boundy [3]	80-85 (FYE 115-120)	Nil	Nil	Nil	120	Nil	200-205	Nil
Robbie McNeil [4]	75-80 (FYE 80-85)	Nil	Nil	Nil	45	Nil	120-125	Nil
John-Mark Frost [5]	10-15 (FYE 75-80)	75-80	0-5	5-10	4	30	15-20	110-115
Sally Meecham [1]	65-70 (FYE - 290-295)	225-230 (FYE 290-295)	Nil	Nil	Nil	Nil	65-70	225-230
Ross Maude [6]	Nil	20-25 (FYE 120-125)	Nil	Nil	Nil	8	Nil	25-30
Angela Lewis [7]	Nil	35-40 (FYE 75-80)	Nil	5-10	Nil	6	Nil	45-50

This table has been subject to audit.

1. Rohan Gye—Was appointed as Director of Digital and Technology in July 2023, and replaced Sally Meecham, Interim Director of Digital Data and Technology in July 2023.
2. Sarah Whitehead—Was appointed as Director of Strategy, Policy and External Communications in July 2023. Sarah Whitehead replaced Martin Swain as Director of Strategy, Policy and External Communications following his appointment to the new role of Director of Intelligence and Law Enforcement Engagement.
3. Charlie Boundy—Was appointed as Chief Data Officer in July 2023 and replaced Sally Meecham, Interim Director of Digital Data and Technology in July 2023.
4. Robbie McNeil—Was appointed as interim Transformation Delivery Director in May 2023.
5. John-Mark Frost—Former Director of Transformation Delivery left Companies House in May 2023, and is replaced by Robbie McNeil on an interim basis.
6. Ross Maude—resigned from the position of Director of Digital Data and Technology during June 2022, he was replaced on an interim basis during between June 2022 and June 2023 by Sally Meecham, who was not employed by Companies House, but was an off-payroll employee.
7. Angela Lewis—resigned from position of Director of People Transformation in November 2022 and was replaced by Aimee Symonds.
8. 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.
9. 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 2023/24 (2022/23: Nil).

Bonus (performance payments)

Senior civil servants' performance pay is determined by the Senior Pay Committee of the Department for Business and Trade (DBT). 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 2023/24 relate to performance in 2023/24 and the comparative bonuses reported for 2022/23 relate to the performance in 2022/23.

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 2023/24 was £290,000 to £295,000 for Sally Meecham (2022/23: £290,000 to £295,000). This was 9.26 times the median remuneration of the workforce (2022/23: 9.33), which was £31,594 (2022/23: £31,349).

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 and ended on 30 June 2023. 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 2023/24, 7 specialist contractors in Digital Data & Technology received remuneration in excess of the highest paid director (2022/23: 5). Remuneration ranged from £19,000 to £382,000 (2022/23: £19,000 to £381,000).

The increase in the average salary and allowances of Companies House employees of 11% (2022/23 33%) reflects the increased use of contingent labour to supplement existing workforce to support the Companies House Transformation programme.

The increase in the average performance pay and bonuses paid of 22% (2022/23: -39%) is attributed to the continuation of the removal of the Corporate Efficiency Award (CEA) as disclosed in the prior year, and the introduction of a reward and recognition system called 'Impact' which is designed to reward employees with high levels of performance which have contribute to meeting one of our 6 strategic goals.

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	11%	22%
Highest paid director	0%	0%

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

		2023/24	2022/23
Band of highest paid director's total remuneration (FYE)	£'000	290 – 295	290 – 295
Range of staff remuneration (Including temporary and agency staff)	£'000	19 – 382	19 – 381
Median remuneration—total pay & benefits	£	31,594	31,349
Median remuneration—salary component of total pay & benefits	£	31,349	31,349
Ratio		9.26	9.33
25th percentile remuneration—total pay & benefits	£	25,293	23,437
25th percentile remuneration—salary component of total pay & benefits	£	25,293	23,237
Ratio		11.56	12.48
75th percentile remuneration—total pay & benefits	£	47,568	43,191
75th percentile remuneration—salary component of total pay & benefits	£	47,448	42,991
Ratio		6.15	6.77

Directors—pension benefits

Name	Real increase in pension and related lump sum at pension age £'000	Accrued pension as at 31 March 2024 and related lump sum £'000	CETV [1] at 31 March 2024 £'000	CETV [2] at 31 March 2023 £'000	Real increase (decrease) in CETV [3] funded by employer £'000
Louise Smyth [3]	0 plus a lump sum of 0	50 – 55 plus a lump sum of 140 – 145	1,303	1,264	-52
Michelle Wall	0 – 2.5	20 – 25	469	395	34
Martin Swain	0 – 2.5 plus a lump sum of 0	35 – 40 plus a lump sum of 95 – 100	796	715	15
Jill Callan	2.5 – 5.0 plus a lump sum of 0 – 2.5	35 – 40 plus a lump sum of 100 – 105	888	774	41
Aimee Symonds	0 – 2.5 plus a lump sum of 0 – 2.5	20-25 plus a lump sum of 55 – 60	401	338	29
Rohan Gye	0 – 2.5 plus a lump sum of 0 – 2.5	30-35 plus a lump sum of 45 – 50	547	508	7
Sarah Whitehead	0 – 2.5	20 – 25	271	252	9
Charlie Boundy	5 – 7.5	20 – 25	320	226	80
Robbie McNeil	0 – 2.5 plus a lump sum of 0 – 2.5	35 – 40 plus a lump sum of 100 – 105	912	798	39
John-Mark Frost	0 – 2.5	20 – 25	309	274	2
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 Louise Smyth.
4. Sally Meecham was not employed by Companies House but was an off-payroll employee.

Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23 but are reported in the legacy scheme for the same period in 2023-24.

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 (2023/24) saw a completion rate of 87% compared with an 87% completion rate last year, although with a larger headcount (1090 colleagues participating). The median response rate across around 103 organisations that took part is 65%.

Our results show an overall engagement score of 67% which is a 2% increase on last year’s figure and 3% above the Civil Service Employee Engagement Index (EEI) benchmark of 64%. In view of significant challenges, we’ve faced this year, these results are positive.

We’ve seen a 5% increase in colleagues responding favourably to questions regarding pay and benefits, this can be contributed to the one off £1,500 payment in year, allowances to address recruitment and retention challenges, a new employee benefits portal, a huge push on our wider employee benefits alongside the cost of living messaging and the significant work done to demystify our pay award.

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	2023/24 Number of senior service staff	2022/23 Number of senior service staff
Band 1	10	8
Band 2	1	1
Total	**11**	**9**

This table has been subject to audit.

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

Staff numbers by location	2023/24 Total employees	2023/24 Full-time equivalent	2022/23 Total employees	2022/23 Full-time equivalent
Cardiff	1,284	1,199	1,149	1,060
Belfast	22	21	24	23
Edinburgh	36	35	44	43
London	-	-	4	4
Total	**1,342**	**1,255**	**1,221**	**1,130**

This table has been subject to audit.

