



**Companies House**

Annual Report and Accounts  
2008/09

# Giving business a helping hand

**BERR** | Department for Business  
Enterprise & Regulatory Reform  
A BERR SERVICE



*Companies House*  
— for the record —



**Companies House**  
Annual Report and Accounts  
2008/09

Presented to Parliament by the Secretary of State for Business, Innovation and Skills pursuant to section 4 (6) of the Government Trading Funds Act 1973 as amended by the Government Trading Act 1990

During the period of this report, Companies House was an Executive Agency of the Department for Business Enterprise & Regulatory Reform. From June 2009, Companies House has become an Executive Agency of the Department for Business, Innovation and Skills

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## **Our mission**

We are at the heart of company information in the UK, recording the life events of companies for all to see.

## **Our vision**

To be a world class information exchange; accessible, easy to use and trusted.

### **Registering information**

Companies make their data public in return for limited liability. We are helping them to do this by developing efficient electronic services, which make filing data with us simpler and safer.

### **Providing information**

We provide quick access to information filed by companies; this ensures the register is seen as a valuable tool in the economy.

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# At Companies House we know the demands put on business every day. That's why we're here to help. Here's how...

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## Joint statement

### From the Chief Executive and Chair of the Steering Board

Our vision for Companies House makes clear our determination to maintain a customer centred organisation which is accessible, easy to use and trusted. During this year our goal has been to deliver the real benefits made possible by our strategic aim to become a fully electronic organisation and as a result, make it easier for companies to do business with us. Our role as an efficient mechanism for the exchange of information is especially important now – when UK businesses are experiencing difficult economic circumstances.

For customers who file documents with us, our success in delivering on-line filing services is reflected in the growth of overall on-line filing to 54%, with Annual Returns reaching 89%. We have been particularly pleased with the increase in e-filing of accounts, with 250,000 companies now delivering accounts by this method, an increase of 40% on last year. Accounts are a key filing for all companies and we have devoted a great deal of energy to develop our relations with stakeholder groups representing the accountancy profession, and with accountancy software providers, to promote the benefits of our e-filing system.

For customers searching the register, we recognise that there is a major benefit in having a register which is accurate and gives efficient access to information essential to confident decision-making in the business community. To help provide an up-to-date, accurate and reliable register, we have revised our compliance process and implemented the revision Parliament agreed to our accounts Late Filing Penalty (LFP) system. These changes have caused an immediate increase in the number of accounts and Annual Returns filed on time, taking compliance to record levels.

Of course, companies filing information also benefit from this because the completeness of a company's record may influence its credit rating and the decisions of others thinking of doing business with it.

The companies register itself has not yet been significantly affected by the economic downturn. Incorporations have continued at levels similar to those of last year and, although dissolutions have risen slightly, the number of companies on the register has remained fairly static. At the end of 2008/09, the active register stood at 2,404,000, compared with 2,390,000 at the end of 2007/08. Some specific areas of the register have seen reductions in filings. For instance, the number of charges against company property has fallen by about 25% – perhaps not surprising in a recession characterised by a squeeze on credit.

As a trading fund, Companies House is responsible to Parliament and the Registrar can be called to account for its performance. In March 2008, the Registrar gave evidence to the House of Commons Business and Enterprise Committee on Companies House's performance of its statutory duties, on satisfaction among customers who use its services and on the Companies House Information Processing Systems (CHIPS) programme. The Select Committee's report was published in November 2008. It recognised that "there is a public interest in providing an accessible, efficient, open register of company details, at reasonable cost, which the current system achieves".

However, the Committee went on to stress the need to review "the balance between the relative simplicity of the current arrangements and the need to prevent crime". We know that

**We're helping  
support confident  
decision making  
among the business  
community**

the companies register is a potential channel for financial crime, so we have continued to promote our three-point plan to help companies protect themselves against fraud, and to work with the Metropolitan Police and the Serious Organised Crime Agency. We have developed close relations with the City of London Police, who are now the national lead force under the National Fraud Strategy; leading to inclusion of Companies House in the proof of concept for the National Fraud Intelligence Bureau, which will help ensure efficient use of data from the companies register across law enforcement as a whole.

In terms of finance, our position remains strong. The number of incorporations has been slightly above the levels we expected, at 330,000. We have seen a fall in income from the filing of Annual Returns, largely because customers have recognised the benefits we offer through our electronic filing services.

All of this puts us in a good position to drive forward our strategy and to contribute to the government's aim of helping business recover from the current recession and come out stronger on the other side. An important part of this will be the work we do to implement the Companies Act 2006 in October this year – a springboard for us to deliver critical benefits to business.



**Andrew Summers CMG**  
Chair of Companies  
House Steering Board



**Gareth Jones OBE**  
Chief Executive



Andrew Summers



Gareth Jones



**For a start we  
make it easy to  
meet regulatory  
requirements, so  
you can get on with  
what you do best**

Every year we help millions of businesses save valuable time and get on with business. It's how we do our bit for an efficient UK economy.

## Customers

We're making the transition to the 2006 Companies Act as easy as possible for customers. After significant progress in 2008, we'll complete implementation in October 2009.

Our last business plan gave priority to improving services for customers and we have worked hard to make real progress on this. In addition we have had to embed CHIPS, to deliver parts of the Companies Act 2006, and to prepare for final implementation of the Act in October 2009. Delivering these major programmes has had an impact on our ability to meet the stringent targets approved by ministers. Nevertheless we hit or got near to all but one of our targets.

The significant miss has been e-filing, where we still made good progress achieving 21.8% against a target of 26%. The quality of the scanned images we produce is important to customers searching our database and we continued to deliver high quality images, achieving 99.2% against a target of 99.5%. Online search services have been available 98.7% of the time between 7am to midnight on Monday to Saturday and we have extended the availability of our online services to 7 days in line with our customers' needs. 94% of documents have been available to customers within 60 seconds against a target of 95%. Where customers have felt the need to complain, we have resolved 98.5% of their complaints within five working days, and we achieved 94.9% against our compliance target of 95.3% for the filing of accounts. The new LFP regime is already having a significant impact on this target and we are currently experiencing record compliance rates of around 97%. Overall, 85.43% of customers contributing to our regular satisfaction surveys have said that they are satisfied with the levels of service we provide. We think this is a strong position to be in and a positive reflection of our efforts to support customers.

The implementation of CHIPS shortly before the start of the year went well, but we did have some early issues concerning the delivery of products for bulk customers which took time to resolve. It is a tribute to the dedication of our customer and IT teams that we were able to provide effective solutions within the first quarter of 2008/09, without there being any effect on the availability of the companies register and without causing damage to businesses which rely on Companies House as a source of raw data.

In line with the Transforming Government agenda, we have worked with Business Link to converge our website services, leading to the launch in March 2009 of dual-branded WebFiling and WebCheck services, which means that customers can now file information and search company records through the Business Link website. Together with the Intellectual Property Office and Business Link, we have developed a company name and trade marks search service, which is also available through [www.businesslink.gov.uk](http://www.businesslink.gov.uk).

### Companies Act 2006

We have made significant progress on implementation of the Companies Act 2006, which is designed to simplify regulation and to make it easier for people to run small companies. We implemented parts of the Act in April and October 2008:

#### Implementations in April 2008

1. Repeal of the requirement for private companies to have a company secretary, which means that private limited companies can choose whether or not to appoint a company secretary, depending on their needs. Latest figures show that 56% of new private companies are now incorporated without a secretary.

# And we give you quick, easy access to information, helping inform business decisions

Our website allows you to file documents electronically – simply and securely – and search the records of over 2.7 million companies.



2. Change of the method for calculating month end filing dates. The new rule is simpler and should stop many companies incurring a Late Filing Penalty, saving them money.

#### Implementations in October 2008

1. The new Act allows companies to reduce their share capital by an administrative method (known as the solvency statement method) rather than having to go to court and enables companies to save time and money.
2. Amendments to the Annual Return mean that private companies and public companies not traded on a regulated market no longer need to provide addresses for their shareholders. Public companies who are traded on a regulated market, do not need to provide details of shareholders who hold less than 5% of the issued shares. This makes filing the Annual Return easier for many companies and provides privacy for their shareholders.
3. The creation of a Company Names Adjudicator who considers any objection to a company name on grounds that it is sufficiently similar to another company to suggest a connection between them. The Adjudicator has already acted in a number of cases to order changes of name, and has a number of cases under consideration. This saves people time and money in having to take legal action to defend their company name.

Full implementation of the Act is due in October 2009. In preparation for this we have designed 250 new forms and written 18 Notes for Guidance to help people understand what the Act requires of them. We aim to make the transition from the 1985 Act to the 2006 Act as easy as possible for customers. We have already started to communicate with customers, using our existing channels of customer days and focus groups. We have provided guidance on parts of the 2006 Act already implemented, and we have been working on a comprehensive programme to communicate the full requirements of the new Act and the changes they bring, as implementation draws nearer.

We are aware of the ongoing need to provide security for customers placing information on the companies register. As well as working with law enforcement agencies, we have grown our work with stakeholders in the accountancy profession to secure increased support for electronic filing and for the electronic version of our PROTECTED On-line Filing system (PROOF).

Increasingly, developments in Europe have an effect on the conduct of companies in the UK. Companies House has contributed to discussions on European proposals for a European Private Company and the possible exemption of micro-entities from the need to publish accounts. Companies House is a member of the European Business Register, which provides customers across Europe with a single point of access to information filed by companies.



# Because business never stops, neither do we, our data and online services are available 7 days a week

Our people are committed to creating excellent customer experiences, supporting you and your business every step of the way. In that spirit, we're planning to increase our online service availability from 17 to 24 hours a day.

## People

Our new values, launched in 2007/08, now form the foundation of Companies House's culture. They've had a direct, positive impact on our performance.

Results from a recent staff survey show that 94% of people employed at Companies House think it is a good place to work. This is evidenced in a number of ways such as significant reductions in sickness absence, higher attendance levels, higher levels of take up within our Health and Well Being Programme, positive feedback from the Welsh Assembly Government Corporate Health Standard Assessment Report, and high levels of engagement and commitment people show to developing themselves, which subsequently improves our delivery of services and enhances the customer experience.

This year we have made great progress in embedding our values (Doing it Right, Making a Difference, Working Together) which were launched in 2007/08. They now form the bedrock of the Companies House culture. They feature in reviews of meetings (including corporate board level meetings) and in senior management commitment to living the values. They are also at the core of our Personal Development Review process. We have introduced a recognition/reward scheme that allows staff to nominate peers whom they think exemplify one or more of our values.

We support the values with a strong commitment to good internal communications. Staff are able to propose subjects for our monthly "Peer to Peer" cascade system; they are able to attend informal communications sessions at breakfast or lunch with the Chief Executive; and they receive key information quickly through ad hoc emails or our weekly electronic Bulletin.

We also encourage personal development through opportunities to shadow board members or to attend board meetings as observers and through our operational "Master Class" programme, which provides a forum

for staff to help improve our business processes. Almost 70 of our people went through leadership development programmes as well as numerous skill based courses. We provided modern learning approaches through the development of e-learning packages. As stated in the plan we launched a graduate programme and welcomed four graduate trainees in December.

In our business plan we said that our headcount would increase in the short term to ensure effective delivery of CHIPS. We forecast that the headcount would then return to previous levels but with a shift in skills and resources deployment from operations areas to customer support areas. This is exactly what happened. Our staffing complement peaked at 1,100 full time equivalents and by the end of the financial year had fallen to 1,064. Within this number we have seen the predicted move from operational to customer support roles, and we envisage this trend will continue as we realise the benefits of the changes in process made possible by CHIPS, and as we work to implement the Companies Act 2006.

