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Companies House
— for the record —

essential corporate knowledge

Register

Issue No 64
March 2006



Companies and the Law

Take good care of your codes



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Companies House
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Companies House

Companies House has the public records of over two million companies. Our three main statutory functions are: to incorporate and dissolve companies; to examine and hold documents under the Companies Act and related legislation; to make this information available to the public.

Every limited company has the legal obligation to provide Companies House with an up to date annual return (which includes the registered office address and directors' and shareholders' details) and, in most cases annual accounts.

Only by ensuring that companies meet their filing obligations can we provide the public with the company information which increases the confidence of the markets and protects the consumer, creditor and shareholder.

If you would like further details of Companies House please ring:

General Inquiries - 0870 33 33 636

**Companies House Website:
www.companieshouse.gov.uk**

***For training and quality purposes,
your call may be monitored.***

The Editor welcomes articles, letters and other contributions for publication in Register and reserves the right to amend them. Any such contribution is, however, accepted on the understanding that its author is responsible for the opinions expressed in it and that its publication in Register does not imply that it represents the view of Companies House or the DTI.

talking point

Our business, as all our regular readers will know, is registering company information and making it available to everyone who wants it. Through our work we aim to help business, inform the public and ultimately benefit the UK economy. Two strands of work continue to be a high priority for us : e-transformation and driving up performance for our customers.

We want to give our customers faster, safer and more efficient ways to file information with us - new technologies make that possible, so we are investing all our development effort in offering customers ways to file and obtain information electronically. With the introduction of the electronic annual return, we have seen big increases in e-filing, with 40% of annual returns now being filed electronically.

Now we are about to offer people the chance to file their company accounts electronically through a new eAccounts service. This will give customers a faster service - with swifter acceptance of documents than we can achieve with paper. Of course, timing is important for filing accounts (not least because of the automatic late filing penalty regime) so it should be particularly attractive that we will send presenters an e-mail confirmation as soon as we receive their e-accounts. This service will mean that you do not need to rely on postal services - the new way will be faster and more secure. Quality will also improve. Because we will be able to automate checks (many at the time customers are completing their information) and automatically validate data, we will need to reject less information, including accounts. All in all, this will add up to a much better service and will mean that customers using our e-services will save themselves time and money.

In line with our wider range of electronic filing options, there will be two distinct ways to deliver electronic accounts to us. Customers will be able to use the WebFiling service on our website or Software Filing through a third party software package. WebFiling will initially offer templates for filing Abbreviated accounts or Dormant accounts. Software Filing customers will also be able to file Small Full Audit Exempt accounts.

This year will also see the launch of " My Companies House" - an altogether new way into the online services hosted on our website. This is a significant step for us. Not only will it bring together various services under a single secure log-on, but it will also give our customers a way to shape and manage their relationship with us. They will be able to access a growing range of tools and information designed to help them manage both their filing and their searching more effectively.

Finally, you may have seen our new WebFiling advertising designed to raise awareness of WebFiling's advantages over paper forms. The 'evolve' campaign features striking images of origami dinosaurs made from paper forms. Adverts will appear from late February in national and accounting press as well as digital channels and direct mail. You can see one of the press advertisements on the back cover of this edition of the Register.

Claire Clancy
Chief Executive & Registrar



companies and the law

by Brenda Hannigan, Professor of Corporate Law, University of Southampton

Enterprising Developments

A quick perusal of recent law reports would suggest that much of the legal 'action' these days lies in insolvency rather than company law. Closer examination of the cases shows, however, that much of the 'action' concerns issues of interpretation arising from the Enterprise Act 2002. This development is unsurprising since the EA 2002 was designed to bring about a radical reshaping of insolvency law. Such measures invariably require a degree of resolution in the courts as untested parliamentary drafting is applied to real situations.

Amongst the key changes effected by the EA 2002 was a shift away from administrative receiverships (achieved by prohibiting the future appointment of such receivers save in limited categories of cases) in favour of greater use of administration - the so-called rescue procedure.

The administration procedure was recast and modified (the new provisions are set out in Insolvency Act 1986, Sch B1 which was added by the Enterprise Act 2002) so as to ensure that it is simpler to access, quicker to use and with easier, more flexible, exit methods available to the administrator. More broadly, the statute requires the administrator to perform his functions with the objective of -

- (a) rescuing the company as a going concern, or
- (b) achieving a better result for the company's creditors' as a whole than would be likely if the company were wound up (without first being in administration), or
- (c) realising property in order to make a distribution to one or more secured or preferential creditors.

An initial rough indication of the success of these changes can be found in the bald statistics of numbers of administrative receiverships and administrations. The Insolvency Service Annual Report for 2004-05 notes that administrative receiverships fell from 1261 in 2003-04 to 864 in 2004-05 while administrations increased over the same period from 744 to 1601. Quite apart from the expected shift from receivership to administration, there is also some shift in focus from liquidation to administration, though there is also an emerging issue as to whether some companies are using administration when they should be going into winding up.