Staff numbers by activity	2023/24 Total employees	2023/24 Full-time equivalent posts (FTE)	2022/23 Total employees	2022/23 Full-time equivalent posts (FTE)
Customer Delivery Directorate and Late	737	674	716	647
Digital Services	298	291	243	236
Corporate Services	252	237	178	165
Strategy	27	26	55	53
Chief Executive and Registrar and legal	27	27	29	29
Total	**1,342**	**1,255**	**1,221**	**1,130**
Staff who worked on capital projects (also included above)	145	-	122	-

This table has been subject to audit.

In addition, the average number of contract staff was 73 (2022/23: 125) of whom 63 (2022/23: 90) were included on capital projects.

Staff numbers by contract type (average headcount)	2023/24	2022/23
Staff with a permanent (UK) employment contract with Companies House	1,315	1,179
Other staff engaged on the objectives of Companies House	27	42
Total	**1,342**	**1,221**

This table has been subject to audit.

Staff composition (average headcount)	2023/24			2022/23		
	Female	Male	Total	Female	Male	Total
Directors (senior civil servants)	5	4	9	5	2	7
Employees	731	602	1,333	687	527	1,214
Total	**736**	**606**	**1,342**	**692**	**529**	**1,221**

There were 5 independent non-executive board members as at 31 March 2024 (2022/23: 6).

The average staff turnover in the year was 10% (2022/23: 12%).

During 2023/24, the total number of whole time equivalent (WTE) days lost to sickness absence was 8,913 days (2022/23: 7,318 days). This equated to an average of 6.67 working days lost per staff member (2022/23: 6.48 days); a total sickness absence rate of 2.9% (2022/23: 2.6%).

Staff costs

Staff costs (for the above persons)	2023/24 £’000	2022/23 £’000
Salaries	48,727	38,336
National Insurance	4,932	3,901
Pension costs	11,862	9,839
Contract staff	12,673	9,424
Capitalised staff costs (included above)	(1,362)	(592)
Capitalised contract staff project costs (included above)	(2,076)	(1,086)
Staff costs per operating account	**74,756**	**59,822**

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 4 of the financial statements).

Consultancy and the use of contingent labour

Consultancy and the use of contingent labour	2023/24 £'000	2022/23 £'000
Consultancy expenditure	166	175
Contingent labour expenditure	12,673	9,424

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 2023/24. This means that no members of staff left during the year under a voluntary exit scheme (2022/23: Nil), and no compensation payments were made during the year (2022/23: Nil).

During the year 4 employees (2022/23: 2) received compensation payments totalling £193,563 following their efficiency departure (2022/23: £75,706).

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 2024, who earned £245 per day or greater.

	2023/24
Number of existing engagements as at 31 March 2024	146
Of which:	
- Number that have existed for less than one year	48
- Number that have existed for between one and two years	82
- Number that have existed for between two and three years	10
- Number that have existed for between three and four years	3
- Number that have existed for more than 4 years	3

The table below shows the number of highly paid off-payroll workers engaged at any point during the year ending 31 March 2024, who earned £245 per day or greater.

	2023/24
Number of temporary off-payroll workers engaged during the year ending 31 March 2024 earning £245 per day or greater.	253
Of which:	
- Not subject to off-payroll legislation	146
- 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	107
- 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 2023 and 31 March 2024.

	2023/24
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	10

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 2023/24 £'000	Cost of services [4] 2023/24 £'000	Surplus/(deficit) 2023/24 £'000
Registration activities[1]	86,204	(87,849)	(1,645)
Dissemination activities[2]	1,977	(3,231)	(1,254)
Other services[3]	2,323	(26,919)	(24,596)
Total as per operating account	**90,504**	**(117,999)**	**(27,495)**

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.
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 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.

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 were no losses made under this category that met the reporting threshold of £0.3m. (2022/23: one constructive loss of £0.4m).

There were no special payments (2022/23: no payments).

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

Remote contingent liabilities

There are no remote contingent liabilities to disclose for 2023/24 (2022/23: Nil).

L. C Smyth

Louise Smyth
Accounting Officer
Chief Executive and Registrar of England and Wales
15 July 2024

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 Companies House for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise: the Companies House

- Statement of Financial Position as at 31 March 2024;
- 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 2024 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 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 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 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 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 issued 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 issued 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 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 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;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;

- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing 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 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 Companies House's accounting policies and key performance indicators.
- inquired of management, Companies House's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to 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 Companies House's controls relating to Companies House's compliance with the Government Resources and Accounts Act 2000and Managing Public Money.
- inquired of management, 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 Companies House for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, 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 Companies House's framework of authority and other legal and regulatory frameworks in which Companies House 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 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 2023, 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;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I 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 sufficient appropriate audit evidence 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
Comptroller and Auditor General

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

Date 24 July 2024

03 Financial statements

Statement of comprehensive net expenditure for the year ending 31 March 2024

	Note	2023/24 £'000	2022/23 £'000
Total operating income	**3**	**90,504**	**88,661**
Staff costs	4	(74,756)	(59,822)
Non-staff administration costs	5	(43,232)	(45,177)
Intra-government transfers (expense)	6	(2,850)	-
Remeasurement gain on right of use asset & lease liability	8	-	6,909
Total operating expenditure		**(120,838)**	**(98,090)**
Net operating expenditure		**(30,334)**	**(9,429)**
Interest payable on lease liability	8	(11)	(148)
Net expenditure for the year		**(30,345)**	**(9,577)**
Comprehensive net expenditure for the year		**(30,345)**	**(9,577)**

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 2024

	Note	2023/24 £'000	(Restated) 2022/23 £'000
Non-current assets			
Property, plant and equipment	7	1,390	4,602
Right of use assets	8	2,122	1,525
Intangible assets	9	40,001	29,603
Total non-current assets		**43,513**	**35,730**
Current assets			
Trade and other receivables	10	14,132	11,559
Cash and cash equivalents	11	9,363	7,224
Total current assets		**23,495**	**18,783**
Total assets		**67,008**	**54,513**
Non-current liabilities			
Provisions	13	-	(420)
Lease liability	8	(1,454)	(41)
Total non-current liabilities		**(1,454)**	**(461)**
Current liabilities			
Trade and other payables	12	(17,374)	(14,474)
Provisions	13	(614)	(449)
Lease liability	8	(506)	(2,086)
Total current liabilities		**(18,494)**	**(17,009)**
Total liabilities		**(19,948)**	**(17,470)**
Assets less liabilities		**47,060**	**37,043**
Taxpayers' equity			
General fund		47,060	37,043
Total		**47,060**	**37,043**

The accompanying notes form part of the financial statements. See note 2 for restatement.

