Increasing uptake of digital services at Companies House

A trial report by Companies House in collaboration with The Behavioural Insights Team

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Executive Summary

Companies House is the registry for all UK limited companies. There are more than four million companies on its register and 600,000 new companies incorporated each year.[1] The register forms a valuable database of company information, providing insights into company performance across the UK economy.

Companies House manages over 30,000 customer transactions every day. It is essential that it can provide an efficient service and meet increasing demands on its resources. As part of its goal to reduce costs, save time and increase data integrity, Companies House has a strategic aim to become an entirely digital organisation.[2] An important part of this goal is to have companies file their annual accounts electronically (e-filing) rather than by paper and post.

This report summarises a trial run with Companies House to encourage the remaining 21% of companies on the register to file their annual accounts electronically.

The trial tested three new versions of a reminder letter sent 35 to 42 days before a company's annual accounts are due. The new letters were simpler than the original reminder letter and increased the salience of the request to e-file. In addition, each of the three new letters included a headline message informed by behavioural insights:

- Letter A - Static social norm: "8 out of 10 companies file online"
- Letter B - Dynamic social norm: "Over the past 5 years, online filing has increased from 50% to 80%. Consider filing online this year."
- Letter C - Messenger effect: "I file my accounts online every year. It was quick and easy. I would recommend it for everyone. Louise - company director"

We ran a randomised controlled trial to understand the impact of each letter on companies due to file between September and December 2018. A total of 481,888 companies received one of the letters during the trial. We tested the impact of the letters on each company's filing behaviour related to their:

- Filing method: whether they e-filed or filed by paper
- Compliance: whether the company filed on time.

We also ran exploratory analyses to understand which companies were more likely to file by paper. We have three main findings.

[1] Companies House (2018). Companies House register activities 2017 to 2018. Retrieved from https://www.gov.uk/government/publications/companies-register-activities-statistical-release-2017-to-2018/companies-register-activities-2017-to-2018
[2] Companies House (2018). Companies House Business Plan 2018-19. Available online 25/03/2019 from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/697864/Companies_House_Business_Plan_2018.pdf

First, the new reminder letters did not significantly increase the uptake of e-filing in comparison to the control letter. The reminder letter was not a strong enough intervention to shift companies to e-filing. This is likely because there are significant behavioural and structural barriers to e-filing for the remaining companies who continue to file by paper.

Second, the new reminder letters improved overall compliance and will save Companies House money. We found that companies receiving Letter A (static social norm message) or Letter C (messenger effect) were both 2.4% more likely to file on time (p=0.053). We estimate that, had all of the companies in the trial received Letter A (the letter with the strongest effect), this would have resulted in an extra 1,927 companies filing on time. The new letters also removed the need for an additional leaflet insert by incorporating the key information from the leaflet onto the back page of the letter. Companies House can therefore make an estimated combined saving of £19,609 annually by withdrawing the leaflet (saving £17,600) and prompting more companies to file on time (saving a minimum of £2,009). Finally, we find suggestive evidence that the letters are more successful for compliance when received by self-filers rather than accountants.

Third, the strongest predictor of a company's likelihood to file by paper is whether they did so in the previous year - but there are other factors that have explanatory power.[3] When predicting who files by paper, almost all explanatory power comes from whether they filed by paper in the previous year. This indicates that filing by paper is a sticky behaviour and that it will be difficult to switch company behaviour with a nudge-style intervention. We also find that companies are more likely to file by paper in their first year of trading when they may be less likely to have fully established processes or are more likely to use an accountant for their first accounts. Companies older than 10 years old are also more likely to file by paper, suggesting the use of more established processes using paper.

From our findings, we make three recommendations for the future of e-filing at Companies House.

First, more intensive interventions are likely to be required to shift remaining companies from paper to e-filing. We suggest further work is completed to establish digital communications at incorporation (such as collecting emails and using them as the default communication method), create clear (and monetary) incentives for companies and (perhaps most importantly) ensure e-filing is a feasible and easy form of submission for all account types.

Second, given the cost of sending reminder letters (approximately £513,600 annually), there is an opportunity to test whether the reminder letter has any substantial overall impact. Our findings indicate that changes to letters only

[3] Explanatory power is the degree to which a variable is able to explain variation in data.

produce small positive effects on compliance and have no impact on e-filing. We recommend testing the impact of sending the best performing letter from this trial (Letter A) against no letter at all.