Administration or winding up

A creditor (other than a qualifying floating charge holder who can appoint an administrator by notice and without a court order) who wishes a company to go into administration must obtain a court order.

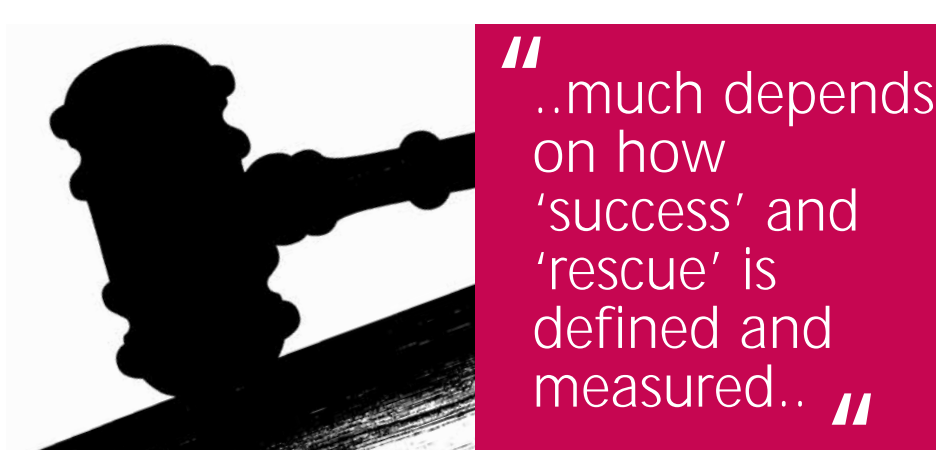
Essentially, the court may make an administration order on the application of the creditor if the creditor can establish: (i) its status as a creditor (the debt must not be disputed); (ii) that the company is or is likely to become unable to pay its debts; and (iii) that the order is reasonably likely to achieve the purpose of administration ('rescue' etc. as set out above). However, even if these thresholds are met, the court has a discretion as to the appropriate order to make and, for example, may treat the application as a winding up petition and order accordingly.

In *Re Logitext UK Ltd* [2005] 1 BCLC 326 the court found the arguments finely balanced. On the one hand, the company was a small company with minimal share capital which had traded for only a short period and appeared to have no assets. On the other hand, it did potentially have claims against former directors with respect to allegations concerning the sale of a business and assets to another company for £1.

The question, the court said, was whether the investigation and pursuit of those claims would be likely to be pursued either in administration or liquidation, given that the only prospect of any recovery for the creditors was recovery under those claims.

The creditor applying for the administration order indicated that it would make £50,000 available to fund the investigation and pursuit of those claims in administration. In those circumstances, the court thought that administration was likely to produce a better outcome for the benefit of the creditors as a whole than a winding up. The court therefore made an administration order and also ordered that notice of the £50,000 funding be brought to the attention of the other creditors of the company.

The decision went the other way in *Re Dollarland (Manhattan) Ltd* [2005] All ER (D) 371 (Nov) where the court saw no reason to refuse a petition for winding up from a creditor who had been unable to secure payment of a judgment for a substantial sum. The company had



“ ..much depends on how ‘success’ and ‘rescue’ is defined and measured.. ”

asked the court to make an administration order instead. However, the court found no significant economic advantage to creditors in an administration and what small advantage there might be did not, in the court's opinion, warrant depriving the petitioner and other creditors from the advantage of the complete independence and objectivity of the official receiver in a winding up.

Choice of administrator

In *Re World Class Homes Ltd* [2005] 2 BCLC 1 the parties agreed that administration was the way forward, despite the aggrieved creditor here initially seeking a winding up order while the company sought an administration order. However, the parties then failed to agree on the identity of the proposed administrators, with each side wishing to secure the appointment of its nominees.

The creditor argued that the matter should be determined by a mere head count of creditors to see whom they favoured, but the court rejected this option because of the difficulty of ascertaining the true wishes of the creditors. Equally, as there was no evidence of any lack of independence on the part of any of the nominees, that matter could not be decisive. Either party's nominees would be appropriate, the court said, but the fact that the administrators proposed by the company had some existing knowledge of the company's affairs and had already gauged interest from prospective buyers of the company's assets, gave them a slight edge and so the court ordered their appointment.

In this instance, counsel for the petitioning creditor then asked that the court make it a requirement that the administrators should not sell any assets of the company without the leave of the court or without keeping the creditors informed. The court declined to attach such conditions to the appointment, preferring to leave such matters to the ‘good sense’ of the administrators.

Sale of the business without court direction

In fact, one of the earliest issues which had arisen with respect to the EA 2002 was whether administrators under the new provisions could sell the company's assets without consulting the creditors or seeking the directions of the court.