L. C Smyth

Louise Smyth
Accounting officer. Chief Executive and Registrar for England and Wales
15 July 2024

Statement of cash flows for the year ending 31 March 2024

	Note	2023/24 £'000	(Restated) 2022/23 £'000
Cash flows from operating activities			
Net operating expenditure	**SoCNE**	**(30,334)**	**(9,429)**
Non-cash transactions			
Remeasurement gain on right of use asset & lease liability	8	-	(6,909)
Depreciation and amortisation	7, 8, 9	7,754	7,050
Impairment	7, 8, 9	-	311
Loss/(Profit) on disposal	5	429	(1)
Intra-government transfers (expense)	6	2,850	-
Auditor's remuneration	SoCNE	85	72
Other non-cash adjustments		-	64
Changes in operating assets and liabilities			
(Increase)/decrease in trade and other receivables	10	(2,573)	(292)
Increase/(decrease) in trade payables and other current	12	2,900	3,696
Movements in payables relating to items not passing through the operating account		67	(95)
Movement in provisions	13	(712)	342
Net cash outflow from operating activities		**(19,534)**	**(5,191)**

Cash flows from investing activities			
Purchase of property, plant and equipment	7, 8	(1,288)	(1,479)
Purchase of intangible assets	9	(15,200)	(8,614)
Proceeds of sale of assets	5	-	1
Net cash outflow from investing activities		**(16,488)**	**(10,092)**
Cash flows from financing activities			
Principal element of finance lease payments	8	(2,116)	(2,094)
Net Parliamentary funding – drawn down	SoCiT	40,277	21,800
Net cash inflow from financing activities		**38,161**	**19,706**
Net increase in cash and cash equivalents in the period		**2,139**	**4,423**
Cash and cash equivalents as at the start of the period		7,224	2,801
Cash and cash equivalents as at the end of the period		**9,363**	**7,224**

The accompanying notes form part of the financial statements.

See note 2 for 2022/23 restatement.

Statement of changes in taxpayers' equity for the year ending 31 March 2024

	Note	(Restated) General fund £'000	(Restated) Total reserves £'000
Balance as at 1 April 2022		24,684	24,684
Comprehensive net expenditure for the year		(9,577)	(9,577)
Net Parliamentary funding—drawn down (as restated)		21,800	21,800
Non-cash charges—auditor's remuneration		72	72
Other non-cash adjustments		64	64
Balance as at 31 March 2023		**37,043**	**37,043**
Balance as at 1 April 2023		40,843	40,843
Prior period adjustment	2	(3,800)	(3,800)
Restated balance as at 1 April 2023		37,043	37,043
Comprehensive net expenditure for the year		(30,345)	(30,345)
Net Parliamentary funding—drawn down		40,277	40,277
Non-cash charges—auditor's remuneration		85	85
Balance as at 31 March 2024		**47,060**	**47,060**

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.

See note 2 for 2022/23 restatement.

Notes to the accounts for the year ending 31 March 2024

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 (HMT) 2023/24 Government Financial Reporting Manual (FReM) and as set out in the Accounts Direction to the Department for Business and Trade (DBT) 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 DBT 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 the 20 October 2023, HMT approved the netting-off agreement of Companies House for the enforcement of the late filing penalties scheme (LFP). Companies House proposed to recover all administration costs concerning enforcement action from the income of monetary penalties. This is to be applied from the 1 April 2024. The netting-off agreement is to cover all costs of debt collection and the appeals process associated with the administration of the scheme. Companies House will continue to pay the monetary penalties collected to the government’s Consolidated Fund, after netting off the appropriate costs of enforcement. Monetary penalties are currently accounted for and reported in the Trust Statement.

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 8)
- estimated useful life of intangible assets (note 9)
- assessment of the existence of impairment indicators for intangible assets (note 9)

1.5 New and amended standards adopted

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 2025/26. 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 DBT 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 DBT 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 DBT registration. Irrecoverable VAT on expenditure is charged to the Statement of comprehensive net expenditure (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 held at historical cost and assets under construction 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.

Companies House adopt an agile project management methodology towards software development. Capitalisation ceases when all the activities that are necessary to prepare the asset for use are substantially complete and the asset can operate in the manner intended by management. Subsequent expenditure will be capitalised if it enhances the economic benefits potential of the asset.

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

Leases as a lessee

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).

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 standard

Companies House has four property leases at 31 March 2024 relating to the lease of our office space in Cardiff, Edinburgh, Belfast and London which are in scope for IFRS 16 adoption. Companies House has applied the HM Treasury central internal rate of borrowing to measure liabilities that commence and are remeasured in-year of 3.51% and 4.72%.

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 2024, 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. Prior period adjustment

Grant-in-aid funding receivable from DBT in prior year had been accounted for on an accruals basis as opposed to the cash receipts basis required by the FReM. This is accounted for as financing through the General Fund. As a result both the General Fund and Receivables were overstated by £3.8m in prior year. This had no impact at 1 April 2022. The comparatives have been restated as follows for this matter:

	Reported 2022/23 £'000	Restated 2022/23 £'000	Adjustment £'000
Trade and other receivables (note 10)	15,359	11,559	(3,800)
Assets less liabilities	40,843	37,043	(3,800)
Net Parliamentary funding—drawn down	(25,600)	(21,800)	3,800
General Fund / Taxpayers' equity	(40,843)	(37,043)	3,800

This had consequential impacts on the Statement of cash flows with 'Net cash outflow from operating activities' restated to £5.191m (reported £8.991m) and 'Net cash inflow from financing activities' restated to £19.706m (reported £23.506m).

3. Income

	2023/24 £'000	2022/23 £'000
Regulatory services		
Confirmation statement	55,010	53,856
Incorporations	10,484	9,266
Other	10,756	11,128
LFP and civil sanction activity	9,954	10,376
Sub total	**86,204**	**84,626**
Search services		
Companies House Direct	161	253
Certified copies	1,745	1,508
Other	71	65
Sub total	**1,977**	**1,826**
Other income		
Rent and rates from the sub-lease of ROU assets	1,277	1,398
Other	1,046	811
Sub total	**2,323**	**2,209**
Total as per operating account	**90,504**	**88,661**

4. Staff costs

	2023/24 £'000	2022/23 £'000
Salaries	48,727	38,336
National Insurance	4,932	3,901
Pension costs	11,862	9,839
Contract staff	12,673	9,424
Capitalised staff costs	(1,362)	(592)
Capitalised contract staff project costs	(2,076)	(1,086)
Staff costs per operating account	**74,756**	**59,822**

The total pension charge for the year totalled £11.9m (2022/23: £9.8m). For 2023/24 the banded charges averaged 25.28% of pensionable pay for permanent staff (2022/23: 26.31%). 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 (2022/23: 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 2020. The contribution rates are set to meet the cost of the benefits accruing during 2023/24 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.

5. Non-staff administration costs

Auditor’s remuneration	2023/24 £‘000	2022/23 £‘000
Audit services (non-cash transaction)	85	72
Subtotal	**85**	**72**

Following Companies House’s transition to a central government department, there is no cash fee payable for the audit of 2023/24 Companies House’s financial statements. Instead, there is a notional audit fee for 2023/24 of £84,723 (2022/23 notional fee: £72,475). This includes £21,181 for work carried out on the Late Filing Penalty and Civil Sanction Trust Statement (2022/23 notional fee: £18,119). This expense is charged within operating expenditure and recognised as a non-cash charge within the statement of changes in taxpayers’ equity.