Extensive work, from an HR perspective, has taken place in preparation for us to welcome the Northern Ireland Registry into Companies House in October 2009. This will ensure all people-related implications and issues are worked through to facilitate a smooth transition.

Under the "Working in Partnership Agreement" we have maintained good relations with the trade unions, ensuring co-operative working to explore and resolve any issues that might arise as we implement change at the local level.

# We ensure the integrity of our data through high compliance standards

Maintaining an up-to-date and trusted register is at the heart of what we do. It's how we benefit the economy and help businesses move toward recovery.



## Processes

Timely filing supports confident business decisions. Two changes we made this year led to an unprecedented surge in accounts filing, resulting in an even more complete register.

We consider the integrity and completeness of the register to be key factors in its ability to support the economy through the provision of information for efficient decision-making. This is an area into which we put a great deal of effort: by educating directors about their legal responsibilities, through our written material and customer days, and by supporting high levels of compliance through robust pursuit and regulatory procedures. At the beginning of the year we were concerned that the register was becoming less complete and up-to-date. There was a decline in the number of companies filing their accounts and evidence suggested that a growing proportion of companies were no longer deterred from filing late by late filing penalties. We were also concerned that a growing number of companies on the register were, in fact, defunct. In response to these concerns we made two changes to support the Registrar's role as an enforcement authority:

1. In February 2009, we implemented an increase in late filing penalties, which had been agreed by Parliament. The basic penalty increased from £100 to £150, with more rapid increases for companies filing more than one month late; and
2. We tightened up our compliance processes for companies that did not file at all.

The changes were widely supported by our customers, with many commentators pointing to the importance of timely filing to support decision making, and the danger of an incomplete record damaging a company's credit rating with a potential adverse effect on its ability to do business.

The effect of this was an unprecedented surge in the filing of accounts, with the percentage of companies now having filed their latest accounts increasing to around 97% – the highest level yet.

As a result of CHIPS, we have significantly streamlined our internal processes and have successfully implemented important parts of the Companies Act of 2006. We have also been heavily engaged in work with colleagues at BERR to ensure that regulations bringing in specific parts of the Act can be incorporated smoothly into Companies House's processes in time for final implementation in October 2009.

In terms of our core business – the processing of companies' data for publication in the companies register – our workload has continued to be high. Our staff have dealt with 330,000 incorporations and have removed 303,000 companies from the register. They have processed the filing of 7,708,000 documents and have supplied to customers 6,286,000 individual images from the register.

# We're helping businesses be more efficient – and we're making a few efficiencies of our own

We are constantly striving to improve efficiencies across the business, especially important in the current economic climate.



## Finance

We're well on track to achieve our 3 year efficiency target and made an excellent start, by reducing the operational monetary cost per company on the register by 8.4% this year.

Companies House continued to take steps to control and review spending levels and deliver further efficiency savings throughout this period against a background of reducing income and the effect of uncertainty in the current economic climate. As a result of effective budgeting and challenging of expenditure the impact of these variables was reduced.

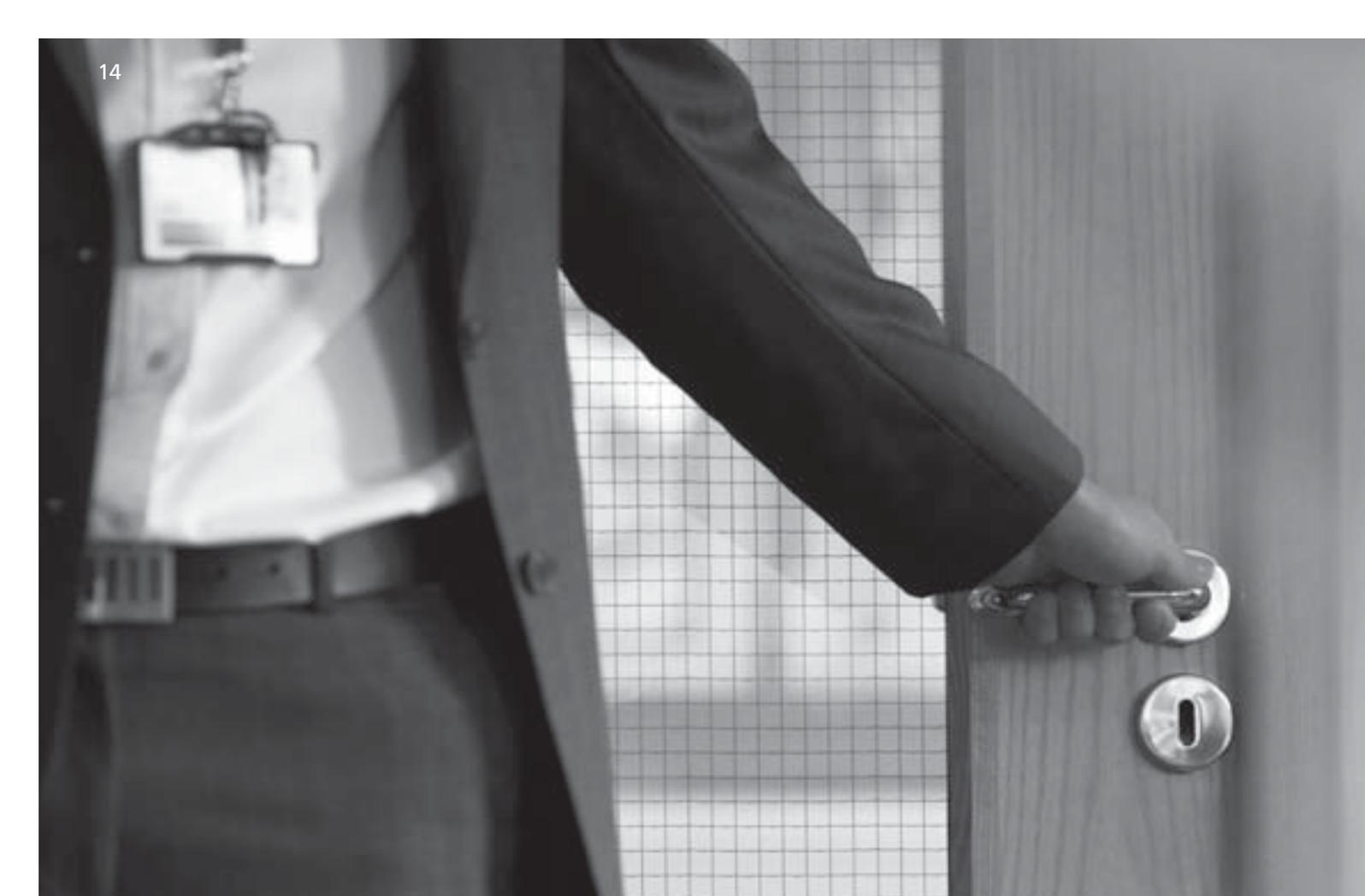
Overall, income was down by £2.7m to £67.1m compared with 2007/08 due to two main factors. The first is the ongoing switch from paper transactions to lower priced electronic filing, with 77% of annual returns income (87% of documents filed) being received electronically. This compares with 56% of annual returns income (72% of documents filed) in 2007/08. Secondly, the number of companies incorporated fell by 45,000 compared with 2007/08.

We have improved our awareness and management of costs across the organisation both in terms of staff pay and in overhead expenditure. Despite running two major change programmes during the year, the underlying cost of core activities has fallen by £2.4m, more than offsetting increased depreciation charges following the CHIPS implementation of £2.3m. The Companies Act 2006 programme added £1.1m to our running costs during the year, with a further £5.2m being capitalised as part of preparation for the full implementation in October 2009.

The operating surplus on ordinary activities was £3.2m. After charging interest of £0.1m and paying to the Treasury a dividend of £2m, a net surplus for the year of £1.2m remained. We have transferred this to reserves.

A new three-year efficiency target was introduced this year to achieve by March 2011, a reduction in real terms of 15% in the operational monetary cost per company on the register compared to the 2007/08 base year. We made an excellent start toward achieving this target by reducing the operational monetary cost per company by 8.4% this year.

We were targeted to achieve a cumulative rate of return as a percentage of average net assets of 3.5% and have exceeded this target, attaining 5.6%. The cumulative rate of return over the five year period specified in the Treasury Minute (1 April 2004 to 31 March 2009) is 7.1%.



# **We're protecting business by enabling you to combat fraud before it happens**

We've put robust security measures in place to help you protect your business from identity theft. On top of that we're developing our electronic services further – making them even easier, faster and more secure.

## Looking forward

With Companies Act 2006 implementation nearly complete, we can focus on our transformation into a fully electronic organisation, supported by staff who are equipped to meet the challenges ahead.

We have set ourselves two strategic goals for the future:

- To create excellent customer experiences.
- To provide trusted information.

We believe that delivering an up-to-date and trusted register is the best way for us to help business and benefit the economy.

In pursuit of our vision and our strategic aim to become a fully electronic organisation, during 2009/10 we will:

- Develop our electronic filing services further to make filing easier, faster and more secure.
- Introduce a simple electronic sign-up to our anti-fraud service, PROOF, and actively encourage companies to use this to protect themselves against fraud.
- Ensure cheap, fast and easy access to information.
- Encourage compliance in order to provide an up-to-date and complete companies register.
- Implement the final stage of the Companies Act 2006, delivering benefits such as service addresses, to make it easier for people running companies.

We will support all of this with an active programme to develop staff: to equip them to fulfil the new roles demanded by the Companies Act 2006, and ensure we have the right skills in place to help customers understand and meet their new obligations quickly and easily.

As a means of measuring our success, Ministers have approved the following targets for 2009/10:

### Customer targets

- To achieve a score of more than 86% in each quarterly Companies House customer satisfaction survey.
- To achieve on average a monthly compliance rate for accounts submitted of 95.3%.

- To achieve an electronic filing target for accounts of 20%.
- To achieve an electronic filing target for other transactions of 67%.
- To ensure that 95% of electronic documents can be accessed within 60 seconds by search customers from the Companies House Direct download area.
- To resolve 97% of all complaints within 5 days.
- The Chief Executive to reply within 10 days to all letters from members of Parliament delegated to him to reply.

### Process targets

- To ensure that 95% of electronic transactions received are available to view on the public record within 72 hours.
- To ensure that 95% of paper transactions received are available to view on the public record within 8 days.
- To ensure that 99.5% of images placed on the Companies House image system are legible and complete.
- To ensure that Companies House Direct, WebCheck and WebFiling are available for 99% of the time between the hours of 7am and midnight.

### People targets

- To ensure that our average work days lost per person is no more than 10.
- To improve the operational energy efficiency rating of Companies House's headquarters building by 10%.

### Finance targets

- To achieve by 2010/11 a reduction, in real terms, of 15% compared to 2007/08 in the operational monetary cost of the registry per company on the register (3 year target).
- To achieve taking one year with another, a 3.5% average rate of return based on the operating surplus expressed as a percentage of average net assets.
- To pay invoices within 10 days.

# And we're doing our bit to shape the business community of tomorrow

We contribute significantly to the local community. Supporting the development of young people through our work experience programme, educational events and links with over 40 schools is just one of the many ways we do this.



## Responsible business

We recognise that Companies House must serve the public good as well as deliver high quality services, and we continue to improve our response to environmental, social and governance issues.

### The Environment

Our Environmental Management System has helped us to implement many positive environmental benefits, including the introduction of a bin-less office, which has allowed us to reduce our landfill waste by 25%. However, we missed our target to reduce CO<sub>2</sub> emissions per person, which was affected by occupancy levels in some of our offices. We have a new target for next year, which reflects more accurately the way Companies House is organised and managed.