The point was resolved by *Re Transbus International Ltd*

[2004] 2 BCLC 550 where the court concluded that it is possible under the new provisions, as was the case under the old, for administrators to sell the company's assets in advance of their proposals being approved by the creditors and without a direction of the court. Lawrence Collins J noted that it would be contrary to the whole policy of the EA 2002 (which was to reduce the involvement of the court in administrations, where possible) to require the administrators to seek the directions of the court before disposing of the assets.

Exit from administration by notice

One of the key tasks from the outset for an administrator is to manage the exit of the company from administration in line with the statutory purposes of administration, outlined above. To facilitate exit, the reforms provided for an easy transition from administration to winding up or dissolution in cases where ‘rescue’ is not a realistic option. Switching to those options is now essentially a matter of notice to the registrar of companies under IA 1986, Sch B1, para 83 (administration to creditors' voluntary liquidation) or para 84 (administration to dissolution), a procedure considered by the court in *Re Ballast plc* [2005] 1 BCLC 446.

In *Re Ballast plc* the court confirmed that the procedures contained in paras 83 and 84 were available without first obtaining an order of the court for the termination of the administrator's appointment. The court said that the decision whether to send a notice under para 83 rested entirely with the administrator and whether the circumstances which warranted giving such a notice were present was entirely a matter for him and not the court.

The consequence of serving the notice in accordance with that paragraph was to substitute one insolvency regime (a creditors' voluntary liquidation) in place of another (an administration) so that one followed without interruption from the other. The effect, the court said, was necessarily to bring the administration to an end.

Likewise under para 84, the effect of registration by the registrar of companies of a notice sent by the administrator under that paragraph was to bring the administrator's appointment to an end and allow the company to proceed to dissolution.



companies and the law

by Brenda Hannigan, Professor of Corporate Law, University of Southampton

Distribution followed by dissolution

A further refinement on the giving of a notice under IA 1986, Sch B1, para 84 (administration to dissolution) arose in *Re GHE Realisations Ltd* [2005] All ER (D) 64 (Nov). In this instance, the administrators sought court permission to make a distribution to unsecured creditors (a further innovation introduced by the EA 2002). The intention then was to give notice to the registrar of companies under Sch B1, para 84(1) which allows an administrator, if he thinks that the company has no property which might permit a distribution to its creditors, to send a notice to that effect to the registrar of companies. As discussed above, the notice, once registered, has the effect of terminating the appointment of the administrators and, three months on, the company is deemed to be dissolved.

The question for the court was whether, strictly speaking, para 84 was limited to cases where the company never had any property which might permit a distribution to creditors or whether the procedure was available where, as here, a distribution having been made, the company had no further property which might permit a distribution to creditors.

The court did not think a restrictive interpretation of para 84(1) which would appear to deprive the paragraph of a significant element of practical utility could be correct

and so it concluded that it was open to administrators to give notice under para 84 once they had completed their distribution and had no further assets for distribution. Indeed, the court concluded that once administrators think that a company has no further assets, they are under a mandatory duty to serve a notice ('shall send') under para 84(1), subject always to their discretion to make an application to the court to be exempt from the requirement.

Ongoing review of the provisions

Whether or not the new administration procedures as introduced by the EA 2002 are effective or not is difficult to say. Much depends on how 'success' and 'rescue' is defined and measured. For its part, the Insolvency Service continues to review the operation of the new provisions and it has commissioned a study into the outcome of administrations and administrative receiverships entered into between September 2001 and 2004 and into the impact of the EA 2002 on corporate rescue proceedings. The outcome of these reviews will be eagerly awaited. In the meantime, it can be said that the judges have attempted to give the provisions a fair wind with pragmatic, commercially aware, responses to the interpretation issues which have come before them.

Brenda Hannigan writes in a personal capacity.

Changes to Accounting and Auditing Requirements for Limited Liability Partnerships

SI 2005 No. 1989- The Limited Liability Partnerships (Amendments) Regulations 2005.

Recent changes to the accounting and auditing requirements in the Companies Act 1985 have now been reflected in the above regulations, and will affect Limited Liability Partnerships (LLPs) from financial years beginning on or after 1 January 2005. This is a brief summary of those changes.

All LLPs will have the option of preparing their **individual** accounts using International Accounting Standards (IAS) rather than UK GAAP, and will also have the option of preparing their consolidated accounts using IAS.

For LLPs that have overseas interests, the current automatic three-month extension under section 244 of the Companies Act 1985 for laying and delivering

accounts is repealed. **For LLPs that have their accounts audited**, there are new requirements concerning the audit report.

A number of amendments have also been made in line with the package of reforms to corporate insolvency introduced by the Enterprise Act 2002. These are aimed at encouraging the rescue of viable businesses that get into financial difficulty.

For more information about the changes contained in the above regulations please visit:
http://www.opsi.gov.uk/si/em2005/uksiem_20051989_en.pdf

Coming soon.... My Companies House

Later this year 'My Companies House' will be added as a prominent new feature on our website homepage at www.companieshouse.gov.uk.