Finally, given our findings from the predictive analysis, it may be possible to further target and personalise letters based on their likelihood of filing by paper. For example, if companies are more likely to file by paper in their first year, then it may be worthwhile to target newly incorporated companies. However, given the lack of effect from the letters used in this trial, using letter communications alone is unlikely to result in a significant shift in companies using e-filing

Overall, the findings have interesting implications for wider work by the UK Government to prompt firms to take-up new technologies and practices. The findings suggest:

- Letters that simplify information, make key information salient and include behavioural messages (in particular using social norms) can produce real, albeit small, changes to firm behaviour;
- There may be **timely** moments, such as incorporation, when firms should be provided with additional assistance to achieve leading practice (such as e-filing) from year one;
- It matters **who** receives the letter - letters sent to postcodes with only one company registered are marginally more likely to change behaviour; and
- Entrenched behaviours, such as filing by paper, are difficult to change through simple changes to existing letters - more targeted, personalised and, ultimately, structural interventions are likely required.

Overall, this trial represents a substantial innovation to Companies House processes - enabling greater understanding of the impact of communications on the filing behaviour of companies. As part of next steps, we encourage Companies House to continue to develop its internal capabilities to use behavioural insights and run randomised evaluations to understand and influence company behaviour.

Introduction

As part of its strategic plan, Companies House aims to become an entirely digital organisation.[4] An important part of this is to have companies file their annual accounts electronically (e-filing) rather than by paper and post.

In April 2017, Companies House engaged the Behavioural Insights Team (BIT) to help design interventions to encourage the remaining 21% of companies still using paper filing methods to shift to e-filing.

The chosen intervention was to redesign the reminder letter sent out to companies before their accounts are due, using messages informed by behavioural insights to emphasise e-filing. Whilst the primary aim of this trial was to increase take-up of digital services, a secondary aim was to improve compliance (filing accounts, and filing on time).

More broadly, this trial presented an important opportunity to advance our understanding of how government can influence the behaviour of businesses. As an executive agency of the Department of Business, Energy and Industrial Strategy, Companies House plays a role in the delivery of the department's policy and its industrial strategy. Whilst there is a developed and growing evidence base on how governments can influence the behaviour of individuals using behavioural insights, much less is understood about how to influence the behaviour of businesses. We hope that key lessons from this trial can be applied to other areas of business policy and regulation.

This report details the background and context of the trial, the different variations of the accounts reminder letter tested, the methodology used, the results and areas for future interventions.

[4] Companies House (2018). Companies House Business Plan 2018-19. Available online 25/03/2019 from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/697864/Companies_House_Business_Plan_2018.pdf

Background and context

2.1 The case for e-filing annual accounts

Companies House has an objective to increase the proportion of annual accounts that are made electronically. This forms part of their objectives to increase cost efficiencies across their processes and improve their services for users. Examples of three different costs related to annual account filing, which are of relevance to this trial, include:

- cost of sending reminder letters (approximately £513,600 annually);
- cost of receiving and processing paper accounts (£500,000 to £600,000 annually); and
- cost of sending penalty notice letters to companies that do not submit accounts on time (costing at least £74,201 annually).[5]

Higher digital uptake of annual accounts is expected to increase cost efficiencies as well as improve the integrity of the data collected. For example, when a customer files digitally there are automatic checks that reduce the chance of errors. Data entered digitally can also be added to the record immediately, rather than entered manually by Companies House. These innovations increase efficiency and reduce the risk of error occurring within Companies House.

Companies and accountants are also likely to experience cost savings and efficiencies by moving to digital methods. For instance, companies e-filing results receive immediate confirmation that accounts have been received and rapid feedback on whether accounts have been accepted or rejected by Companies House. This helps to avoid late filing penalties.

As shown in Figure 1, the proportion of companies using e-filing methods increased from 12% in the financial year 2008-2009 to 79% in 2017-2018.[6] However, the rate of this increase has begun to slow in recent years. 21% of companies continue to file by paper.