Companies House continues to be certified to ISO 14001: 2004 for environmental management and to work towards the Sustainable Office Government Estate targets. This year we have invested in additional insulation at our main office and have begun to roll-out a SMART lighting system to reduce energy consumption.

### Corporate Social Responsibility

We take great pride in the work we carry out within our local community, enhancing our status as one of the largest employers in the Cardiff area. We have structured formal links with many schools in the local authority, and our organisation has been recognised as a Business Ambassador by Careers Wales. We provide volunteers to support a range of services within schools such as work experience placements, mock interview days and Business Enterprise and Industry Events.

During the year we continued to offer work experience placements for pupils from various local schools, with 16 pupils taking part in our work experience programme that is supported by our Learning & Development team.

The programme allows pupils to gain valuable work experience by working across a range of departments. The placements promote young people's personal and social development, enhance their maturity and help them to develop an understanding of the world of work. Our work in the community was recognised this year with the Education Business Partnership awarding Companies House with a 'Most Valued Business Partner' award for Business Enterprise.

Companies House continues to raise money, support local charities and contribute to environmental sustainability by allowing use of its multi-storey car park for Cardiff City Council's Park and Ride scheme, which helps reduce carbon emissions and traffic congestion within the city centre. During the last financial year the scheme has generated £18,800 for local charities such as Cancer Care Cymru, Age Concern Cardiff and Vale of Glamorgan, Welsh Air Ambulance Charitable Trust and Guide Dogs for the Blind Association.

### Health and Safety

Companies House is committed to the promotion of a health and safety culture throughout the organisation and safe attitudes and behaviour among its staff. A safe environment is provided for staff and visitors in line with all statutory obligations and Health and Safety policies are constantly under review to reflect new legislation.

All staff receive basic awareness training as well as more specialised training when required for the safe use of VDU equipment, first aid, evacuation and fire procedures and the safe handling of chemicals.

## Our work in the community was recognised with a 'Most Valued Business Partner' Award for Business Enterprise

Companies House is constantly promoting Health & Safety Awareness through:

- Regular training sessions
- Specialised seminars
- Health & Safety 'champions'
- Posters and notice boards
- A Health Promotion Working Group
- On-site occupational health adviser

Companies House is an office-based business and therefore all risk assessments are carried out in accordance with the relevant H&S Acts and regulations including the Management of Health and Safety at Work regulations, CAW Regulations and the Display Screen Equipment Regulations. All managers are trained to carry out quarterly risk assessments and many senior managers have attended an accredited ISOH course.

Following completion of an H&S Legal Compliance Review, we took action to develop and implement a more robust and fit for purpose H&S Management Control System, and to review our procedures for control of contractors and the issuing of permits to work. A follow up audit will take place in June 2009.

The H&S Management Control System, supporting policies and procedures are continuously reviewed and updated to ensure ongoing compliance. These are subject to internal audit by our risk management team.

### Diversity

Companies House is an equal opportunities employer. We ensure that our workplace remains a non-discriminatory and harassment free working environment. Over the last year we have taken steps towards making sure that this remains the case by implementing our new diversity training strategy aimed at refreshing awareness amongst all our staff. As part of the strategy we have rolled out the first component of our diversity awareness programme which has been designed specifically to bring all staff up to speed with all the latest legislation surrounding diversity, bullying and harassment and workplace discrimination. Further sessions are planned to raise awareness of the 6 individual strands of diversity. During this period we also provided drama-based Bullying & Harassment Workshops for all managers within the organisation and for the entire HR department and developed a diversity-related e-learning package.

Category	Applied	Invited for interview	Appointed
Male	416	146	44
Female	404	154	46
Disabled	9	2	0
<b>Ethnic Origin</b>			
Ethnic Origin declared	50	6	1
White	662	273	77
Not Stated	108	21	12

### Recruitment

Companies House has policies and procedures in place to ensure that recruitment is carried out on the basis of fair and open competition. We select candidates on merit in accordance with the guidance laid down by the Civil Service Commissioners. All procedures are subject to internal and external audit and we are required to publish statistics on recruitment undertaken during the year.

### Risks and Uncertainties

We have a risk management policy and strategy, agreed by the Executive Board, and formal processes in place to enable risk management, which includes a common language and routes for escalation, based on set risk appetite levels. As a result, risk management is embedded at all levels in Companies House.

The major risk for us during 2008/09 was preparation for the implementation of parts of the Companies Act 2006 in April and October 2008. Other significant risks, which we continue to manage, include the implementation of the remainder of the Companies Act in October 2009 and data security.

We have continued to address the need to safeguard personal data by continuous risk assessment of the information assets managed within Companies House and by third parties and we have not experienced any incidents relating to personal data loss.

Companies House is accredited with the ISO27001 specification – Information Security Management Systems and the internal Information Management Security Forum continues work to implement Cabinet Office guidelines.

## Remuneration Report

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body of senior salaries. In reaching its recommendations, the Review Body has regard to the following considerations:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities.
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff.
- Government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services.
- The funds available to departments as set out in the government's departmental expenditure limits.
- The government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations, and the affordability of its recommendations.

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

### Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition, but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at: [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk).

The remuneration of senior managers who are not members of the senior civil service is set as part of the Companies House pay negotiations.

### Salary

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

### Benefits in kind

No senior manager received a benefit in kind in 2008/09.

### Performance pay

All staff are eligible to participate in the corporate bonus scheme. The scheme is available to all staff not subject to formal disciplinary letters within the period. The scheme is based on target and productivity elements and is a maximum of 7% of earnings for a senior manager. Senior civil servants' performance pay is determined by the senior pay committee of the Department of Business Enterprise and Regulatory Reform.

The following table is subject to audit.

The salary and pension entitlements of the senior managers of Companies House in the year to 31 March 2009 are as follows:

	Salary including performance pay (2008/09)	Salary including performance pay (2007/08)	Real increase in pension and lump sum at age 60	Total accrued pension at age 60 at 31/03/09 and related lump sum	CETV at 31/03/08	CETV at 31/03/09	Real increase in CETV funded by employer
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gareth Jones	115-120	95-100	0-2.5 0-2.5	35-40 105-110	633	688	7
Tim Knighton	90-95	65-70	0-2.5	0-5	24	58	29
Tim Moss	85-90	85-90	0-2.5 0-2.5	5-10 15-20	69	83	9
Tom Smith	70-75	60-65	0-2.5 0-2.5	10-15 40-45	159	178	7
Phil Bushby	70-75	55-60	0-2.5	0-5	10	22	9
Mike Nash	60-65	55-60	0-2.5 0-4.0	5-10 20-25	93	122	22
Gwyneth Edwards	65-70	60-65	0-2.5 0-2.5	5-10 20-25	89	105	9

Senior managers have been defined using the definition of "key management" contained within FRS8 Related Party Transactions, "Those persons in senior position having authority or responsibility for directing or controlling the major activities of the reporting entity".

#### CETV

The opening may be different from the closing figure in last years Accounts. This is due to the CETV factors being updated to comply with the Occupational Pension Schemes (Transfer Values) amendment Regulations 2008.

### Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' 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 in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Further details about the Civil Service pension arrangements can be found at the website:  
[www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown

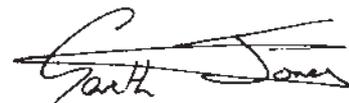
relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### Companies House Steering Board

In addition, independent members of Companies House Steering Board received fees totalling £32,145 (2007/08: £31,466). There were five independent members in 2008/09 (2007/08: five).



**Gareth Jones**  
Chief Executive  
2 July 2009

## Accounts 2008/09

Government Trading Funds Act 1973

### **Companies House Accounts 2009**

The accounts for Companies House for the period 1 April 2008 to 31 March 2009, together with the report of the Comptroller and Auditor General thereon, prepared pursuant to Section 4(6) of the Government Trading Funds Act 1973, as amended by the Government Trading Act 1990.

In continuation of House of Commons Paper No. 708, Parliamentary Session 2008/2009

Presented pursuant to Government Trading Funds Act 1973, c.63, s4(6)

Ordered by the House of Commons to be printed 16 July 2009

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## Foreword to Accounts

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

### History

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

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

### Statutory Background

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

### Principal Activities

Companies House has two main areas of activity:

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

### Financial Background

Companies House was established through the introduction of "public dividend capital", and three 15 year loans from the Department of Trade and Industry which were fully repaid in 2007. A further loan of £4.5m was obtained from BERR in March 2009 which was required to support Development projects and will be repaid in full by March 2011.

The largest source of finance during the year continues to be the surpluses accumulated since commencing trading fund status in October 1991. Land and buildings have been revalued to £17.8m. The main database supporting the registration activity of Companies House (CHIPS), which was capitalised on 1st March 2008, has been further enhanced during the year, and due consideration has been given to impairment of this asset under FRS 11.

### Results and appropriations

The operating surplus on ordinary activities was £3.2m (2007/08: £6.3m). After charging interest payable of £77,866 (2007/08: £26,673) and declaring dividends payable of £2.0m (2007/08: £2.1m), a net surplus for the year of £1.2m (2007/08: £4.1m) remained and was added to the retained surplus which at 31 March 2009 was £33.6m.

### Business Review & Future

The register continued to grow during the year, despite the underlying uncertainty in the general economic climate, with 330,000 companies being formed in 2008/09, although dissolutions rose by a third to 303,000. Mortgage registrations fell by a third during the year to 194,000.

Income from registration activities fell by £2.9m compared to 2007/08, due partly to lower start-up activity (45,000 fewer incorporations than 2007/08) and partly to the switch to filing electronic annual returns, which accounted for 87% of all returns filed during the year (71.5% in 2007/08).

Management continues to control underlying costs, and drive efficiencies through processes wherever possible. Overall, total expenditure has fallen by £0.1m, despite an increase in depreciation and impairment charges of £2.3m. Staff costs have fallen by £0.7m, whilst overheads have fallen by £1.6m. Included in the costs for the year is £1.1m in respect of change activity associated with preparation for the implementation of the 2006 Companies Act.

Capital Expenditure was £8.1m, of which £5.2m was incurred on the preparation for the implementation of the 2006 Companies Act. Other capital expenditure of £2.9m was incurred on building refurbishments and several IT projects as Companies House progresses its programme of electronic transformation.

The additional workload (0.5%) was delivered efficiently with the operational monetary cost per company on the register falling by 8.4% to £18.99 compared with £20.74 in 2007/08 (note 23b). A significant element of this saving was achieved through the ending of the mainframe contract following the implementation of the internally supported CHIPS database in March 2008.

The average number of employees for the year was 1,198 compared to 1,175 in 2007/08. The associated full-time equivalent posts were 1,092 (1,074 in 2007/08), recognising the need to ensure that an appropriate level of staff with the necessary skills was employed to fulfil the obligations of the Trading Fund.

The main provisions of the Companies Act 2006 affecting the operations of Companies House are due to be implemented on 1 October 2009, although certain other parts of the Act have already taken effect. Whilst a significant amount of capital has been invested in the development of software enhancements to the CHIPS system to enable the implementation to take place, the biggest impact will be on the operational activities of the business as new processes are introduced to meet the requirements of the Act.

A further change introduced by the Companies Act 2006 is the inclusion of the Northern Ireland Companies Register within the Trading Fund for which an amendment will be effected during the current Parliament. Income generated from the registration and dissemination activities of the Northern Ireland register will be at the same price levels as the rest of the United Kingdom, and are expected to match the additional costs incurred. All staff transferred will do so under the usual machinery of government rules.