	2023/24 £‘000	2022/23 £‘000
Administration costs		
Chief Executive and senior managers' travel and subsistence	34	26
Other employees travel and subsistence	147	56
Staff related costs	539	477
Recruitment and training	953	973
Printing and stationery	4,557	4,180
Communications and awareness	533	659
Maintenance contracts/leases	3,669	3,506
Repair and maintenance - buildings	899	1,258
Accommodation cost	2,504	3,000
Property rental	238	267
Office equipment	99	89
Software	6,847	6,093
Professional services (including contact centre and costs of litigation)	12,013	14,997
Other administration costs	2,233	1,809
Subtotal	**35,265**	**37,390**
Non-cash items		
Depreciation and amortisation	7,754	7,050
Impairment	-	311
(Profit) / Loss on disposal	429	(1)
Provision expense	(216)	427
Subtotal	**7,967**	**7,787**
Total non-staff administration costs	**43,232**	**45,177**

6. Intra-government transfers (expense)

	2023/24 £'000	2022/23 £'000
Intra-government transfers	2,850	-

The new terms of occupancy agreement at the Crown Way office in Cardiff with a reduction in footprint from the 1 April 2024 has resulted in the transfer of 45 tangible assets to the Government Property Agency—see note 8. The government transfer has been accounted for as a capital grant in kind at 31 March 2024 with the net book value of £2.9m treated as an expense in the SoCNE—see note 7.

7. Property, plant and equipment

7.1 Property, plant and equipment 2023/24

	Leasehold improvement	Plant and machinery	Computer equipment	Total
	£'000	£'000	£'000	£'000
Cost or revaluation				
As at 1 April 2023	1,668	5,866	18.969	26,503
Additions	-	11	1.277	1.288
Disposals / write offs	(359)	(1,323)	(1,649)	(3,331)
Reclassifications	(27)	27	-	-
Government transfers	(1,179)	(4,003)	-	(5,182)
As at 31 March 2024	**103**	**578**	**18,597**	**19,278**
Depreciation				
As at 1 April 2023	461	3,428	18,012	21,901
Charged in year	76	519	968	1.563
Disposals / write offs	(357)	(1,251)	(1,636)	(3,244)
Government transfers	(77)	(2,255)	-	(2,332)
As at 31 March 2024	**103**	**441**	**17,344**	**17,888**
Net book value as at 31 March 2024	**-**	**137**	**1,253**	**1,390**
Net book value as at 31 March 2023	1,207	2,438	957	4,602

Companies House

7.2 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 / write offs	-	-	(322)	-	(322)
Impairments	(198)	-	-	-	(198)
Reclassifications	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 / write offs	-	-	(322)	-	(322)
Impairments	(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

8. Leases

8.1 Leases as a lessee

All Companies House leases relate to property leases. Two of them relate to the lease of the Crown Way office in Cardiff and the Edinburgh office from the Government Property Agency (GPA) 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 2023	1,525	1,525
Additions	254	254
Dilapidation provision	457	457
Depreciation expense to SoCNE	(1,799)	(1,799)
Remeasurement	1,685	1,685
As at 31 March 2024	**2,122**	**2,122**

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 2023	(2,127)	(2,127)
Additions	(254)	(254)
Rent repayments	2,117	2,117
Interest expense to SoCNE	(11)	(11)
Remeasurement	(1,685)	(1,685)
As at 31 March 2024	**(1,960)**	**(1,960)**

The lease term for the Cardiff office was for a total of 15 years with an end date of 31 March 2036 under a Freehold Occupancy Agreement (FOA). During 2022/23 an 18-month break option had been exercised giving notice to reduce the footprint from 1 April 2024 by 73%. The reduction in space is to support transformation activity. A new Terms of Occupancy Agreement (TOA) with the GPA has been signed for a period of 5 years from the 1 April 2024. We are reasonably certain that we will exercise a rolling 1 year break option and have accounted for this over a 4 year lease term to the 31 March 2028. The lease modification has an IFRS16 remeasurement impact of £1.684m on both the right of use asset and lease liability.

The London office has 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 with a private landlord following the exercising of a break option. The right of use asset has been fully impaired.

The lease term for the Belfast office with a private landlord 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 with a private landlord had 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 with HMRC for a period of 21 years commencing the 31 August 2023. The MOTO was transferred to the GPA on the 1 January 2024. We are reasonably certain that we will exercise a rolling 5 year break option and have accounted for this over a 5 year lease term to the 31 August 2028. This had an IFRS16 impact of £254k on both the right of use asset and lease liability.

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.

	2023/24 £'000	2022/23 £'000
Amounts due		
Not later than one year	565	2,094
Later than one year and not later than five years	1,566	41
Later than five years	-	-
Discounted using the incremental borrowing rate	(171)	(8)
Total lease liability	**1,960**	**2,127**

8.2 Leases as a lessor

Future income due under non–cancellable operating leases

	2023/24 £'000	2022/23 £'000
Receivable within 1 year	-	625
Total	**-**	**625**

The information above relates to the subleasing of Companies House's head lease for the Cardiff office. Companies House has 5 tenants (2022/23: 5) 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 3) 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. All sub lease agreements ended on the 31 March 2024.

9. Intangible assets

9.1 Intangible assets 2023/24

Intangible assets include software and the associated implementation costs.

	Software £`000	Assets under construction £`000	Total £`000
Cost			
As at 1 April 2023	93,020	6,669	99,689
Additions	-	15,133	15,133
Disposals / write offs	(435)	(6)	(441)
Reclassifications	(96)	96	-
As at 31 March 2024	**92,489**	**21,892**	**114,381**
Amortisation			
As at 1 April 2023	70,086	-	70,086
Charged in year	4,392	-	4,392
Disposals / write offs	(98)	-	(98)
As at 31 March 2024	**74,380**	**-**	**74,380**
Net book value as at 31 March 2024	**18,109**	**21,892**	**40,001**
Net book value as at 31 March 2023	22,934	6,669	29,603

£0.5m (2022/23: £0.6m) of the closing Net Book Value (NBV) relates to Companies House Information Processing System (CHIPS), and £17.6m (2022/23: £22.3m) of the closing NBV relates to other in-house projects. The remaining amortisation period for these assets is 1 – 8 years.