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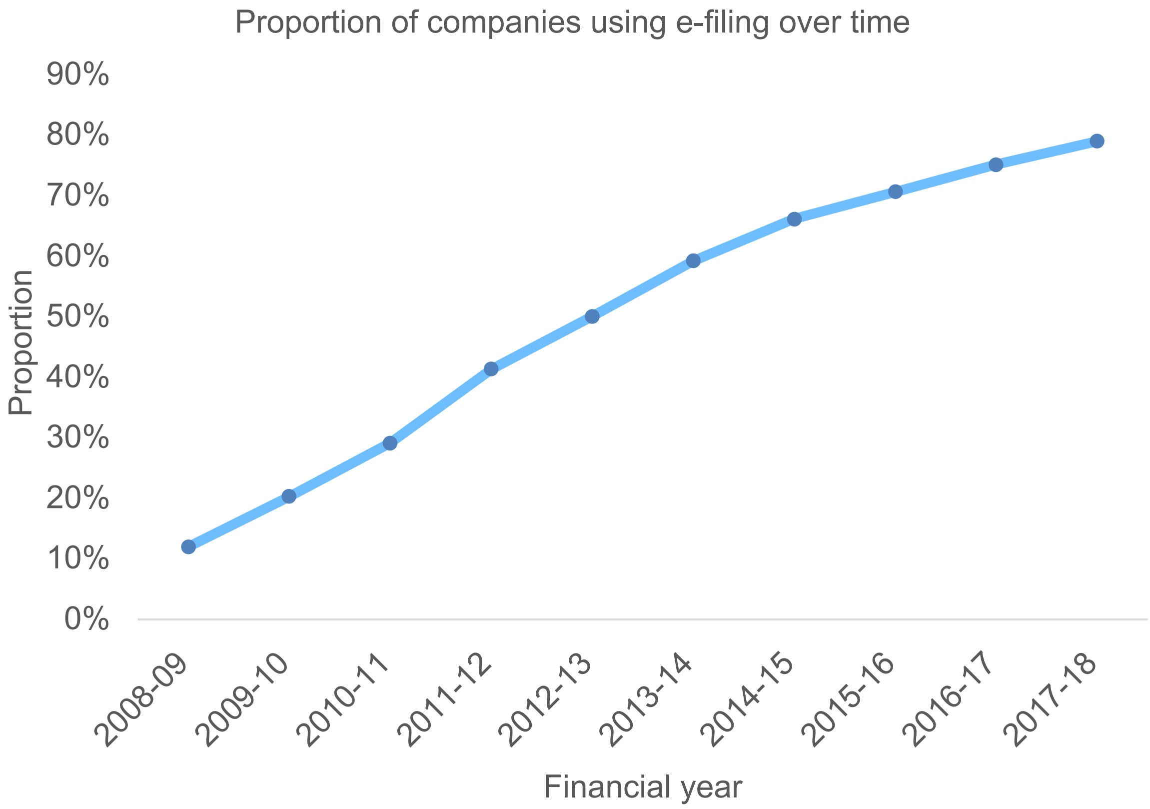
[5] Based on 218,884 penalties levied in 2017-18, as stated in annual Companies House (2018). Annual Report and Accounts 2017/18). Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/730842/CH_Annual_Report_2017-18_web.pdf. Each penalty is associated with a penalty notice letter costing on average 33.9 pence each.

[6] Internal data provided by Companies House

Figure 1: Proportion of companies using e-filing over time



Of the companies that file by paper, Companies House research suggests between 15-20% are filing their own company accounts (self-filers) and the remainder are accountants.[7] Our work suggests that as Companies House has reached the last 21% of companies filing by paper, changing the behaviour of these companies and accountants is likely to be particularly difficult.[8]

More generally, Companies House is also interested in adding to insights on how to encourage companies to change practices, such as adopting e-filing, that may assist wider reform across the economy. The Department for Business, Energy and Industrial Strategy, for example, has recently launched a programme seeking to prompt companies to adopt new productivity enhancing practices and technologies.[9] Given the large scope of its register, Companies House has the opportunity to add value to this policy priority.

[7] Illuminas (2016). Barriers to take-up: top-sized accountancy practices who currently file paper accounts. Provided by Companies House.
[8] IIF Research. (2016). Companies House SME and Accounts Research. Provided by Companies House
[9] BEIS (January, 2019) Business Basics Programme. Available at https://www.gov.uk/government/collections/business-basics-programme

2.2 The behavioural challenge of e-filing

With Companies House, we investigated the reasons why companies continue to file by paper. This involved reviewing internal research carried out by Companies House (including focus group research with self-filers and accountants), gaining an in-depth understanding of their processes and reviewing the user journey for companies as they interact with Companies House. The review suggested the presence of both behavioural and structural barriers to increasing e-filing.

Behaviourally, inertia (inaction of individuals even when gains may be made from changing the status-quo) appeared to be the primary reason companies do not shift to e-filing, rather than lack of awareness of its benefits. For instance, surveyed accountants and small and medium sized enterprises (SMEs) are aware of the benefits of e-filing - stating advantages such as speed, ease, immediate confirmation of submission, security, reduced paper usage and cost of e-filing.[10] However, knowledge of these benefits apparently fails to outweigh the familiarity and status-quo of paper.