Fees are subject to an annual review to ensure that prices charged are sufficient to cover the costs of Companies House products, and to ensure that no cross-subsidy occurs. The conclusion of the most recent review was that prices should remain unchanged; however a Fees Order will have to be approved by Parliament to enable the prices to be covered by the Companies Act 2006, effective from 1 October 2009 and to add any new products arising from this Act.

### Cash Balances

Net cash inflow for the year was £0.6m taking the cash balances at this year-end to £14.0m. In 2008/09, through continued prudent management, we have ensured that sufficient funds have been available not only to carry out core activities, but also to finance other developments.

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

### Post Balance Sheet Events

On the 5th June The Departments for Business Enterprise and Regulatory Reform (BERR) and Innovation, Universities & Skills (DIUS) were merged to create the Department for Business, Innovation & Skills (BIS). This will be the new sponsoring department for Companies House.

The Companies House Trading Fund (Amendment) Order was passed in the House of Commons on 24th June 2009. This will allow the Companies Registration Office for Northern Ireland to come under the authority of the Registrar of Companies House effective from 1st October 2009. (Note 22).

### Days lost due to absence

Companies House places a great deal of emphasis on encouraging a climate where good attendance is expected and valued. We take a holistic approach to the management of absence and focus not only on those who are ill, and therefore away from work, but also on promoting healthy living and lifestyles to help our employees improve their health which means less absence is taken. Our work in this field has been recognised by the awarding of the Corporate Health Standard silver award by the Welsh Assembly Government.

We monitor all absences carefully and through the combined efforts of HR, Occupational Health and Staff Counselling we aim to minimise the amount of time lost by working with the absent individual to facilitate the earliest possible return to work.

In 2008/09, the average percentage of absence over the year was 3.68% per month. This compares favourably to public sector employers who, as reported by the Chartered Institute of Personnel and Development, report an average of 4.3%.

### Value of Land and Buildings

The independent valuation of the freehold land and buildings at Crown Way, Cardiff as at the end of this financial year resulted in a revaluation deficit of £7.1m. More information on this is provided in notes 5 and 9.

## Foreword to Accounts

### Audit Service

The statutory external audit was performed by the National Audit Office and reported on by the Comptroller and Auditor General at a cost of £36,000 for the 2008/09 reporting period. An additional payment of £8,000 was made in respect of IFRS conversion preparation.

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

### Payment Policy

It is Companies House policy to pay all invoices not in dispute within 30 days or to the agreed contracted terms if otherwise specified. The out-turn (as reported in note 19) was 100% (2007/08 100%). From 1 December 2008, a new target of making payments to suppliers within 10 days was introduced. The out-turn was 97.5%.

### Political and Charitable Gifts

Donations are made to various local charities from the proceeds raised from the use of the Companies House estate for a Park and Ride Scheme at weekends. This is a joint initiative with Cardiff City Council. The value of these donations was £18,800 in 2008/09 (2007/08: £17,448).

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

### Companies House Boards

The Executive Directors of the Agency were:

#### Gareth Jones

Chief Executive

#### Tim Moss

Corporate Strategy Director

#### Tom Smith

Customer Delivery Director

#### Mike Nash

Finance Director

#### Tim Knighton

Director of Business Solutions Delivery

#### Phil Bushby

Human Resources Director

#### Gwyneth Edwards

Head of Legal

### Steering Board

In addition to the Chief Executive and Executive Directors, the Steering Board members were:

#### Andrew Summers

Independent Chairman

#### John Alty

BERR member

#### Geoff Dart

BERR member

#### Nicky Alberry

Non-Executive Member

Appointed 1 January 2009

#### Rodger Hughes

Non-Executive Member

#### Dan Bernard

Non-Executive Member

#### Alex Jablonowski

Non-Executive Member

#### Nigel Paul

Non-Executive Member

Resigned 31 December 2008



#### Gareth Jones

Chief Executive

2 July 2009

## Statement of Companies House's and the Accounting Officer's Responsibilities

Under section 4(6) of the Government Trading Funds Act 1973, the Treasury has directed Companies House to prepare a statement of accounts for each financial year in the form and on the basis set out in the accounts direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year-end, and of its income and expenditure recognised gains and losses, 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 the 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 the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

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

## Statement on Internal Control

### Scope and Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Companies House policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

During 2008/09 I was advised by:

**The Companies House Steering Board.** Membership of the Steering Board included an independent Chairman, four independent members and senior officials from BERR, and all the Agency's Executive Directors. The Steering Board met quarterly to advise on strategic issues.

**The Audit Committee,** a sub committee of the Steering Board. Membership of the Audit Committee included three independent members (one of whom is the Chairman) and myself. It reported to each Steering Board meeting. Meetings were attended by the Finance Director of Companies House, BERR Internal Audit and our External Auditors. Other members of staff and external representatives were asked to attend where further specialist skills were required or to discuss specific topics. An additional member is invited to attend all audit committee meetings in a peer advisory role capacity. The Audit Committee met four times during the year.

**The Executive Directors of Companies House.** Directors met as an Executive Board on a monthly basis to set the direction for Companies House, take strategic and other major decisions, maintain overall stewardship and governance, and ensure the Agency's organisational capacity to deliver. The Board also benefited from the attendance of two associate members from the broader Senior Leadership Team; associate members attend for 6 month periods.

We have had one change to the Executive Board during the period with a new Finance Director being recruited early in the year. The External Board continued to have the support of the broader leadership team of senior managers, whom we have been actively developing to provide broader direction and guidance for the organisation.

There was one other Management Board:

**The Agency Business Board** which:

- took decisions about issues and policies with short and medium term impact (e.g. within a business planning annual cycle);
- reviewed performance and initiated appropriate action;
- stimulated and considered new ideas and ensured that they were taken forward in the most effective way; and
- engaged in the creation and implementation of strategy.

A Strategy Panel also met to provide support to the Director of Corporate Strategy and the organisation as a whole by carrying out Horizon Scanning and scenario planning and preparatory thinking on the Strategic Plan.

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Companies House's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Companies House for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### Capacity to Handle Risk

Management has taken a lead in embedding risk management throughout the organisation. A risk management policy that forms part of Companies House's internal control and corporate governance arrangements has been designed to be consistent with best practice to ensure:

- effective risk management takes place in the corporate, operational and support functions and projects;
- all management and staff are aware of risk management and their responsibilities for managing risks;
- Companies House complies with the requirements of HM Treasury and BERR in operating a sound risk management framework as part of its internal control environment.

The Assurance Risk and Consultancy Team provides ongoing support, training and facilitation to the risk management process and provides specific advice and guidance on the management of risk.

### The Risk and Control Framework

A framework of formal risk management operates at the corporate level, led by the Companies House Executive Board.

Additionally a framework of formal risk management operates:

- in all projects and programmes, with responsibility delegated to relevant project and programme boards;
- in all operational and support departments. Management in each department has responsibility for ensuring risks are being managed effectively in accordance with Companies House policy;
- in the Information Security Forum, chaired by the Senior Information Risk Owner, provides a framework for Information Risk assessment and control and provides a link between the corporate process and the technical risk management carried out as part of ISO27001.

Both the Executive Board and the Agency Business Board have responsibility for managing key risks within their scope. These may be identified from within the business and escalated to the relevant Board via the Assurance, Risk and Consultancy (ARC) team and the relevant Director, or may be originated by the Board itself if identified at that level.

The Executive Board is required to:

- be responsible for the oversight and management of risk at Companies House;
- review and update the Companies House Risk Register at each meeting;
- seek evidence on matters related to the management of risks so that there is formal assurance that appropriate measures are in place;
- provide guidance on risk management, financial management and control in accordance with best practice;
- ensure that risk management is embedded at all levels within Companies House;
- consider any resource implications; and advice on sources of audit services and consulting;
- carry out recommendations agreed with Internal Audit and National Audit Office in relation to risk;
- agree any changes to the Companies House Risk Appetite annually.

The risk management policy encourages the taking of controlled risks designed to maximise new opportunities and to promote the use of innovative approaches to further the interest of Companies House and to achieve its objectives, provided the resultant exposures are within our documented Risk appetite range. The risk appetite levels are set by combining the impact and probability levels of residual risk and defining a response for each.

Companies House works in partnership with BERR Internal Audit Unit, operating to Government Internal Audit Standards. The work of the Internal Audit Unit is informed by an analysis of risk to which Companies House is exposed and annual audit plans based on this analysis.

The analysis of risk and the internal audit plans are endorsed by the Audit Committee and approved by me. At each financial year-end the Head of Internal Audit provides to me a report on the internal audit activity at Companies House. This report contains an opinion on the adequacy and effectiveness of our internal controls and the management processes in place to control risk.

Companies House has a programme to deliver changes to its operations and systems to meet the requirements of the Companies Act 2006. The timescale for implementation is challenging and therefore controls over the programme need to be particularly effective in order to deliver successfully. 2008/09 was a key year for taking forward the programme with changes successfully delivered in April and October 2008 together with preparation required for major changes in October 2009.

In response to the risk facing this programme, we have reviewed and improved its internal control and governance, increasing the frequency that the Programme Board meets, increasing Director level engagement, improving the quality of the information the Board receives including assurance reporting and ensuring the optimum membership of the Board.

Internal Audit reviewed a number of areas within Companies House during the course of the year. These included the development and testing approaches taken on the Companies Act Programme, the Environmental Management System, Physical Security and Business Continuity, plus the Information Management System in support of our continued ISO27001 accreditation. Satisfactory opinions were given on all of the above, with only relatively minor issues raised across the programme of work on the control framework.

## Statement on Internal Control continued

### Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control was informed by the work of the internal auditors and the Executive Directors within Companies House who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Agency Business Board, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Each of the Executive Directors considers the significant risk they manage directly and provides to me at the year-end a written formal statement comprehensively covering the internal controls in each of their Directorates. These statements are reviewed at a meeting of all the Directors, BERR Auditors and chaired by the Audit Committee chairman. They are also reviewed by Internal Audit and the outcome of this review is reported to the Audit Committee. This provides strong assurance that appropriate mechanisms are in place throughout Companies House.

In addition to the Directors' formal statements, Companies House also produces a Programme and Project submission document based on OGC's top ten reasons for project failure. This submission is a self discipline designed to ensure Companies House meets best practice within its programmes and projects.

We have reviewed our information risks during the year. Overall these are low as the vast majority of data we hold is on the Companies Register and as such is in the public domain. Our accreditation to ISO27001 was reviewed and renewed during the year. We further strengthened our adherence to best practice by designating an Executive Board Director as Senior Information Risk Owner to have ownership for overall information risk management at Board level. We have also implemented the key principles and actions from the Cabinet Office guidance in respect of data security management and there have been no breaches of data during the year.

Part of the Cabinet Office guidance required us to review the risks owned by the Information Asset Owners. All information assets were reviewed to gain assurance of the security, storage, movement and disposal of information. Each Information Asset owner is now required to review their recorded risks on a six monthly basis – a programme of review is in place. Reviews have also taken place with our key third party suppliers.

Our work on data handling has been reviewed by the Executive Board and Audit Committee and is managed through our Information Management and Security Forum. This group has representation from across the organisation.

Work to develop our Business Continuity Plan was completed. This led to an Emergency Control Team plan and a Business Continuity Management file has been issued to all Directors. Some scenario testing was completed during 2008 with a plan to test systems further during 2009.

In summary, my review indicates that there were no significant control weaknesses during the year and this is consistent with the internal audit opinion for 2008/09.