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

9.2 Intangible assets 2022/23

Intangible assets are 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
Impairments	(135)	-	(135)
Reclassifications	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
Impairments	(85)	-	(85)
As at 31 March 2023	**70,086**	**-**	**70,086**
Net book value as at 31 March 2023	**22,934**	**6,669**	**29,603**
Net book value as at 31 March 2022	18.591	6,159	24,750

10. Trade receivables and other current assets

	2023/24 £'000	(Restated) 2022/23 £'000
Trade receivables	2,775	3,665
Other receivables	4,722	3,562
Prepayments and accrued income	4,788	3,412
Amounts due from DBT	1,847	920
Total	**14,132**	**11,559**

No amounts fall due after more than one year (2022/23: Nil). £3.8m of the amount due from DBT in the 2022/23 comparative (£4.7m) was overstated and has been accounted for as a prior period adjustment (note 2).

11. Cash and cash equivalents

	2023/24 £'000	2022/23 £'000
Balance as at 1 April 2023	7,224	2,801
Net change in cash and cash equivalent balances[1]	2,139	4,423
Balance as at 31 March 2024	**9,363**	**7,224**
The following balances as at 31 March were held at:		
Government Banking Service (GBS)/RBS	8,733	6,379
Commercial banks and cash in hand	630	845
Balance as at 31 March 2024	**9,363**	**7,224**

1. The 2023/24 net change increase in cash and cash equivalents of £2.1m is attributable to the income stream of £3.3m from the Register of Overseas Entities (ROE) and an increase in cash drawn down from DBT.

12. Trade payables and other current liabilities

	2023/24 £'000	2022/23 £'000
Amounts falling due within one year		
Trade payables	252	32
Accruals and customer prepayments	12,113	9,103
Other payables	5,009	5,339
Total	**17,374**	**14,474**

No amounts fall due after more than one year (2022/23: Nil).

13. 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 2023	367	379	123	869
Provisions additions in the year	-	115	457	572
Provisions utilised in the year	(132)	(364)	-	(496)
Provisions written back in the year	(201)	(130)	-	(331)
Balance as at 31 March 2024	**34**	**-**	**580**	**614**

The onerous lease contract provision is a result of the unavoidable contractual obligations that have arisen following the permanent closure of the London office and is a constructive loss. The dilapidation provision relates to leased property assets in Edinburgh and Belfast. All provisions are expected to be utilised within one year.

14. Financial commitments

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

	2023/24 £'000	(Restated) 2022/23 £'000
Not later than one year	38,414	21,151
Later than one year and not later than five years	41,283	17,361
Later than five years	-	85
Total	**79,697**	**38,597**

Financial commitments have increased by £33.1m from £38.6m in 2022/23 to £71.7m in 2023/24 due to the use of a Digital Data & Technology (DDAT) partner to support the delivery of our transformation programme and new legislative reform.

This includes the following material commitments:

	2023/24 £'000	2022/23 £'000
DDAT delivery - Consultancy and professional services	39,641	-
Contact centre services	8,929	8,564
Finance platform and cloud hosting	8,744	2,047
Outsourced printing and mail services	3,244	-
Interim and contingent labour services	3,104	-
Consultancy transformation	-	3,116
Digital – Managed service provider	2,448	8,615

15. 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 DBT through the spending review.

16. Related party transactions

Companies House is an Executive Agency of DBT. DBT is regarded as a related party, and during this financial year, Companies House has had various material transactions with the divisions of the Department.

Companies House also had a number of material transactions with other central government bodies, most of which have been with the Government Property Agency, Financial Reporting Council, Insolvency Service 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.

17. Subsequent events

On the 20 October 2023, HMT approved the netting-off agreement of Companies House for the enforcement of the late filing penalties scheme (LFP). Companies House proposed to recover all administration costs concerning enforcement action from the income of monetary penalties. This is to be applied from the 1 April 2024. The netting-off agreement is to cover all costs of debt collection and the appeals process associated with the administration of the scheme. Companies House will continue to pay the monetary penalties collected to the government's Consolidated Fund, after netting off the appropriate costs of enforcement. Monetary penalties are currently accounted for and reported in the Trust Statement.

The Economic Crime and Corporate Transparency Act 2023 received Royal Assent on the 26 October 2023. Due to the introduction of the new legislation, there is significant new activity that will need to be carried out, namely querying powers, intelligence, enforcement and identity verification services. New intelligence and enforcement activities will be carried out by Companies House and the Insolvency Service. The new measures were introduced from the 4 March 2024. Fees will be increasing from the 1 May 2024 to cover the cost of the new activity.

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 by the Accounting Officer for issue on the date of the certificate of the Comptroller and Auditor General.

04

Trust statement: Late Filing Penalties and Civil Sanctions 2023 to 2024

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) and civil sanction penalty scheme during the financial year. The penalties collected are paid into HM Treasury's Consolidated Fund. The Department for Business and Trade (DBT) funds the costs of issuing, collecting, and enforcing LFPs. Companies House invoices DBT for the cost of administering the scheme.

Statutory background

Late filing penalties

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.

Civil sanctions (financial penalties)

The Economic Crime (Transparency and Enforcement) Act 2022 received Royal Assent on the 15 March 2022. This introduced a new register, the Register of Overseas Entities (ROE) which came into force on the 1 August 2022, to capture information about beneficial ownership of overseas entities that own UK land. The Act sets out that an overseas entity that owns land in the scope of the Act, or is proposing to own land in the UK, must register with the Registrar of Companies for England and Wales. Most overseas entities were obliged to register on the ROE by 31 January 2023 with civil sanctions imposed for non-compliance.

The Economic Crime and Corporate Transparency Act 2023 received Royal Assent on the 26 October 2023**.** This has reformed the role and the powers of the Registrar of Companies House to tackle money laundering and other economic crime and improve transparency over corporate entities. This has increased the scope of criminal offences and introduced a sanctions regime for non-compliance with the reforms. The new measures were introduced from the 4 March 2024.

A civil sanction involves the registrar issuing a financial penalty for non-compliance as an alternative to criminal prosecution for both the ROE and non-ROE related reforms.

A financial penalty may be imposed where the Registrar determines beyond reasonable doubt that a person has engaged in conduct that would amount to a relevant offence under the Companies Act 2006. The financial penalty regime will sit alongside possible criminal sanctions, so that in all cases the Registrar will have the discretion to choose to pursue a financial penalty or pass to law enforcement to consider a criminal sanction. This will enable the Registrar to impose a financial penalty directly, as an alternative to pursuing criminal prosecution through the courts. The new financial penalties regime will not allow for criminal prosecution for an offence which is pursued through a civil route. It is envisaged that the criminal route will be more likely to be used only in more egregious cases.

In addition to ROE, government is also amending or creating offences in relation to:

- the Registrar of Companies' new powers
- new requirements for Authorised Corporate Service Providers
- identity verification
- company names
- limited partnerships
- false statement offences
- the protection of personal information
- the transparency of ownership

The first civil sanction was a ROE failure to register penalty issued on the 28 July 2023.

Financial background

Late filing penalties

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 DBT 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

Civil sanctions (financial penalties)

The income collected by way of civil sanctions is not used to meet the expenditure incurred by Companies House in administering the sanction scheme. The expenditure incurred is centrally funded by DBT and is disclosed as a note to the accounts.