What is My Companies House?

It will be a new way for companies to access a range of online products and services, all sitting under a single, secure log-on.

Services available in this new portal will include WebFiling and WebCheck. There will also be an entirely new online facility that will enable you to track the progress of any documents that you've filed electronically from submission until they go onto the Company Register.

To enter My Companies House you'll need to be authorised to file information for a limited company. If you're already registered for WebFiling you'll be able to use your existing codes to get into the portal and use its online facilities.

Look out for more information on My Companies House in the next edition of the Register.

Take good care of your codes!

More than a million companies have now filed a document electronically and the dramatic growth in interest in electronic filing that we've seen over the last year means that 3 in every 4 companies on the register now have a Company Authentication Code.

What is a Company Authentication Code?

This is the code that is used to authorise information being filed electronically either using WebFiling or using one of the growing number of suitably enabled Software Filing packages.

It's the electronic filing equivalent of the company officer's signature on a paper form.

What's the point?

Electronic filing is substantially more secure than paper filing thanks to the use of Company Authentication Codes.

Our systems can tell instantly if a code is not valid. We reject any information filed electronically without a Company Authentication Code that is valid for the company concerned.

A criminal can't forge your code in the way that they could forge your signature on a paper form.

Electronic filing also offers added peace of mind for those people concerned about having a copy of their signature on the public record. This is because the document images we place on the public record after accepting electronically filed information don't include an image of a written signature.

Why send codes by post?

When you register to use WebFiling, we send the Company Authentication Code by post* to the registered office of the company for which you wish to file. Many people have criticised us for doing this, frustrated that we have to rely on the post to get started with a paper-free filing service.

We insist on doing this, however, for the sake of security. We can't email an authentication code to an anonymous email address, nor can we give it out over the telephone. It has to go to a known postal address because it should be treated like the PIN that a bank would give you to access your bank account.

Can I change my authentication code?

Yes. Once you have an authentication code you can change it, should you wish, to a more memorable code. You could also change it to a common code if you file for more than one company. You can do this by selecting the 'Company Registration Details' option on the WebFiling main menu. The new authentication code will then be valid from the next working day. By all means make it memorable, BUT don't make it easy to guess. See the tips below on looking after your code for more on this.

Why do I need more than one code?

The registration process for WebFiling also involves getting a separate code that we call a Security Code. We email this code back to you normally within 10 minutes of you registering. This code identifies you as an individual WebFiling user and is linked to the email address that we use to send you acknowledgement or confirmation messages. You only need to register for one Security Code to file for any number of companies.

Do I use the same codes if I use a software package to file electronically?

The same Company Authentication Code can be used to authorise information being filed electronically using a suitably enabled secretarial or accounting Software Filing package. The growing range of packages that can be used to do this are listed on our website. In conjunction with that code, you also need a Presenter Authentication Code to submit data to us using the Software Filing service. This code identifies you as a presenter and the credit account you use to pay electronic filing fees.

Can I use my Government Gateway codes?

No. But we are aware of customer demand for this and we are investigating future use of Government Gateway codes as an alternative to Company Authentication Codes. This would enable you to authenticate information with Companies House using the same codes you currently use to file information with HM Revenue and Customs.



How can I find out when things change?

The Register is not the only place to look for news and updates on our services. Get email updates on all improvements and changes to WebFiling by opting in to 'latest news and updates' either when you first register for the service or by selecting 'My Account Details' from the WebFiling main menu. These menu options will themselves change later this year when we introduce the 'My Companies House' portal as the new way into WebFiling. There's a separate article on this subject in this edition of the Register.

6 Tips for looking after Company Authentication Codes

1. Make sure your code isn't easy to guess. Mix letters with numbers.
2. Only share your code with someone you trust to file information for your company.
3. If someone who knows your code changes job, change the code.
4. If your code is discovered by someone who is not trusted to file for your company, change the code.
5. If you want an agent to continue filing on your behalf, tell them before you change your code. Otherwise we'll reject anything they file for you.
6. Don't display your authentication code on a post-it note on your PC monitor!

* If a Company Authentication Code already exists for your company, we don't post this out when you register for WebFiling. If you don't know that code you can request a reminder when you log on with your security code.

“

..It's the electronic filing equivalent of the company officer's signature on a paper form...

”

Quality of documents

the importance of legibility for scanning

1. What happens to documents sent to Companies House?

The documents and forms you deliver to Companies House are scanned to produce an electronic image. The original documents are then stored, and the electronic image is used as the working document.

When your business contacts view the company record, they see the electronic image reproduced on-line. So it is important, not only that the original is legible, but that it can also produce a clear copy.

2. What happens if my documents do not meet the guidelines?

Around 100 documents a week are rejected on legibility grounds. Section 706 of the Act allows Companies House to reject documents that cannot be captured electronically, giving a notice saying why they are unacceptable. An acceptable copy must be delivered within 14 days of the notice (otherwise we treat the original as not having been delivered).