**Gareth Jones**  
Chief Executive  
**2 July 2009**

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

I certify that I have audited the financial statements of Companies House for the year ended 31 March 2009 under the Government Trading Funds Act 1973. These comprise the Operating Account, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of Companies House, Accounting Officer and Auditor

Companies House and its Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Trading Funds Act 1973 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Companies House and the Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Foreword to the Accounts and the Responsible Business section included in the Annual Report, is consistent with the financial statements. I also report whether, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if Companies House has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects Companies House compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Companies House corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the remaining parts of the Annual Report and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by Companies House and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Companies House circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

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

## Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Trading Funds Act 1973 and directions made thereunder by HM Treasury, of the state of Companies House affairs as at 31 March 2009 and of its surplus, total recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions made thereunder; and
- information, which comprises the Foreword to the Accounts and the Responsible Business section included within the Annual Report, is consistent with the financial statements.

## Opinion on Regularity

In my opinion in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Report

I have no observations to make on these financial statements.

## Amyas C E Morse

Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London SW1W 9SS

**7 July 2009**

## Companies House Trading Fund

### Operating account for the year ended 31 March 2009

	Note	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
<b>Income</b>			
Fees and charges		65,038	67,652
Other Operating Income		2,037	2,095
	2	<b>67,075</b>	69,747
<b>Expenditure</b>			
Staff costs	3	32,595	33,337
Depreciation and impairment	5	5,645	3,335
Other Operating charges		26,043	27,663
		<b>64,283</b>	64,335
<b>Operating Surplus before interest</b>	6	<b>2,792</b>	5,412
Interest receivable	7	424	839
<b>Operating surplus on ordinary activities</b>		<b>3,216</b>	6,251
Interest payable & finance costs	7	(78)	(27)
<b>Surplus for the year</b>		<b>3,138</b>	6,224
Dividend	8	(1,971)	(2,116)
<b>Retained surplus for the year</b>	16	<b>1,167</b>	4,108

All operations are classed as continuing

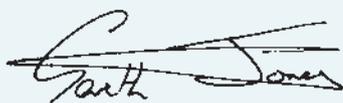
## Statement of Total Recognised Gains and Losses

	Note	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Surplus on ordinary activities for the year after dividend		1,167	4,108
Net unrealised deficit on revaluation of fixed assets	9	(7,116)	(2,158)
<b>Total gains and losses recognised since last Annual Report</b>		<b>(5,949)</b>	1,950

## Companies House Trading Fund

### Balance Sheet at 31 March 2009

	Note	As at 31 March 2009 £'000	As at 31 March 2008 £'000
<b>Fixed assets</b>			
Tangible fixed assets	5	49,976	54,631
		<b>49,976</b>	54,631
<b>Current assets</b>			
Debtors	10	5,491	4,968
Bank balances and cash in hand	11a, 12	13,987	13,362
		<b>19,478</b>	18,330
<b>Creditors</b>			
Falling due within one year	13(a)	(11,715)	(11,390)
<b>Net current assets</b>		<b>7,763</b>	6,940
<b>Total assets less current liabilities</b>		<b>57,739</b>	61,571
<b>Creditors</b>			
Amounts falling due after more than one year	13(b)	(2,500)	(191)
<b>Provisions for liabilities and charges</b>	15	<b>(809)</b>	(1,001)
		<b>54,430</b>	60,379
<b>Financed by:</b>			
<b>Capital and reserves (Government Funds)</b>			
Public Dividend Capital	16	15,889	15,889
Revaluation reserve	9	4,983	12,099
Retained surplus	16	33,558	32,391
		<b>54,430</b>	60,379



**Gareth Jones**  
Chief Executive  
2 July 2009

## Companies House Trading Fund

### Cash flow statement for the year ended 31 March 2009

	Note	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
<b>Net cash inflow from operating activities</b>	17(a)	<b>6,154</b>	8,995
<b>Returns on investment and servicing of finance</b>			
Interest received	17(c)	430	847
Interest paid	17(d)	(76)	(27)
Dividend paid	8	(2,116)	(2,024)
<b>Net cash outflow from returns on investment and servicing of finance</b>		<b>(1,762)</b>	(1,204)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	17(b)	(8,106)	(6,677)
<b>Net cash outflow from capital expenditure and financial investments</b>		<b>(8,106)</b>	(6,677)
<b>Net cash (outflow)/inflow before financing</b>		<b>(3,714)</b>	1,114
<b>Financing</b>			
Loans received	13	4,500	–
Capital element of payments in respect of finance lease		(161)	–
<b>Increase in bank balances and cash in hand</b>	11(a)	<b>625</b>	1,114
<b>Opening bank balance and cash in hand</b>		<b>13,362</b>	12,248
<b>Closing bank balance and cash in hand</b>		<b>13,987</b>	13,362

# Companies House Trading Fund

## Notes to the accounts for the year ended 31 March 2009

### 1 Principal Accounting Policies

#### (a) Basis of Accounting

The accounts have been prepared in accordance with the historical cost convention modified to include the revaluation of tangible fixed assets (where material), in a form determined by HM Treasury in accordance with section 4(6) of the Government Trading Funds Act 1973. The accounts conform with, insofar as is practicable and appropriate, United Kingdom Accounting Standards, the Companies Act 1985 and specific Treasury guidance.

#### (b) Fixed Asset Valuation

The minimum value for capitalisation of expenditure is £2,000 for an individual asset. Where appropriate, assets falling below the individual asset threshold are capitalised as groups.

All research expenditure is written off as incurred.

Land and buildings are valued on the basis of existing use by an external valuer in compliance with RICS Valuation standards.

Other fixed assets are revalued annually using appropriate indices supplied by the Office for National Statistics. Any revaluation gains or losses are treated in accordance with FRS 15.

#### (c) Depreciation

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

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

#### (d) Software development

Software development expenditure (covering the costs of third party work and the direct costs of in-house staff effort) is capitalised when it is both material (greater than £250,000) and incurred on projects which will deliver economic benefits over a number of years.

#### (e) Review of capitalised costs

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are charged to the operating account on recognition.

#### (f) Leases

Operating lease rentals are charged to the operating account on a straight line basis over the term of the lease. Assets acquired under finance leases are capitalised, and the outstanding future lease obligations are shown in creditors.

#### (g) Income

Income, which excludes VAT, represents fees and charges in respect of services provided. Included in income is an amount recovered from BERR for running costs incurred by Companies House in respect of the charging, administration and collection of penalties raised on companies as a result of the late filing of accounts. Any miscellaneous income, for example rent receivable, is classed as other operating income.

#### (h) Taxation

As a trading fund, Companies House is not liable for Corporation Tax.

Companies House is not registered separately for VAT, but falls within BERR's registration. Irrecoverable VAT on expenditure is charged to the operating account and is capitalised in relation to the purchase of fixed assets.

### (i) Pension Costs

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

### (j) Provisions

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

Where the time value of money is material, Companies House discounts the provision to its present value using a discount rate of 2.2 per cent, the Government standard rate. Each year the financing charges in the Operating Account include the adjustment to amortise one year's discount and restate liabilities to current price levels.

### (k) Foreign Exchange

Transactions which are denomination in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction.

## 2 Income

### 2(a) Segmental reporting

All significant activities of Companies House are derived from a single legislative requirement, the Companies Act, and consequently are considered for segmental purposes to be one single class of business.

The following information on the main activities of Companies House is produced for fees and charges purposes and does not constitute segmental reporting under Statement of Standard Accounting Practice 25.

	Turnover		Cost of services		Surplus (deficit)	
	2008/09 £m	2007/08 £m	2008/09 £m	2007/08 £m	2008/09 £m	2007/08 £m
Registration activities (i)	<b>50.6</b>	53.5	<b>51.5</b>	51.5	<b>(0.9)</b>	2.0
Dissemination activities (ii)	<b>14.4</b>	14.1	<b>12.8</b>	12.5	<b>1.6</b>	1.6
Other Services (iii)	<b>2.1</b>	2.1	<b>1.6</b>	1.6	<b>0.5</b>	0.5
Total as per operating account	<b>67.1</b>	69.7	<b>65.9</b>	65.6	<b>1.2</b>	4.1

- (i) 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.
- (ii) Dissemination activities – includes searches delivered on paper, electronically, magnetic tape and to bulk users.
- (iii) Other services – includes income from rentals and surplus office space.
- (iv) 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".
- (v) Support costs are apportioned based on the usage made by the main service providers; otherwise by floor areas.

### 2(b) Late Filing Penalties

Late filing penalties received are surrendered directly to HM Treasury and do not form part of the Trading Fund income. The amounts collected by Companies House in 2008/09 were £52.9m (2007/08: £42m).

Included in Companies House income is £3.9m recovered from BERR for the running costs incurred in the charging administration and collection of late filing penalties raised (2007/08: £3.7m).

## Companies House Trading Fund continued

### Notes to the accounts for the year ended 31 March 2009

#### 3 Staff Costs

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

##### 3(a) Staff numbers by location

	2008/09 Total employees	Full time equivalent posts	2007/08 Total employees	Full time equivalent posts
Cardiff	1,159	1,055	1,133	1,033
Edinburgh	31	29	33	32
London	8	8	9	9
	<b>1,198</b>	<b>1,092</b>	1,175	1,074

##### 3(b) Staff numbers by activity

	2008/09 Total employees	Full time equivalent posts	2007/08 Total employees	Full time equivalent posts
Central Operations, Customer Support & Late Filing Penalties	769	691	754	676
IT services	172	166	181	177
Finance, HR, Policy & Marketing	247	225	233	214
Senior managers	10	10	7	7
	<b>1,198</b>	<b>1,092</b>	1,175	1,074

Staff on capital projects (included above)	48	48	46	46
--------------------------------------------	----	----	----	----

In addition, there were a total number of contract staff of 50 (2007/08 – 47) of which 42 (2007/08 – 42) were included on projects.

##### 3(c) Staff costs (for the above persons)

	2008/09 £'000	2007/08 £'000
Salaries	27,094	26,662
Voluntary early retirement scheme	–	(166)
National insurance	1,742	1,750
Pension costs	4,310	4,263
Contract staff	4,935	5,536
Capitalised staff costs (included above)	(1,718)	(1,357)
Capitalised contract staff project costs (included above)	(3,768)	(3,351)
Staff costs per operating account	<b>32,595</b>	33,337

#### 4 Pensions

For 2008/09, the banded charges averaged 17.7% of pensionable pay for permanent staff (2007/08: 18.5%). This equates to a charge for the year of £4.3m (2007/08: £4.3m), at one of the four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The date of the last actuarial valuation was 31 March 2007. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Companies House has prepaid certain redundancy and early retirement costs, which are disclosed more fully in note 15. All other liabilities incurred in the year were satisfied by the year-end.

## 5 Tangible Fixed Assets

	Land and buildings £'000	Leasehold improvement £'000	Plant and machinery £'000	IT Assets constructed and computer equipment £'000	Assets in the course of construction £'000	Total £'000
<b>Cost or Revaluation</b>						
At 1 April 2008	24,400	723	3,187	53,779	–	82,089
Additions	888	266	435	1,371	5,146	8,106
Revaluation (Note 9)	(7,513)	–	58	(1,103)	–	(8,558)
Disposals	–	–	–	(141)	–	(141)
<b>At 31 March 2009</b>	<b>17,775</b>	<b>989</b>	<b>3,680</b>	<b>53,906</b>	<b>5,146</b>	<b>81,496</b>
<b>Depreciation</b>						
At 1 April 2008	–	695	2,238	24,525	–	27,458
Provided during year	392	24	343	4,759	–	5,518
Revaluation (Note 9)	(392)	–	53	(976)	–	(1,315)
Disposals	–	–	–	(141)	–	(141)
<b>At 31 March 2009</b>	<b>–</b>	<b>719</b>	<b>2,634</b>	<b>28,167</b>	<b>–</b>	<b>31,520</b>
<b>Net book value at 31 March 2009</b>	<b>17,775</b>	<b>270</b>	<b>1,046</b>	<b>25,739</b>	<b>5,146</b>	<b>49,976</b>
Net book value at 31 March 2008	24,400	28	949	29,254	–	54,631

The land and buildings were valued as at 31 March 2009 by Messrs DTZ Debenham Thorpe on the basis of existing use, as set out in the RICS Appraisal and Valuation Manual. This basis is appropriate for use when valuing, for financial statements, property that is occupied for the purpose of the business operating within it.