When determining the financial penalty amount, the registrar will assess the culpability and the harm involved in each case. When assessing culpability, the registrar will consider factors including evidence of intent and previous penalties or conduct. After assessing the culpability and harm, the registrar will consider any aggravating or mitigating factors and information from representations received that make the offence more or less serious.

For non-ROE penalties, the following ranges will be applied based on the severity of the offence when assessing harm:

Offences	Minor offence	Serious offence	Very serious offence
First penalty	£200 to £300	£400 to £600	£600 to £900
Second penalty	£400 to £600	£600 to £900	£800 to £1,200
Third penalty	£600 to £900	£800 to £1,200	£1,200 to £1,800
Fourth penalty	£800 to £1,000	£1,200 to £1,800	£1,600 to £2,400

For offences relating to ROE, the value of an entity's property portfolio will be used as an estimate of the size of harm as follows:

Property value	Penalty for each property
Low	£10,000
Medium	£20,000
High	£50,000

Business review and performance

Late filing penalties

The 2023/24 financial year has seen decrease in the numbers of penalties levied as companies recover from the COVID-19 pandemic.

During the financial year 296,002 penalties were levied (2022/23: 323,643), which is a decrease of 27,641 (-9%) on the previous year. The decrease in the number of penalties issued also led to a decrease in the total value of penalties, totalling £159.2m (2022/23: £164.7m). However, the average income per penalty increased from £509 in 2022/23 to £538 in 2023/24.

A total of 79,121 double penalties (2022/23: 81,146) were levied with a value of £81.7m (2022/23: £79.6m) against companies who had filed their accounts late for two successive years or more.

	2023/24 Number of penalties '000	2023/24 £'000	2022/23 Number of penalties '000	2022/23 £'000
England and Wales	277	148,505	303	153,450
Scotland	15	8,082	16	8,569
Northern Ireland	4	2,648	5	2,692
Total	**296**	**159,235**	**324**	**164,711**

The LFP Trust has seen a continual increase in gross debt since the pandemic, with gross debt relating to penalties levied increasing from £175.0m last year to £191.7m. 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.

As a result of our debt collection efforts, during 2023/24 we collected a total of £83.6m of cash from revenue activities (2022/23: £80.1m).

Civil sanctions (financial penalties)

During the financial year 544 ROE penalties were levied. This include penalties imposed for both a failure to register and failure to update.

	Number of penalties 2023/24 '000	2023/24 £'000
ROE—Failure to register	432	22,420
ROE—Failure to update	112	580
ROE—Interest charges	-	125
Total	**544**	**23,125**

Results and appropriations

The net revenue for the Consolidated Fund was £93.0m (2022/23: £74.7m). The transfer of receipts to the Consolidated Fund from the Trust in the year was £72.0m (2022/23: £79.0m), which left a balance due to the Consolidated Fund of £70.9m (2022/23: £49.9m). Please refer to the accompanying Trust Statement.

Case handling

Late filing penalties

As companies navigated through the pandemic, we saw an increase in the number of appeals being raised against LFPs. During the financial year 52,022 (2022/23: 64,289) appeals were received against penalties levied.

As at 31 March 2024, I and my fellow Registrars had applied limited discretion not to collect £8.1m of penalties levied under section 453(3) of the Companies Act 2006 (2022/23: £23.2m). This equates to 5.1% as a percentage of total penalties levied (2022/23: 14.1%), 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.3000 as at 31 March 2024. A provision of £0.1m has been recognised for the debts which have an appeal outstanding as at 31 March 2024 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).

Civil sanctions (financial penalties)

During the financial year 39 appeals & representations were received against penalties levied.

As at 31 March 2024, I and my fellow Registrars had applied limited discretion not to collect £1.3m of penalties levied under section 453(3) of the Companies Act 2006 and £0.6m due to appeal to High Court. This equates to 8.4% as a percentage of total penalties levied which is offset against penalty income in the statement of revenue, other income and expenditure.

Bad and doubtful debts

Late filing penalties

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 2023/24 the total debt written off was £52.9m (2022/23: £35.4m) of which 45% related to dissolved companies (2022/23: 59%). As part of the expected credit loss model, £10.8m 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 2024.

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 doubtful debt provision has increased from £139.8m to £165.0m. 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).

Civil sanctions (financial penalties)

Non ROE civil sanctions 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.

The Registrar may seek to enforce the debt for ROE civil sanctions through the court if the financial penalty is not paid. A charging order can be placed on the entity's property assets through this process. This means that if the property is sold, the charging order will be paid before any of the proceeds of sale can be given to the debtor. This is the main route Companies House take to enforce ROE penalties, because the charge can be placed on a UK property that is relevant to the Register. Given most entities/persons are based overseas, placing a charge on the UK property is considered the most viable option for debt recovery. We have commissioned a third party to provide legal services which facilitate both the charge application process and the associated court proceedings.

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 doubtful debt provision is £1.2m and the credit loss model has been calculated in line with the accounting policy (See note 1). This relates to ROE penalties where debt can be enforced through the charging order mechanism. We understand that the debt can be recovered more than 10 years after the charge was created therefore expect to recover the significant proportion of outstanding debt over its lifetime.

Independent adjudicators

The independent adjudicators' principal role is to deal with appeals and representations against LFPs and civil sanctions 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.

Appeals against civil sanctions can go through the high court irrespective of whether they have gone through the adjudication process. We have commissioned a third party to provide legal services in the defence of such appeals through support and representation.

Court costs

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 £2.6m (2022/23: £1.6m).

Funding

The cost of administering the scheme is provided by DBT which provides the funds to support the costs of running the LFP and civil sanction scheme and the costs incurred in enforcing collection. The costs incurred by Companies House are invoiced to DBT (see note 9).

Cash balances

Net cash inflow from revenue activities for the year was £84.6m (2022/23: £80.1m). After payments of £72.0m to the Consolidated Fund (2022/23: £79.0m), the net increase in cash for the year was £12.6m, taking cash balances at year end to £26.3m (2022/23: £13.8m). 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 2023/24 Trust Statement. Instead, there is a notional audit fee for 2023/24 of £21,181 (2022/23 notional fee: £18,119).

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 £5.5m (from £164.7m to £159.2m) however the average revenue per penalty has increased to £538 per penalty (2022/23: £509).

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

L. C Smyth

Louise Smyth
Accounting Officer
Chief Executive and Registrar for England and Wales
15 July 2024

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 and Civil Sanction 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.

Companies House

Performance report and accountability report

The Performance Report covering both Companies House and the Trust Statement, starts from page 7.

The Accountability Report covering both Companies House and the Trust Statement, starts from page 57.

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	2023/24 Volumes	2023/24 Values £'000	2022/23 Volumes	2022/23
LFP: Debt written off—dissolved Companies	31,290	23,695	33.485	20,988
LFP: Other write-offs[1]	43,861	29,208	31,414	14,434
Total	**75,151**	**52,903**	**64,899**	**35,422**

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 DBT in relation to write-offs which exceed £25k in value.