3. How should documents be set out?

Every document delivered to the Registrar must state in a prominent position the registered number of the company, and must comply with any requirements specified by the Registrar relating to the legibility of that document.

Briefly, documents should be on A4 size, plain white paper between 80gsm and 100gsm in weight with a matt finish. Text should be black, clear, legible, and of uniform density.

When you fill in a form:

- use black ink or black type;
- use bold lettering (some elegant thin typefaces and pens give poor quality copies);
- don't send a carbon copy;
- don't use a dot matrix printer; and
- remember - photocopies can result in a grey shade that will not scan well.

When you complete other documents, please remember:

- the points already made relating to completing forms;
- to use A4 size paper with a good margin;
- to supply them in portrait format (that is with the shorter edge across the top);
- to include the company number in the top right-hand corner of the first page.

Important: coloured ink can drop out (disappear) when a document is scanned to produce an image. To prevent this - **always use black ink to complete and sign all documents.**

4. What are the most common problems to avoid?

Glossy accounts

If you are producing colour-printed glossy accounts, please save them for your shareholders and others who will appreciate them. We still need black on white with a matt finish. A typed unbound version or printer's proof is ideal, provided it has the necessary signatures.

Members lists

Our requirements on document quality apply equally to the lists of shareholders that accompany annual returns and allotment forms.

By prior arrangement, companies may provide shareholder information to Companies House in a format other than on the form provided, for example, a CD-ROM.

If you wish to supply the list of a company's members in a format other than on the schedules provided, please telephone:

Cardiff: 0870 3333636

If the company is registered in England or Wales.

Edinburgh: 0131 535 5869

If the company is registered in Scotland.

Tip: Companies with a large number of shareholders may find it more convenient to provide a full list of members with each annual return.

Checklist: avoiding common mistakes when sending forms or other documents to Companies House

When you send forms or other documents to Companies House, you can save time and administration costs by avoiding common errors. Make sure you:

- send documents in a form that is clear enough for electronic scanning - around 100 documents a week are rejected on legibility grounds
- provide documents in A4 portrait format
- send documents unbound with no staples
- use paper with a matt finish
- use a font that is sharp, dark and clear - if photocopied
- send documents printed/written in black ink only - no other colours
- double check for reversed or transposed numbers - especially your company number, eg 1235**4**67 for 123**4**5 67
- fill in your company name on the form
- give the correct address details - eg be careful to provide a personal address and not a business address where that is asked for
- fill in the directors' or secretary's details where appropriate
- include an up-to-date list of company members
- give the correct accounting date (the "made-up" date) ***you can check your accounting date by calling the Companies House helpline***
- sign or counter-sign the form
- provide dates when recording particular events.

Community Interest Companies (CICs)



On 27 January 2006 the Office of the Regulator of Community Interest Companies registered "Social Enterprise London" as its 100th community interest company. The office has been open six months and the level of applications has met projections and suggests social entrepreneurs are welcoming this new type of company.

The Rt. Hon Alun Michael MP, Minister of State for Industry and the Regions, said:

"I am thrilled there are now 100 Community Interest Companies. This shows that the Community Interest Company is an attractive legal vehicle for those operating social enterprises across the country. I am particularly delighted about the high proportion of new start-up businesses choosing this model. This demonstrates that the Community Interest Company structure is meeting the needs of new entrepreneurs looking to use their business for social good. I congratulate John Hanlon and his team for their hard work, especially in providing such thorough advice to people regarding this new legal model."

Background

The legislation introducing community interest companies came into force on 1 July 2005, following the passage through parliament of Part 2 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 and the Community Interest Company Regulations 2005.

Community interest companies are essentially commercial companies that operate for the good of society in general or a specific section of the community and surpluses are used for the benefit of that community rather than directors or shareholders. They can be a company limited by guarantee, or by shares, or a public limited company.

As well as general company law, CICs are subject to additional requirements set out in the above legislation. For instance, each CIC will need to file an annual community interest company report with its accounts. The purpose is to ensure that the Office of the Regulator of Community Interest Companies and stakeholders can monitor the performance of the company. This report will be on the public record and provide transparency of operation.

An important feature of a community interest company is its asset lock. This ensures that the assets of the company are retained within the CIC and used for the community purposes for which it was formed, or transferred to another asset locked body such as a CIC or charity. The provisions restrict the transfer of such assets to any non-asset locked body for less than market value.

Organisations may apply to be formed as a CIC, or if

already a company may apply to convert to a CIC. Applications are delivered to Companies House in the normal way. Application forms can be accessed via the Companies House, or the CIC websites: www.companieshouse.gov.uk and www.cicregulator.gov.uk.

The Office of the Regulator

John Hanlon, the first regulator, was appointed on 1 April 2005. He has worked closely with other regulatory bodies, such as the Charity Commission to ensure consistency of approach and sharing best practice with a view to reducing regulatory burden. He has been active in raising awareness with the voluntary sector, charitable foundations, co-operatives, local government associations and major funders.