Where appropriate assets have been revalued using relevant pricing indices.

Depreciation and impairment in the operating account, £5.6m, is made up of the in-year provision, £5.5m, and the diminution in the value of IT assets arising from indexation, £0.1m.

An assessment was made of the carrying value of the CHIPS software as at 31 March 2009, and an amount of £0.5m was provided as accelerated depreciation in respect of the write-off of software relating to the 1985 Companies Act which has been superseded by the provisions of the 2006 Companies Act.

An impairment review will be carried out each year to ensure that the carrying value of the assets held by Companies House are in line with the provisions included in the relevant accounting standards.

Contained within IT assets constructed and computer equipment was a NBV of £0.2m (2007/08: £0.3m) in respect of finance leases with depreciation charged in year of £0.1m (2007/08: £0.1m).

6,586 m<sup>2</sup> of the 29,862 m<sup>2</sup> net internal space of the Crown Way building was rented to other government departments.

## 6 Operating Surplus

	2008/09 £'000	2007/08 £'000
This is stated after charging the following:		
Audit Remuneration		
– Audit services	36	40
– Other services	8	–
Travel, subsistence & hospitality:		
Chief Executive and Senior Managers	50	40
Employees	503	491
Hire of assets (property rental)	1,127	1,063
And after crediting		
Rental income	1,455	1,379

# Companies House Trading Fund continued

## Notes to the accounts for the year ended 31 March 2009

### 7 Interest & Finance Costs

	2008/09 £'000	2007/08 £'000
Short-term daily interest receivable from the Paymaster General Office and National Loans Fund	424	839
Interest payable on unsecured loans from BERR repayable wholly or partly by instalments	(2)	–
Interest on finance leases/unwinding of discount of early retirement scheme	(76)	(27)
	<b>(78)</b>	<b>(27)</b>

### 8 Dividend

A dividend of £2.0m (2007/08: £2.1m) was payable to the BERR. The dividend is calculated as 3.5% of average capital employed and reflects the average annual return required by the Treasury Minute dated 12 October 2004.

### 9 Revaluation reserve

	Land and buildings £'000	Plant and machinery £'000	Computer equipment £'000	Total £'000
<b>Balance brought forward 1 April 2008</b>	<b>12,094</b>	<b>5</b>	<b>–</b>	<b>12,099</b>
Revaluation of fixed assets at 31 March 2009 – Cost	(7,513)	58	–	(7,455)
Revaluation of fixed assets at 31 March 2009 – Depreciation	392	(53)	–	339
<b>Balance carried forward 31 March 2009</b>	<b>4,973</b>	<b>10</b>	<b>–</b>	<b>4,983</b>

### 10 Debtors

	31 March 2009 £'000	31 March 2008 £'000
Trade debtors	3,158	2,109
Other debtors	991	1,320
Prepaid expenditure	937	1,134
Amounts due from BERR	405	405
	<b>5,491</b>	<b>4,968</b>

No amounts fall due after more than one year (2007/08: nil)

### 11 Movement in Net Funds

#### (a) Reconciliation of Movement in Net Funds

	At 1 April 2008 £'000	Cash flows £'000	Other changes £'000	At 31 March 2009 £'000
Bank balance and cash in hand	13,362	(3,875)	–	9,487
Loan Due within One Year	–	–	2,000	2,000
Loan Due After more than One Year	–	–	2,500	2,500
	<b>13,362</b>	<b>(3,875)</b>	<b>4,500</b>	<b>13,987</b>

#### (b) Reconciliation of net cash flow to movement in Net Funds

	2008/09 £'000	2007/08 £'000
(Decrease)/Increase in cash in the period	(3,875)	1,114
Movements in loans	4,500	–
Net funds at beginning of year	13,362	12,248
Net funds at end of year	<b>13,987</b>	<b>13,362</b>

**12 Bank balances**

	<b>31 March 2009 £'000</b>	31 March 2008 £'000
Balances with OPG	<b>13,680</b>	12,704
Balances with commercial banks	<b>307</b>	658
<b>Total</b>	<b>13,987</b>	13,362

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

**13 Creditors****(a) amount falling due within one year**

	<b>31 March 2009 £'000</b>	31 March 2008 £'000
Loans from BERR	<b>2,000</b>	–
Trade creditors	<b>440</b>	1,289
Accruals and customer prepayments	<b>6,403</b>	7,453
Social Security	<b>651</b>	384
Obligations under finance leases (note 14)	<b>191</b>	137
Other creditors	<b>59</b>	11
Dividend payable	<b>1,971</b>	2,116
	<b>11,715</b>	11,390

**(b) amount falling due after more than one year**

	<b>31 March 2009 £'000</b>	31 March 2008 £'000
Loan from BERR	<b>2,500</b>	–
Obligations under finance leases (note 14)	–	191

In March 2009 a loan of £4.5m was received from BERR to support future capital expenditure programmes. The loan is repayable over 2 years with the final repayment in February 2011. Interest will be calculated using the Equal Instalment Method (EIP) rate quoted by the Public Works Loan Board (PWLB) on the day of the advance, fixed for the duration of the loan, and applied to the balance outstanding at the start of each month. The fixed rate quoted at the date of the agreement (18 March 2009) was 1.18%.

**14 Finance Leases**

	<b>31 March 2009 £'000</b>	31 March 2008 £'000
<b>Obligations due within</b>		
One year	<b>191</b>	137
One to two years	–	191
	<b>191</b>	328

# Companies House Trading Fund continued

## Notes to the accounts for the year ended 31 March 2009

### 15 Provisions for liabilities and charges

	Early retirement £'000
<b>Balance at 31 March 2008</b>	<b>1,001</b>
Transferred to current liabilities	(249)
Charged to operating account	57
<b>Balance at 31 March 2009</b>	<b>809</b>

Treasury guidance requires that the full cost of early retirement and severance schemes should be recognised in the accounts when early departure decisions are made. The operating account has accordingly been charged with the full liability of new decisions taken and a balance sheet provision has been made which will be offset against the amount paid to retirees in respect of pension and related payments as they fall due between 2009 and 2016. In accordance with FRS 12, the provisions are net of the effect of discounting at a real rate of 2.2%.

### 16 Movement in capital and reserve (Government funds)

	Public dividend capital £'000	Revaluation reserve £'000	Retained surplus £'000	Total £'000
<b>Balance at 1 April 2008</b>	<b>15,889</b>	<b>12,099</b>	<b>32,391</b>	<b>60,379</b>
Retained surplus for the year	–	–	1,167	1,167
Movement in revaluation reserve in the year (Note 9)	–	(7,116)	–	(7,116)
<b>Balance at 31 March 2009</b>	<b>15,889</b>	<b>4,983</b>	<b>33,558</b>	<b>54,430</b>

### 17 Notes to cash flow statement

#### (a) Reconciliation of operating surplus to net cash inflow from operating activities

	2008/09 £'000	2007/08 £'000
Operating surplus before interest	2,792	5,412
Depreciation and impairment charge	5,518	3,106
Reduction in value of IT assets	127	229
Net Decrease in provisions for liabilities and charges	(192)	(270)
Decrease in creditors more than 1 year	(191)	–
(Increase)/decrease in debtors	(533)	357
(Decrease)/increase in creditors	(1,367)	161
<b>Net cash inflow from operating activities</b>	<b>6,154</b>	<b>8,995</b>

#### (b) Cash outflow on capital expenditure

	2008/09 £'000	2007/08 £'000
Capital expenditure accrued at previous year-end	254	164
Additions to tangible fixed assets	8,106	6,767
Accrued capital expenditure not paid for at year-end	(254)	(254)
<b>Payments to acquire tangible fixed assets</b>	<b>8,106</b>	<b>6,677</b>

#### (c) Cash inflow from interest receivable

	2008/09 £'000	2007/08 £'000
Interest receivable accrued at previous year-end	8	16
Interest earned during the year	424	839
Interest receivable not received at year-end	(2)	(8)
<b>Net cash inflow from interest receivable</b>	<b>430</b>	<b>847</b>

**(d) Cash outflow from interest payable**

	<b>2008/09</b> <b>£'000</b>	2007/08 £'000
Interest payable accrued at previous year-end	–	–
Interest charged during the year	<b>78</b>	27
Interest payable not paid at year-end	<b>(2)</b>	–
Net cash outflow from interest payable	<b>76</b>	27

**18 Operating lease commitments**

Annual commitments under non-cancellable operating leases on leasehold premises are as follows:

	<b>31 March</b> <b>2009</b> <b>£'000</b>	31 March 2008 £'000
Operating leases which expire		
Within one year	<b>205</b>	364
In the second to fifth years inclusive	<b>46</b>	106
Over five years	<b>794</b>	638
	<b>1,045</b>	1,108

**19 Payment Policy**

It is Companies House payment policy to pay all invoices not in dispute within 30 days or the agreed contractual terms if otherwise specified. For 2008/09 100% of invoices paid were within these limits (2007/08: 100%). In the Prime Minister's statement on 8 October 2008 government departments were set the target of paying suppliers within 10 days. Since the 1 December 2008 97.5% of invoices have been paid within this target.

**20 Disclosure of intra-government balances**

	<b>31 March 2009</b>		31 March 2008	
	<b>creditors</b> <b>£'000</b>	<b>debtors</b> <b>£'000</b>	creditors £'000	debtors £'000
Balances with other central government bodies	<b>7,490</b>	<b>1,317</b>	2,511	1,358
Balances with local authorities	–	–	–	–
Balances with NHS trusts	–	–	–	–
Balances with public corporations and other trading funds	–	–	–	–

This is a disclosure required by Treasury to disclose the value of any material debtor or creditor balances with other bodies within the whole of government accounts (WGA) boundary. This requirement has been introduced to aid preparation of information for WGA and to help understand the nature of balances between the reporting entity and the rest of the public sector.

**21 Financial Instruments**

Financial Reporting Standard (FRS) 29 requires Companies House to disclose information on the significance of financial instruments to its financial position and performance.

Companies House is exposed to credit risk resulting from the non payment of debts relating to private sector customers. We review our debtors on a frequent basis to ensure that we minimise this risk and provide for debts we believe not to be fully recoverable.

As a Trading Fund, we have cash balances held with the Office of Paymaster General and also with a commercial bank. Our only borrowings are with our sponsoring department BERR, the interest risk exposure on this loan is offset by the interest income we earn from our cash at bank position.

Except for the BERR loan, Companies House's financial liabilities are interest free and most mature within one year or less, or on demand. The provision for voluntary early redundancy has a 10 year maturity profile and has been discounted accordingly. All material financial liabilities are carried at fair value.

We do not believe we are exposed to market or liquidity risk. All material assets and liabilities are denominated in sterling so we do not believe we are exposed to any currency risk.

## Companies House Trading Fund continued

### Notes to the accounts for the year ended 31 March 2009

#### 22 Events after the balance sheet date

(a) Following a machinery of government change on 5th June, the Departments for Business Enterprise and Regulatory Reform (BERR) and Innovation, Universities & Skills (DIUS) merged to create a new government department, the Department for Business, Innovation & Skills (BIS). This will be the new sponsoring department for Companies House from that date.