There are also structural barriers to e-filing related to the cost, difficulty and potential uncertainty of e-filing. Indeed, for some types of accounts there is no, or very limited, ability to use e-filing methods. For example, there is no ability for full audited accounts to file through Companies House's own e-filing platform and many accounting software providers do not offer an easy solution for e-filing accounts to Companies House. Of the 132,000 full and audited accounts on the Companies House Register, only 1,354 were filed through software in 2016-17. Generally, for firms to file full audited accounts online they need to pay their accountants an additional amount or adopt a new or changed software provider. This suggests a real and potentially costly barrier to e-filing for firms with full audited accounts. Recognising the need to address both behavioural and structural barriers, our diagnostic phase led to the suggestion of a number of short, medium and long-term interventions to increase e-filing (shown in Figure 2).[11]

[10] Illuminas (2016). Barriers to take-up: top-sized accountancy practices who currently file paper accounts. Provided by Companies House.
[11] See earlier Explore and Solution Reports prepared by BIT for Companies House

Figure 2: Key recommendations to Companies House in BIT's Solutions Report

1. Embed experimental approach into Companies House processes, including trialling changes to communications
2. Implement trials in four areas this year 2.1. Provision of checklist at incorporation, including information on how to e-file 2.2. New communication about process for e-filing earlier in company journey 2.3. Changes to wording and presentation of accounts filing reminder communications to emphasise e-filing 2.4. Changes to wording and presentation of new authentication code letter and reminders
3. Develop further behavioural interventions over the medium-term (2-3 years) 3.1. Utilise commitment devices[12] 3.2. Focus on ease of e-filing 3.3. Ensure e-filing is attractive
4. Explore feasibility of structural changes to Companies House processes 4.1. Make all communications digital first 4.2. Ensure e-filing is the easiest form of submission 4.3. Create clearer incentives for companies to shift to e-filing

Companies House decided to take forward recommendations to embed an experimental approach into processes (1.) alongside launching one immediate trial changing the wording and presentation of the accounts filing reminder letters to emphasise e-filing (2.3). Structural changes such as making changes to the e-filing process, or having clearer incentives to shift to e-filing (such as the introduction of a fee for filing by paper) were more difficult and, for now, out-of-scope.

2.3 Changing the accounts reminder letters

2.3.1 The account filing journey

Reminder letters are sent to the 58% of companies on the register who have not signed up to receive email reminders. Letters are sent five to six weeks before the company's accounts are due, provided that Companies House has not yet received