1. The Registrar also writes off LFP and non-ROE civil sanctions after 4 years or as deemed uncollectable following exhaustion of debt collection strategies and court action, in line with the accounting policy (note 1).

L. C Smyth

Louise Smyth
Accounting Officer
Chief Executive and Registrar for England and Wales
15 July 2024

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 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise: the Companies House Trust Statement

- Statement of Financial Position as at 31 March 2024;
- 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 Name of audited entity's affairs as at 31 March 2024 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/Government 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 Trust Statement'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 Foreword by the Accounting Officer, Statement of Accounting Officer's Responsibilities, Performance Report and Accountability 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 issued 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 issued 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 Trust Statement 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;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act;

- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued 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 and key performance indicators.
- inquired of management, the 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, Supply and Appropriation (Main Estimates) Act 2023, 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 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;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- we performed substantive testing on a sample of revenue transactions where we were unable to rebut the risk of fraud, agreeing back to source documentation.

I 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 sufficient appropriate audit evidence 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
Comptroller and Auditor General

Date 24 July 2024

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 2024

	Note	2023/24 £'000	2022/23 £'000
Revenue			
Late filing penalties	2	159,235	164,711
Civil sanctions (financial penalties)	2	23,125	-
Appeals and discretion applied		(10,020)	(23,239)
Total revenue		**172,340**	**141,472**
Expenditure			
Bad and doubtful debts	4	(79,316)	(66,790)
Total expenditure		**(79,316)**	**(66,790)**
Net revenue for the Consolidated Fund	**6**	**93,024**	**74,682**

The accompanying notes form part of the Trust Statement.

Statement of financial position as at 31 March 2024

	Note	2023/24 £'000	2022/23 £'000
Current assets			
Trade and other receivables	3	48,214	38,435
Cash and cash equivalents	7	26,334	13,754
Total current assets		**74,548**	**52,189**
Current liabilities			
Trade and other payables	8	(3,613)	(2,278)
Total current liabilities		**(3,613)**	**(2,278)**
Assets less liabilities		**70,935**	**49,911**
Balance on Consolidated Fund account at 31 March	**6**	**70,935**	**49,911**

The accompanying notes form part of the Trust Statement.

L. C Smyth

Louise Smyth
Accounting Officer
Chief Executive and Registrar for England and Wales
15 Jul 2024

Statement of cash flows for the year ending 31 March 2024

	Note	2023/24 £'000	2022/23 £'000
Net cash flow from revenue activities		84,580	80,056
Cash paid to the consolidated fund	6	(72,000)	(79,000)
Increase in cash and cash equivalent		**12,580**	**1,056**
Notes to the statement of cash flows			
A. Reconciliation of net cash flow to movement in net			
Net revenue for the consolidated fund	6	93,024	74,682
(Increase)/Decrease in receivables	3	(9,779)	4,730
Increase in liabilities	8	1,335	644
Net cash flow from revenue activities		**84,580**	**80,057**
B. Analysis of changes in net funds			
Increase in cash in this period	7	12,580	1,056
Net funds as at 1 April	7	13,754	12,698
Net cash as at 31 March	**7**	**26,334**	**13,754**

The accompanying notes form part of the Trust Statement.

Notes to the Trust Statement for the year ending 31 March 2024

1. Accounting policies, judgements and estimates

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. 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.

Through the Economic Crime (Transparency and Enforcement) Act 2022 and the Economic Crime and Corporate Transparency Act 2023, which received Royal Assent on the 15 March 2022 and 26 October 2023, the government has reformed the role and the powers of the Registrar of Companies House to tackle money laundering and other economic crime and improve transparency over corporate entities. This has resulted in the creation of a Register of Overseas Entities (ROE), increased the scope of criminal offences and introduced a sanctions regime for non-compliance with the reforms. A civil sanction involves the registrar issuing a financial penalty as an alternative to criminal prosecution. This income is now reflected in the Trust Statement alongside the late filing penalties scheme (LFP).

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 penalties issued to companies on the registers. As at 31 March 2024, the expected credit loss allowance was £166.2m (2022/23: £139.8M).

The calculation of the expected credit loss (ECL) under IFRS 9 requires management to make a number of judgements, assumptions and estimates which are set out in note 5.1. The disclosure also includes sensitivity analysis on the carrying value of net receivables for changes in assumptions.

1.4 New and amended standards adopted

No new additional standards have been adopted in these financial statements.

1.5 Standards issued but not yet effective

IFRS 17 Insurance Contracts is due to be adopted by the FReM for 2025/26. No current review on impact has been undertaken but management's initial view is that this is unlikely to have any material impact.

1.6 Presentational currency

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

1.7 Revenue recognition

Revenue is recognised when a penalty is validly imposed and an obligation to pay arises. The revenue is considered to be a non-exchange transaction and therefore outside the scope of IFRS 15.

Late filing penalties

- The penalty is imposed when the financial statements are late in being submitted. This 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 penalty increases as the length of time for non-submission of financial statements increases.
- As each 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.

Civil sanctions (financial penalties)

- Revenue in respect of civil sanctions are recognised when the financial penalty notice period is imposed. This should commence at the date the financial penalty becomes enforceable.
- For a financial penalty to be enforceable, the registrar must be satisfied that an offence has been committed.
- The financial penalty can be calculated on both a fixed and/or daily rate basis.
- Interest can be accrued if payment or representations aren't received at the end of the financial penalty notice period.
- Action is not taken to enforce a penalty unless the penalty notice period has expired and the penalty has not been paid or an appeal raised.
- The registrar may issue further penalties for continued contravention and has the power to vary or revoke a financial penalty on a case-by-case basis.

When determining the financial penalty amount, the registrar will assess the culpability and the harm involved in each case. When assessing culpability, the registrar will consider factors including evidence of intent and previous penalties or conduct. After assessing the culpability and harm, the registrar will consider any aggravating or mitigating factors and information from representations received that make the offence more or less serious. For offences relating to ROE, the value of an entity's property portfolio will be used as an estimate of the size of harm.

Recoverable third-party costs

Recoverable third-party court costs and other legal fees in the LFP scheme are recognised net of trade receivables on the face of the statement of financial position and are not recognised as revenue. 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 Trust Statement and the amounts are transferred to Companies House against previously incurred costs.

1.8 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.

1.9 Operating costs

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

Netting-off agreement

On the 20 October 2023, HMT approved the netting-off agreement of Companies House for the enforcement of the LFP scheme. Companies House proposed to recover all administration costs concerning enforcement action from the income of monetary penalties. This is to be applied from the 1 April 2024. The netting-off agreement is to cover all costs of debt collection and the appeals process associated with the administration of the scheme. Companies House will continue to pay the monetary penalties collected to the government's Consolidated Fund, after netting off the appropriate costs of enforcement. Monetary penalties are currently accounted for and reported in the Trust Statement.

Court and other legal costs
Court and other legal costs in the LFP scheme, 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 registers.