(b) The Companies House Trading Fund (Amendment) Order was passed in the House of Commons on 24th June 2009, which brings responsibility for the Companies Registration Office for Northern Ireland under the authority of the Registrar of Companies effective from 1 October 2009. This was necessary to meet the provisions of the Companies Act 2006.

The accounts were authorised for issue on 7 July 2009, the date the accounts were certified. The accounts do not reflect any events after this date.

#### 23 Performance indicators

##### a) Average rate of return

As defined in the Treasury Minute of 12 October 2004, Companies House has a target to achieve a return for the five year period from 1 April 2004 to 31 March 2009, averaged over the period as a whole, of at least 3.5% in the form of a surplus on ordinary activities before interest payable and dividends payable expressed as a percentage of average capital employed.

The return achieved for the year ended 31 March 2009 was 5.6% and the return achieved since 1 April 2004 was 7.1%.

##### b) Efficiency Target

A new efficiency target was introduced during the year. This was to achieve by 2010/11 a reduction, in real terms, of 15% compared to 2007/08 in the operational monetary cost of the registry per company on the register.

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

2007/8 (base year)	£20.74
2008/9 (Year 1)	£18.99

This is a reduction of 8.4% over the base year cost per company (in-year target for 2008/09 was 5%).

#### 24 Related party transactions

Companies House is an Executive Agency of BERR with Trading Fund status. BERR is regarded as a related party and during the year Companies House has had various material transactions with the divisions of the Department. In addition, Companies House had a number of material transactions with other Central Government bodies, most of which have been with the Treasury Solicitor and HMRC. None of the Steering Board members or senior managers has undertaken any material transactions with Companies House during the year.

#### 25 Special payments and losses

There is a statutory requirement to disclose special payments and losses above £250,000 during the year. There were no special payments or losses made by Companies House for the year ended 31 March 2009.

## Schedule 1

# Application of the Companies Acts' requirements

The disclosure exemptions permitted by the Companies Act in force for the financial period for which the statement of accounts is to be prepared shall not apply to Companies House unless specifically approved by the Treasury.

1. The Foreword shall contain the information required by the Companies Acts to be disclosed in the Directors' Report to the extent that such requirements are appropriate to Companies House.
2. In preparing its Operating Accounts and Balance Sheet, Companies House shall adopt respectively format 2 and format 1 prescribed in Schedule 4 to the Companies House Act 1985 to the extent that such requirements are appropriate to Companies House. Regard should be had to the examples in Annex C of the Trading Accounts booklet, in particular the need to strike the balance sheet totals at "Total Assets less Current Liabilities".
3. The Foreword and Balance Sheet shall be signed and dated.

## Schedule 2

### Additional disclosure requirements

The Foreword shall state that the accounts have been prepared in accordance with the direction given by the Treasury in pursuance of section 4(6) of the Government Trading Funds Act 1973.

1. The Foreword shall include a brief history of Companies House and its statutory background. Regard should be had to Annexes B and C of the Trading accounts booklet.
2. The Notes to the accounts shall include, inter alia:
  - (a) details of the total income received from fees levied by Companies House and how these are divided between payments to the Consolidated Fund and payments to the Trading Fund;
  - (b) details of the further financial objectives set by the responsible Minister with Treasury concurrence in accordance with section 4(1) (b) of the Government Trading Funds Act 1973, together with an indication of the performance achieved. The Treasury Minute shall be reproduced as an appendix to the accounts.

## Treasury Minute dated 12 October 2004

1. Section 4(1) of the Government Trading Funds Act 1973 provides that a trading fund established under that Act shall be under the control and management of the responsible Minister and in discharge of his function in relation to the fund it shall be his duty:
  - (a) to manage the funded operations so that the revenue of the fund:
    - (i) consists principally of receipts in respect of goods or services provided in the course of the funded operations and
    - (ii) is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and
  - (b) to achieve such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
2. A trading fund for Companies House Executive Agency was established on 1 October 1991 under the Companies House Trading Fund Order 1991 (SI 1991 No. 1795).
3. The Secretary of State for Trade and Industry, being the responsible Minister, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by the Companies House Trading Fund for the 5-year period from 1 April 2004 to 31 March 2009 shall be to achieve a return, averaged over the period as a whole, of at least 3.5 per cent in the form of a surplus on ordinary activities before interest payable and dividends payable expressed as a percentage of average capital employed. Capital employed shall equate to the capital and reserves, i.e. public dividend capital, the long-term Exchequer loans and reserves.
4. This Minute supersedes that dated 22 June 2004.
5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4(1) of the Government Trading Funds Act 1973.

## Key statistics

Companies House's efficiency is measured by a series of workload indicators. These compare the amount of work performed with the resources used to carry it out.

	2005/06	2006/07	2007/08	2008/09				
<b>Registration activity</b>								
Active Register (annual average, '000)	2048	2213	2390	2404				
Active Register (year end, '000)	2118	2339	2430	2270				
Incorporations ('000)	370	449	371	330				
Removals from the Register (net of restorations, '000)	199	240	230	303				
Statutory documents filed ('000)	7447	7795	7916	7708				
<b>Company searches</b>								
Images ('000) – Company equivalent	3393	3655	4000	4700				
Image ('000) – Individual images	4676	5111	5595	6286				
Fiche based ('000)	19	15	9	8				
Percentage of electronic searches	99.4%	99.6%	99.8%	99.8%				
<b>Manpower</b>								
Average full-time equivalents	1186	1130	1074	1092				
Actual year-end full-time equivalents (permanent/fixed term)	1157	1085	1098	1064				
<b>Performance statistics</b>								
	Targets	<b>Out-turn</b>	Targets	<b>Out-turn</b>	Targets	<b>Out-turn</b>	Targets	<b>Out-turn</b>
Take-up for electronic submission of documents	35%	<b>28%</b>	40%	<b>37%</b>	55%	<b>47.9%</b>	N/A	<b>53.9%</b>
Compliance rate – Accounts	–	–	95.5%	<b>95.4%</b>	95.3%	<b>95.3%</b>	95.3%	<b>94.9%</b>
Image quality	99.5%	<b>99.7%</b>	99.5%	<b>99.1%</b>	99.5%	<b>99.7%</b>	99.5%	<b>99.2%</b>

## Government agency performance grid

### Key ministerial targets for 2008/09

### Targets out-turns & achievements

	2005/06		2006/07		2007/08		2008/09	
	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn
<b>Efficiency and reliability</b>								
Take-up for electronic submission of documents	35%	<b>28.2%</b>	40%	<b>37%</b>	55%	<b>47.9%</b>	N/A	<b>53.9%</b>
Image quality – legibility & completeness	99.5%	<b>99.7%</b>	99.5%	<b>99.1%</b>	99.5%	<b>99.7%</b>	99.5%	<b>99.2%</b>
Accounts compliance rate					95.3%	<b>95.3%</b>	95.3%	<b>94.9%</b>
	Targets Index	Out-turn Index						
Reduction in operating costs per company by 15% over 3 years	–	–	–	–	–	–	<b>5%</b>	<b>8.4%</b>

### Readily and freely accessible information

	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn
WebFiling, WebCheck and CH Direct availability (Mon-Sat, 7.00am-12.00pm)	99%	<b>99.3%</b>	99%	<b>99.3%</b>	99%	<b>98.5%</b>	99%	<b>98.7%</b>

### Customer service

	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn
Respond to complaints within 5 days	97%	<b>98.6%</b>	97%	<b>98.6%</b>	97%	<b>98.4%</b>	97%	<b>98.5%</b>
Customer satisfaction	>85%	<b>85.9%</b>	>85%	<b>87.5%</b>	>86%	<b>86.6%</b>	86%	<b>85.4%</b>

### Central government targets

	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn	Targets	Out-turn
Reply to CEO cases within 10 days	100%	<b>100%</b>	100%	<b>100%</b>	100%	<b>100%</b>	100%	<b>100%</b>
Payment of bills within 30 days	100%	<b>100%</b>	100%	<b>99.7%</b>	100%	<b>100%</b>	100%	<b>100%</b>
Rate of return as a % of the average capital employed	3.5%	<b>9.2%</b>	3.5%	<b>5.8%</b>	3.5%	<b>10.6%</b>	3.5%	<b>5.6%</b>
Payment of bills within 10 days (from 1 December 2008)	–	–	–	–	–	–	100%	<b>97.5%</b>

## Public targets 2008/09

These are the targets recommended by the Steering Board for 2008/09 and approved by Ministers as the formal, public targets for the year.

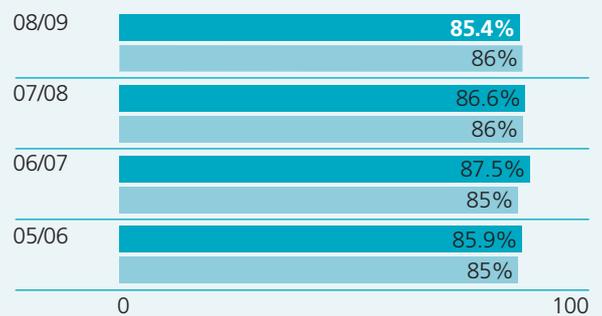
### Target

### Out-turn 2008/09

### Historical performance

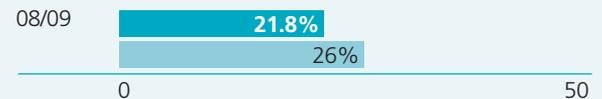
**Customer**  
Customer satisfaction survey results to exceed 86%

**85.4%**



**Customer**  
Increase take up in E-filing by volume (>26%) by end 08/09 (**new target**)

**21.8%**



**Customer**  
CHD, WebCheck and WebFiling are available 99% of the time between the hour 7am to midnight Monday to Saturday

**98.7%**



**Customer**  
The Chief Executive to reply to all letters from Members of Parliament delegated to him for reply within 10 days

**100%**



**Target**

**Out-turn 2008/09**

**Historical performance**

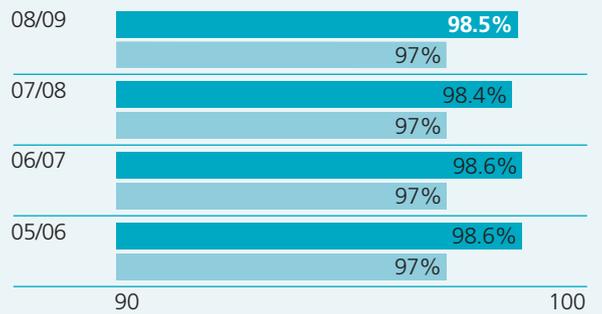
**Customer**  
 Search customers (95%)  
 can access requested  
 documents within 60  
 seconds **(new target)**

**94%**



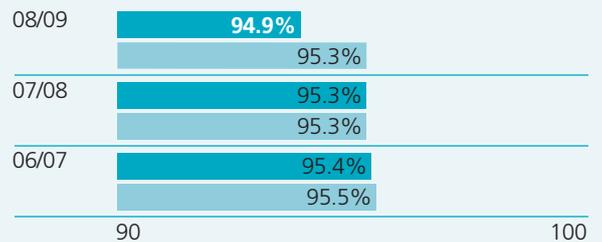
**Customer**  
 To clear 97% of complaints  
 within 5 working days