The office opened for applications on 25th July 2005 and is based in Companies House in Cardiff. The regulator works very closely with the Registrar of Companies, who provides many of the support services. From August to date 164 applications have been received, of which 105 have been registered, 4 have been withdrawn and the others are under consideration.

Applications have been received from Inverness to St Austell and from Cardiff to Lowestoft. They are engaged in running recycling centres, restaurants, buses, and city centre regeneration, and some of the communities already benefiting include children with special needs, pensioners and young people.

John Hanlon has said;

"I believe that the scope and diversity of activities is limited only by people's imaginations and I am delighted to see the way community interest companies are already benefiting communities the length and breadth of the country".

Website

The CIC website www.cicregulator.gov.uk was launched in early July 2005 and provides access to a wealth of guidance and information, including access to the application forms and best practice examples. A "helpful hints" section has been introduced, which highlights some of the areas which were seen to delay the application process. Also a list of the community interest companies and the areas in which they are based is available online and regularly updated.

The CIC office can be contacted by email on creg@companieshouse.gov.uk or by voicemail on 02920 246228 and calls will be returned within 24 hours.

customer satisfaction results

Thank you to all those who took part in the latest Companies House Customer Satisfaction Survey.

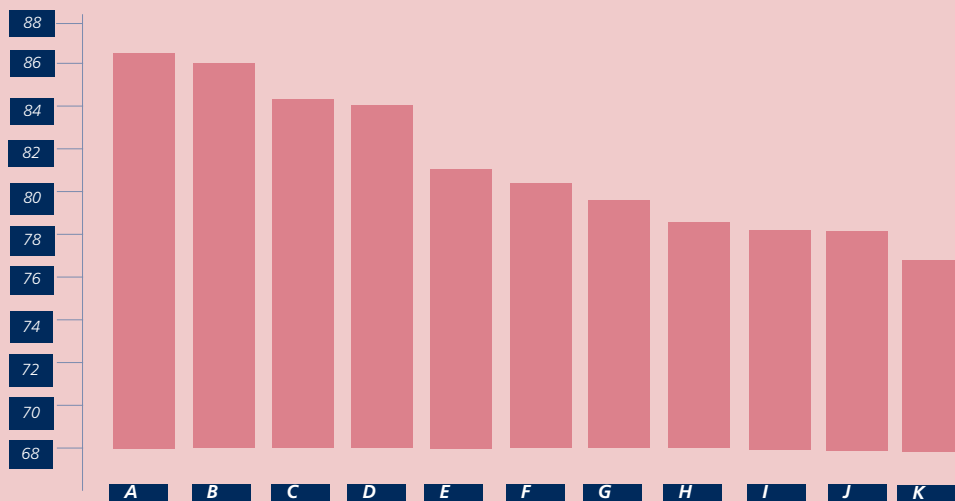
You may be interested to know that Companies House achieved an overall score of 86.3 in the last survey (Quarter 3 2005). A more detailed breakdown of the individual scores making up the result appears in the chart below.

If you would like to be added to our mailing list to take part in future surveys please contact:

Paul Donovan Customer Services
Tel: 02920 380249
email pdonovan@companieshouse.gov.uk



Overall scores on scale of 100



A: Speed (86.6)
B: Reliability (86)
C: Accessibility (84.3)
D: Staff Attitude (84)
E: Quality (81)
F: Forms (80.2)

G: Filing Process (78.7)
H: Staff Knowledge (79.7)
I: Filing Process (78.7)
J: Responsiveness (78.2)
K: Pricing (78.2)
L: Correspondence (77.9)

or call Companies House on 0870 33 33 636

Electronic Version of the Register

We have received a number of requests via our customer satisfaction surveys and Focus Groups for an electronic version of the Register. We will look at developing an electronic version in the next financial year, which will save printing and distribution costs and will ensure that each issue is accessible more quickly. Readers would be informed when the latest issue is available by email, which would contain a direct URL link.

More details of how we propose to introduce this change will appear in the next issue. We welcome any comments from readers on this proposed change. Any emails on this should be sent to thillman@companieshouse.gov.uk



Dormant Companies

Following the Companies Act 1985 (Operating and Financial Review and Directors' Report etc) Regulations 2005, attention has been drawn to an incorrect cross-reference concerning when a company is dormant and therefore exempt from having its accounts audited for a financial year.

DTI have confirmed the oversight and a detailed interpretation of the relevant section is available at http://www.dti.gov.uk/cld/facts/s249AA_interpretation.htm

In short, DTI believes that the incorrect cross-reference does not mean that companies are disqualified from being dormant by reason only of being public companies or members of ineligible groups.