1.10 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.

1.11 Impairment of financial instruments

Receivables are shown net of impairments in accordance with the requirements of IFRS 9. The Trust Statement adopts the simplified approach using the provision matrix methodology based on historical collection rates as a proxy for future collections. The impact of current factors and forecasts on historic collectability are then considered. 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. In accordance with IFRS9, lifetime expected credit losses are applied to determine the impairment of receivables. The complete life cycle of receivables including all possible default events and associated debt recovery arrangements will be assessed when making the impairment judgement.

Late filing penalties and civil sanctions excluding ROE 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.

The Registrar may seek to enforce the debt for ROE civil sanctions through the court if the financial penalty is not paid. A charging order can be placed on the entity’s property assets through this process. This means that if the property is sold, the charging order will be paid before any of the proceeds of sale can be given to the debtor. Where a final charging order is made, we can also apply to court to force the sale of the property. This is the main route Companies House take to enforce ROE penalties, because the charge can be placed on a UK property that is relevant to the Register. Given most entities/persons are based overseas, placing a charge on the UK property is considered the most viable option for debt recovery and is taken into account in our impairment assessment.

2. Revenue and other income

Late filing penalties

	2023/24 Number of penalties ’000	2023/24 £’000	(Restated) 2022/23 Number of penalties ’000	(Restated) 2022/23 £’000
England and Wales	277	148,505	303	153,450
Scotland	15	8,082	16	8,569
Northern Ireland	4	2,648	5	2,692
Total	**296**	**159,235**	**324**	**164,711**

The comparative split of late filing penalties has been restated as it was identified that penalties had been misclassified, and the total number of penalties reported should have been 324,000 when rounded (previously reported as 325,000 when rounded). This restatement aligns the figures to those previously disclosed in the Foreword by the Accounting Officer in the previous year. There is no impact on total revenue and other income from this matter.

Civil sanctions (financial penalties)

	2023/24 Number of penalties ’000	2023/24 £’000
ROE—Failure to register	432	22,420
ROE—Failure to update	112	580
ROE—Interest charges	-	125
Total	**544**	**23,125**

3. Trade and other receivables

	2023/24 £'000	2022/23 £'000
Penalties levied recoverable - LFP	191,741	175,003
Penalties levied recoverable – Civil sanctions	20,229	-
Amount owed by Companies House Executive Agency	2,464	3,239
Impairment for doubtful debts - LFP	(164,972)	(139,807)
Impairment for doubtful debts – Civil Sanctions	(1,248)	-
Total	**48,214**	**38,435**

No amounts fall due after more than one year (2022/23: 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 LFP provision for doubtful accounts of £165.0m (2022/23: £139.8m), £0.1m (2022/23: £0.5M) specifically relates to trade receivables with an appeal outstanding as at 31 March 2024. A further £10.8m (2022/23: £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 2024 ahead of being written-off. The remaining £154.1m (2022/23: £131.9m) of the provision has been calculated through the expected credit loss model.

There has been an impairment for doubtful Civil Sanction trade receivables as at 31 March 2024 of £1.2m. This relates to ROE penalties where debt can be enforced through the charging order mechanism and has been calculated through the expected credit loss model.

4. Bad and doubtful debts

	2023/24 £'000	2022/23 £'000
Debt written off—dissolved companies	23,695	20,988
Other write offs	29,208	14,434
Total revenue losses	52,903	35,422
Increase/(decrease) in impairment for doubtful debt	26,413	31,368
Total	**79,316**	**66,790**

Late filing penalties, civil sanctions excluding ROE and any associated court costs 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.

5. Change to impairments

	2023/24 £'000	2022/23 £'000
Balance as at 1 April	139,807	108,439
Change in estimated value of impairments	26,413	31,368
Balance as at 31 March	**166,220**	**139,807**

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 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 doubtful 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:

	63% of provision—non-dissolution +/- £'000	37% of provision—dissolution +/- £'000	2023/24 Total +/- £'000	2022/23 Total +/- £'000
1% Flex—impact on net receivables				
Decrease in cash collected	777	451	**1,228**	**1,342**
Increase in cash collected	(1,149)	(667)	**(1,815)**	**(1,706)**
2.5% Flex—impact on net receivables				
Decrease in cash collected	1,942	1,127	**3,069**	**3,355**
Increase in cash collected	(2,872)	(1,666)	**(4,538)**	**(4,264)**
5% Flex—impact on net receivables				
Decrease in cash collected	3,885	2,254	**6,139**	**6,710**
Increase in cash collected	(5,744)	(3,333)	**(9,077)**	**(8,529)**

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

	2023/24 £'000	2022/23 £'000
Balance on the Consolidated Fund as at 1 April	49,911	54,229
Net revenue for the Consolidated Fund	93,024	74,682
Less amounts paid to the Consolidated Fund	(72,000)	(79,000)
Balance on the Consolidated Fund as at 31 March	**70,935**	**49,911**

7. Cash and cash equivalents

	2023/24 £'000	2022/23 £'000
Balance with GBS	26,334	13,754
Total	**26,334**	**13,754**

	2023/24 GBS £'000	2022/23 GBS £'000
Balance held as at 1 April	13,754	12,698
Net movement	12,580	1,056
Balance held as at 31 March	**26,334**	**13,754**

8. Trade and other payables

	2023/24 £'000	2022/23 £'000
Recovered third party costs owed to Companies House	(2,617)	(1.646)
Other payables	(996)	(632)
Total	**(3,613)**	**(2.278)**

No amounts fall due after more than one year (2022/23: Nil).

9. Expenditure

In managing both the LFP and civil sanction scheme, Companies House incurred expenditure of £10.0m (2022/23: £10.4m). 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.

	2023/24 £'000	2022/23 £'000
Appeal administration		
Staff costs	2,096	2,290
Overheads	361	1,733
Debt collection		
Staff costs	757	508
Overheads	6,740	5.845
Total	**9,954**	**10,376**
Average employees FTE	**71**	**76**

10. Related party disclosures

Companies House is an Executive Agency of DBT. DBT is regarded as a related party and during the year Companies House received funding for the LFP and civil sanction scheme expenditure from DBT, invoiced on a cost-recovery basis. This is reflected within the Companies House annual accounts.

None of the board members or senior managers has undertaken any transactions with Companies House during the year.

11. Subsequent events

On the 20 October 2023, HMT approved the netting-off agreement of Companies House for the enforcement of the LFP scheme. Companies House proposed to recover all administration costs concerning enforcement action from the income of monetary penalties. This is to be applied from the 1 April 2024. The netting-off agreement is to cover all costs of debt collection and the appeals process associated with the administration of the scheme. Companies House will continue to pay the monetary penalties collected to the government’s Consolidated Fund, after netting off the appropriate costs of enforcement. Monetary penalties are currently accounted for and reported in the Trust Statement.

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.

Companies House

2023
/24

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We invest in people Platinum
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Driving **confidence** in the **UK economy**

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