**98.5%**



**Customer**  
 To achieve, on average,  
 a monthly compliance rate  
 for accounts submitted  
 of 95.3%

**94.9%**



**People**  
 Staff consider that  
 Companies House is a good  
 place to work – target 90%  
**(new target)**

**94%**



**Target**

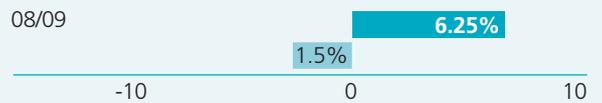
**Out-turn 2008/09**

**Historical performance**

**People**

Reduce CO2 emissions from gas and electricity by 1.5% per head on last year  
**(new target)**

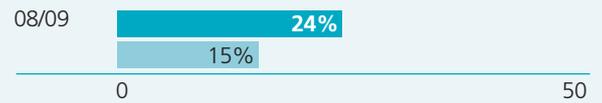
**6.25%**  
increase



**People**

Decrease the weight of non-recycled office waste by 15%  
**(new target)**

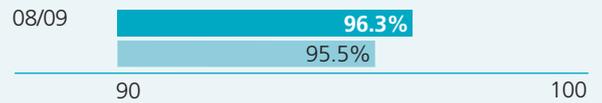
**24%**  
decrease



**People**

To achieve an overall minimum attendance figure of 95.5% per month  
**(new target)**

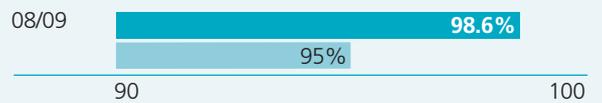
**96.3%**



**Process**

Electronic transactions are available to the public within 72 hours of receipt – Target 95%  
**(new target)**

**98.6%**



**Process**

99.5% image quality of all new images placed on the image system

**99.2%**



**Target**

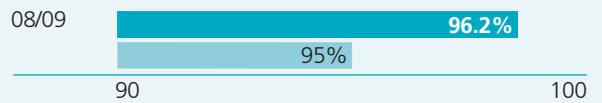
**Out-turn 2008/09**

**Historical performance**

**Process**

Paper documents are available to the public within 8 days – Target 95% **(new target)**

**96.2%**



**Financial**

To pay all invoices within 30 days or other agreed terms

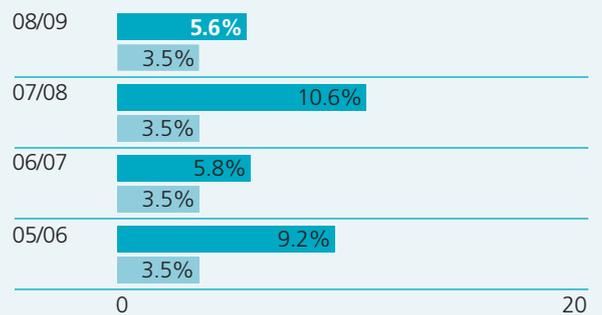
**100%**



**Financial**

Rate of return as a % of the average net assets – 3.5% target

**5.6%**



**Financial**

Reduction in operating cost per company on 07/08 figure by 15% over 3 years **(new target)**

**8.4% decrease**



## Governance

### Members of the Steering Board

The Steering Board advises on strategic direction and provides governance oversight for Companies House. It comprises of Executive, Non-Executive and Government Members.

**The following external member left the Steering Board during 2008/09:** Nigel Paul, Member of the Steering Board and Audit Committee: 31 December 2008.



#### **Tim Moss** **Director of Corporate Strategy**

Tim joined Companies House 7 years ago and spent the first couple of years running the operations and compliance departments before moving into his current role. He has a wide portfolio of work including business strategy, corporate policy, marketing, internal audit, corporate communications as well as leading the work on moving to a fully electronic register and service transformation. Before joining Companies House he spent 12 years in senior operational roles in manufacturing industry. He has a Natural Sciences degree from Cambridge University, an MBA from Swansea University and lives on a farm in South Wales.

#### **Gareth Jones** **Registrar of Companies for England and Wales and Chief Executive of Companies House**

Gareth joined Companies House in April 2007 as Chief Executive and Registrar of Companies.

Prior to this Gareth was Director for Environment, Planning and Countryside at the Welsh Assembly Government. In a long and varied career within the civil service, he has held a number of senior positions including Operations Director for Wales during the 2001 Foot and Mouth crisis and, in the Conservative Government of the late eighties and early nineties, Private Secretary to the Secretary of State for Trade and Industry at the DTI. Gareth started his career in 1979 as a computer programmer and analyst and has used this grounding in more recent roles to drive successful business change projects which comprise a significant element of IT.

As Chief Executive, Gareth is head of, and Accounting Officer for, Companies House, responsible for all aspects of operational and financial management and ensuring that Companies House meets the targets set by ministers. Gareth was awarded the OBE in 2003.

**Tim Knighton****Director of Business Solutions Delivery**

Tim is responsible for IT and Change Management Services. This includes the development/implementation of new systems, the support of existing systems, ensuring the technical infrastructure for Companies House systems is robust and the management of large change projects/programmes. Before joining Companies House in 2007 as Director of Finance, Tim spent 10 years with Tesco Plc in a variety of finance roles, latterly being responsible for their UK shared services operation. Prior to this he was an Executive Director with Goldman Sachs in their Capital Market Division.

**Geoff Dart****BERR Member**

Geoff Dart is currently Director Corporate Law & Governance, where he has responsibility for company law, accounting and audit regulation and standards, and Better Regulation. A career civil servant, he has held a variety of senior civil service posts, including Principal Private Secretary to two cabinet ministers. Prior to joining CLG, he was Director of the DTI's Strategy & Communications Directorate.

**Phil Bushby****Director of People, Procurement and Property**

Phil joined Companies House in April 2007. He is a Chartered Fellow of the Institute of Personnel and Development and has a BSc in Geography.

His previous senior HR experience has been gained in the private sector where he has operated mainly within the logistics sector. His previous employers include DHL, Exel and WH Smith. Most recently he was the Divisional HR Director for a sector of DHL that managed the logistics requirements for large retailers such as B&Q, Mothercare, BHS, Currys and Comet.

Phil is responsible for the people agenda within Companies House which includes Learning and Development, Employee Relations, Payroll and Health and Safety. Since joining Companies House he has also taken on responsibility for procurement and estates and works closely with our parent department (BERR) on sharing best practice on HR issues across the organisations.

Phil's major challenge for the coming year is managing the aspects of significant change associated with the implementation of the new Companies Act.

**Rodger Hughes**  
**Non-Executive Member**

Rodger was appointed to the Steering Board and as Chair of the Audit Committee from January 2008. A Chartered Accountant, he was a partner at PricewaterhouseCoopers for 25 years, including 4 years as Managing Partner and 7 years as Head of the Assurance practice. He has had extensive experience advising a wide range of organisations on business issues.

He is Senior Independent Director of Chime Communications plc, a member of the Board of the international law firm Simmons & Simmons and a Director of Friends Provident plc.



**Gwyneth Edwards**  
**Head of Legal**

Gwyneth joined Companies House in November 1999. She heads up the Legal Team and advises Companies House on the interpretation and practical application of the Companies Act, along with other statutory provisions. In addition, she advises on the performance of the Registrar's statutory duties and any legal issues that affect the organisation's work.

**Andrew Summers**  
**Chairman of the Companies House Steering Board**

Andrew works in a variety of non-executive roles which include Director of Ramboll, a leading engineering consultancy, Chairman of Design Partners, the industry/government body which supports design companies internationally, and Deputy President of the Royal Society of Arts. He has been independent chairman of the Companies House Steering Board since 2007.

He was Chief Executive of the Design Council until 2003 and previously held many high profile positions for various companies including as Managing Director of Sharwoods and of RHM Foods and as the first Chief Executive of the Management Charter Initiative. His government roles have included board membership of the Small Business Service and of British Trade International and chairman of the DTI European Trade Committee. He was awarded the CMG in 2001 for his work in promoting UK design internationally.

**Mike Nash**  
**Director of Finance**

Mike joined Companies House as Chief Accountant in April 2000 and has been Finance Director since July 2008.

He has responsibility for providing the lead on financial performance and planning, and for financial risk management.

Before that, he worked in the pharmaceuticals industry as Financial Controller of the Parke-Davies operation in Pontypool. Mike is a Fellow of the Association of Chartered Certified Accountants, and has a degree in Accountancy from University College of Wales, Cardiff.



**Tom Smith**  
**Director of Customer Delivery**

Tom is responsible for Companies House's Central Operations, for Customer Service and for Enforcement. Prior to joining Companies House in September 2004, he spent 14 years in a variety of roles within the Department of Trade and Industry, specialising in international trade policy and globalisation issues. He has a history degree from Cambridge University.

**Dan Bernard**  
**Non-Executive Member**

Dan was appointed to the Steering Board in May 2004. Dan has over 13 years Board Director-level experience with Kingfisher Plc and its subsidiaries, having had responsibility for systems, logistics and business operations. More recently he has delivered several key assignments within central government as part of its service transformation and efficiency agendas. Dan is a highly experienced Programme Director and CIO with a strong track record of shaping and delivering major business change initiatives within multinational, customer-facing businesses and in government.

**Alex Jablonowski**  
**Non-Executive Member**

Alex was appointed to the Steering Board in January 2004. He is a senior international banker who has gained a broad range of experience in UK and international banking, financial institutions, operational services, IT and project management. Alex also has extensive industrial and commercial experience gained through corporate banking and lending.

He has operated at Board level with many major companies and banks holding positions such as Barclays Group Strategic Planning Director, as a divisional MD for Barclays and as CEO of a merchant and private bank. Alex currently holds various advisory and venture capital roles and other non-executive directorships.



**John Alty**  
**BERR Member**

Since September 2005 John has been responsible as Director General Fair Markets for BERR's interest in a wide range of policy and regulatory areas which set the framework for business, employees and consumers, both in the UK and the EU and internationally. John is also the sponsor Board Member for The Insolvency Service and Companies House.

John joined the DTI in 1978. He has worked in DTI throughout his career, except for a two year secondment to the European Secretariat of the Cabinet Office in the mid 1980s. Previous jobs included spells dealing with DTI's interaction with business sectors, overall responsibility for DTI's European policy, and for competition policy, insurance regulation, and acting as private secretary to a number of Ministers.

**Nicky Alberry**  
**Non-Executive Member**

Nicky was appointed to the Steering Board in January 2009.

She started her career with HSBC but has worked extensively in the world of business support and economic development for the last 17 years. She is Joint Chairman of GWE Business West, a South West based membership and economic development organisation and Chairman of Northern Arc, a company delivering publicly funded contracts in the area of business support and skills development to South West businesses.

She is Vice Chairman on the Community Foundation for Wiltshire and Swindon and a Deputy Lieutenant for Wiltshire.

**Gareth Jones**  
Chief Executive

## Organisation chart

**Gwyneth Edwards**  
Senior Legal Advisor

**Tim Moss**  
Corporate Strategy Group

**Assurance Risk and Consultancy**

**Policy and Planning**

**Marketing**

**Tom Smith**  
Customer Delivery Group

**Customer Service and Enforcement**

**Company and Customer Support**

**Tim Knighton**  
Business Solutions Group

**Service Delivery**

**Business Change Delivery**

**Solutions Development**

**Mike Nash**  
Finance Group

**Phil Bushby**  
People, Procurement, Property Group



the 1990s, the number of people with a disability in the United States has increased by 25% (U.S. Census Bureau, 1997).

As the number of people with disabilities increases, the need for accessible information and services also increases. The National Center for Accessible Information (NCAI) has estimated that the number of people with disabilities who are unable to access information is 100 million (NCAI, 1997).

The purpose of this study was to investigate the barriers to accessible information for people with disabilities.

The study was conducted in a large, urban, multi-cultural community. The study was conducted in a large, urban, multi-cultural community.

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