Companies House
— for the record —

corporate and identity frauds are increasing significantly

The most common cases of corporate fraud involve forms being sent to us showing changes to a company's details, which subsequently prove to be false. Fraudsters then use the stolen identity of the company to order goods and services based on that company's creditworthiness. Here are three ways to prevent your company being next:

WebFiling



WebFiling - safe and simple

Using **WebFiling**, our online filing service, is a far safer and more secure way to send us statutory information than using paper forms sent by post. You need to register for a security code (issued by email) and an authentication code (issued by post to your registered company office) and then you can give us much of the information about your company electronically. It's also 50% cheaper to file your annual return online.

PROOF



PROtected Online Filing

Once you have received your authentication code to file electronically, you can then sign up to our new protected online filing service known as **PROOF** which is designed to reduce fraud still further. We will then only accept forms relating to changes of address and directors' details from you electronically. We will not accept any of these documents on paper unless the company and directors authorise it.

Monitor



Monitor - get the bigger picture

The Companies House **Monitor** service enables you to keep an eye on your competitors, business collaborators and your own company and 'monitor' which documents have been filed into Companies House. You know that certain company information lies within the public domain, so what could be more efficient than information that could help or protect your business being available to you the moment it is filed?

as this type of fraud is on the increase, you may want to visit our website www.companieshouse.gov.uk to learn more about how you can prevent your company being next.

dti

A DTI SERVICE



Changes to Audit Report Requirements

In this article we draw together and focus on the changes affecting the audit report that are contained in two recent statutory instruments which will begin impacting on accounts for 2005/2006 financial years:

- *SI 2004 No. 2947- The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations, and*
- *SI 2005 No. 1011- The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations.*

For accounts beginning on or after **1st January 2005**, there are new requirements that an audit report must:

- be **dated** as well as signed;
- identify the financial reporting framework applied in the preparation of the accounts (i.e. whether IAS as adopted for use in the EU or UK GAAP) and the auditing standards in accordance with which the audit was conducted;
- be qualified or unqualified, and include a reference to any matters to which the auditors want to draw attention without actually qualifying the accounts.

For accounts beginning on or after **1st April 2005**, the audit report must:

- state whether in their opinion the information given in the directors' report is consistent with the accounts (previously, an opinion would only have been given if the information was not consistent)

Filing deadlines for companies with overseas interests

We would also like to remind you that for companies that have overseas interests, the current automatic three-month extension under section 244(3) of the Companies Act 1985 for laying and delivering accounts was repealed by SI 2004 No. 2947 for accounts beginning on or after 1st January 2005.

This article does not cover the other changes contained in these SIs but the DTI has updated its booklet, "Guidance for British Companies on Changes to the Accounting and Reporting Provisions of The Companies Act 1985" to take account of the changes. This is available at: www.dti.gov.uk/cld/guidance.doc

BEING LATE IS A CRIMINAL OFFENCE.

Company accounting reference date	Deadline for delivery of Annual Accounts to Companies House	
	Private Co.	Public Co.
31st Dec	31st Oct	31st Jul
31st Jan	30th Nov	31st Aug
28th/29th Feb	28th/29th Dec	28th/29th Sep
31st Mar	31st Jan	31st Oct

Different rules may apply for your first accounts.

Time Scale	Scale of filing penalties	
	Private Co.	Public Co.
Up to 3 months late	£100	£500
Up to 6 months late	£250	£1000
Up to 12 months late	£500	£2000
More than 12 months late	£1000	£5000

You will be fined up to £5000 if you fail to send us your Annual Accounts by the due date. And if you are late filing your Annual Return as well, your company could be struck off and you could face a criminal charge.

To find out more visit www.companieshouse.gov.uk
or call 0870 33 33 636

information

Application Form Register

If you wish to receive the Register, please complete and send this form to:
Companies House, 1st Floor, Corporate Affairs,
FREEPOST CF4008, Cardiff CF14 1ZZ

Mr Mrs Miss MS (please tick)

Other _____

Initials _____ Surname _____

Job title (in full) _____

Company name (in full) _____

Address _____

Town _____

Country _____

Postcode _____

Telephone No. _____

Email: _____

Amend Details

If you wish to notify us of a change of mailing address or name, please fill in **your new details in the section above**, and **your old details in this section**, and send the entire form to:
Companies House, Corporate Affairs, FREEPOST CF4008, Cardiff CF14 1ZZ
or email at: amendregister@companieshouse.gov.uk

Mr Mrs Miss MS (please tick)

Other _____

Initials _____ Surname _____

Company name (in full) _____

Address _____

Town _____

Country _____

Postcode _____

Companies House Services

Companies House has a range of services covering the filing and searching for documents.

Electronic incorporations This service is designed for high volume users such as company formation agents who incorporate companies on a regular basis using approved software. Over 70% of incorporations are now done electronically. A list of approved software and providers for all of the electronic filing services can be found on our website.

Anyone requiring further information on this service should check the website or alternatively call the Companies House contact centre on 0870 33 33 636.

Web Filing Electronic (Web) filing was introduced in May 2001 to allow filing of 287 and 288 form information i.e. changes in registered office address, appointment and termination of, and changes to director and secretary details. Prior to its introduction the only choice was to download forms from the website for completion, but these then had to be printed-out, signed and posted to Companies House. Further details of this secure system for the quick and easy online submission of company information and other form types are given on our website.

Other Services For details of other services including Companies House Direct, our online subscription-based information search service and WebCheck, our online search service aimed at the less frequent user using a credit card are given on our website.

Same day incorporation Change of name and re-registration services are available in all the offices.

Inter-registry searches are available between Scotland and the English offices. All offices are open Monday to Friday.

Please note: Companies House does not accept accounts or any other statutory document by fax.

Cardiff

Crown Way, Cardiff CF14 3UZ
Central Enquiries - Tel: 0870 33 33 636
Switchboard: (029) 2038 8588
Opening times: 8.30am to 6.00pm

London

21 Bloomsbury Street London WC1B 3XD
Tel: 0870 33 33 636
Opening times 9.00am to 5.00pm

Edinburgh

37 Castle Terrace, Edinburgh EH1 2EB
Tel: 0870 33 33 636
Opening times: 9.00am to 5.00pm

Filing of Documents

Anyone filing documents at Companies House should send documents for English and Welsh companies to the Registrar in Cardiff and for Scottish Companies the Registrar in Edinburgh.

Postal Deliveries-Saturday

There are no postal deliveries to Companies House on Saturday other than Cardiff or Edinburgh.

Delivery by hand of documents outside office hours

All offices can accept documents delivered by hand 24 hrs a day, either at a manned reception desk at Cardiff or letterboxes at the other offices.

Register

essential corporate knowledge

Companies House,
Crown Way, Cardiff CF14 3UZ

General Enquiries

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Feedback

Any feedback concerning content and design or ideas for possible future articles are welcome. Please email: thillman@companieshouse.gov.uk

Go online www.companieshouse.gov.uk

Companies House statistics

April 2005 to December 2005

Documents

England & Wales

Year to Date 2005/2006 % change on 2004/2005 same period

Annual Returns	1,205,490	6.1
Accounts	1,059,818	9.6
Mortgage	152,316	-5.3
Liquidation & Receivership	89,274	-8.3
Other Statutory Documents	2,097,439	3.0

Number of:

New Companies Incorporated	251,352	10.1
Change of Name Registered	38,591	0.0

Scotland

Year to Date 2005/2006 % change on 2004/2006

Annual Returns	69,174	7.5
Accounts	61,308	10.9
Mortgage	12,487	10.6
Liquidation & Receivership	2,060	1.7
Other Statutory Documents	121,171	5.7

Number of:

New Companies Incorporated	12,300	3.9
Change of Name Registered	2,840	4.1

Great Britain

Year to Date 2005/2006 % change on 2004/2005

Annual Returns	1,274,664	6.2
Accounts	1,121,126	9.7
Mortgage	164,803	-4.2
Liquidation & Receivership	91,334	-8.1
Other Statutory Documents	2,218,610	3.2

Number of:

New Companies Incorporated	263,652	9.8
Change of Name Registered	41,431	0.3

Electronic and web filed documents

This Month 23.9% of all documents accepted have been filed electronically (web included). This comprises of 82% of incorporations and 22% of Document Examination Branch Forms

Output : Great Britain

Image Based Company Searches

Year to Date 2005/2006(9 months)	Total Image Searches	2,397,662
	% change on 2004/2004	30%

Fiche Based Company Searches

Year to Date 2005/2006(9 months)	Total fiche Searches	16,220
	% change on 2004/2005	-27%

Public Targets: % achieved as of December 2005

Service Availability (CHD)	100%
Web Service Availability	100%
Image Quality	100%
Data Capture Accuracy	98.5%

Register: December 2005

	England & Wales	Scotland	Great Britain
Active Register as at Month End	1,966,970	110,843	2,077,813
Active Register (Av. Year to Date)	1,921,262	108,923	2,030,185

Soft Compliance - % filed

based on Average Year to Date

	% compliant	% compliant	% compliant
Accounts	95.8	96.0	95.8
Annual Returns	94.4	95.5	94.4
Both	91.1	92.8	91.2

Hard Compliance - % filed on time

based on company sample of 100,000 year to date

	% compliant	% compliant	% compliant
Accounts	84.5	85.2	84.6
Annual Returns	64.7	67.0	65.1
Both	58.7	61.1	59.1

Disputes and Queries received: December 2006

Late Filing Penalties Disputes Received	1,177	All complaints (excluding LFP) received	1,724
Late Filing Penalties Dispute cleared	1,132	Replied within 5 days	(98%)
		Within 10 days	1087 (96%)

Note: Definitive figures are published yearly in the Department of Trade and Industry "Companies Report" (presented pursuant to the Companies Act 1985 Section 729)