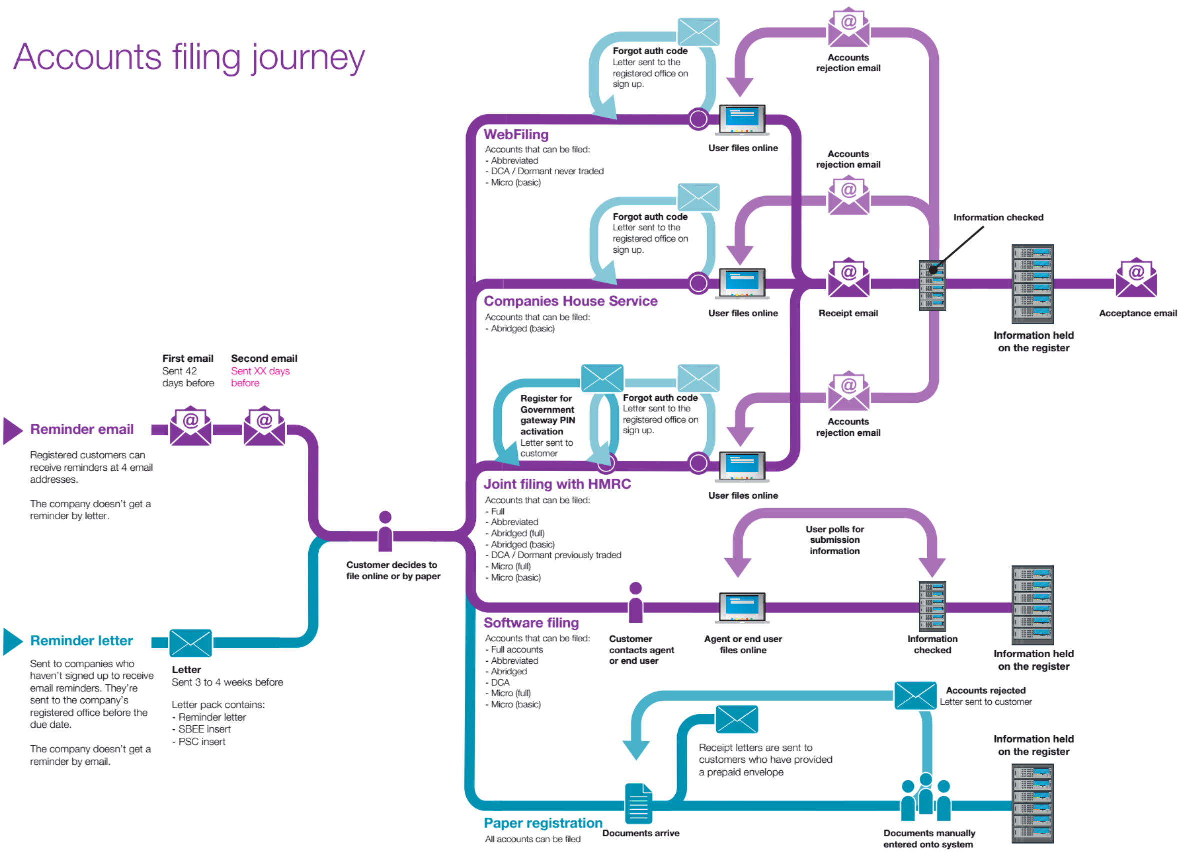
[12] Commitment devices are voluntarily imposed restrictions or self-imposed penalties to encourage individuals to accomplish their goals. Commitment devices are commonly used to change behaviours. For example, arranging to go to the gym with a friend is a commitment device, as you are more likely to accomplish your goal (to go to the gym) so as not to disappoint your friend. For more information see Rogers, T., Milkman, K. L., & Volpp, K. G. (2014). Commitment devices: using initiatives to change behavior. *JaMa*, *311*(20), 2065-2066.

their accounts. This costs Companies House approximately £513,600 each year.[13] Letters include an extra leaflet that reminds companies of penalties associated with not fulfilling their responsibilities to file accounts (see 'Control letter insert' in the Appendix). The additional cost of sending the leaflet with the letter is estimated to be £17,600 each year.[14]

All companies have to provide Companies House with an official contact address for the delivery of statutory mail. This address can represent the company's own office address or that of the firm who provides accounting services on their behalf.

As shown in Figure 3, companies that choose to file can do so via paper or four different methods of e-filing (WebFiling, Companies House Service, joint filing with HMRC or other software filing). Accounts are then received, checked and either accepted or rejected. Rejected accounts have to be re-submitted. Only accounts that are received by the due date and accepted are considered to be compliant.

Figure 3: The accounts filing journey for paper and e-filers (image provided by Companies House)



[13] Based on estimates provided by Companies House where 1.6 million letters are sent each year, with each letter costing approximately 31 pence, with an additional leaflet insert that costs approximately 1.1 pence

[14] Based on estimates provided by Companies House where 1.6 million reminder letters are sent each year, with each leaflet costing approximately 1.1 pence each.

2.3.2 Creating behaviourally informed reminder letters

The current reminder letter used by Companies House, whilst containing appropriate information and frequently asked questions, lacks a direct call to action for the use of e-filing (see 'Control letter' in the Appendix).

With the aim of creating a more effective letter, that would send a clear signal to companies to use e-filing, we simplified the information within the letter and increased the emphasis on e-filing (see 'Treatment letter' A, B and C in the Appendix). We also removed the need for the additional leaflet (see 'Control letter insert' in the Appendix) by incorporating key information onto the back page of the main letter (see 'Back page of treatment letters' in the Appendix). This meant that as long as the treatment letters performed at least as well as the control letter, Companies House would make a saving, equivalent to £17,600 per year. Letters were targeted at both self-filers and accountants as they prepare their annual accounts.

In targeting the accounts reminder letter process and making changes to the letter content, we aimed to harness three key behavioural insights:

- **Timeliness of intervention:** People are more likely to take up a behaviour if reminded at a timely moment.[15] Companies receive the letter approximately 35-42 days before their accounts are due, which is when they are most likely to be planning the submission of their accounts.
- **Salience of e-filing:** Clear reminders encourage desired behaviours.[16] Clear instructions are given to companies on how to e-file and text is kept to a minimum in order to avoid an overload of information (which may compound inertia).[17]
- **Clear call to action to file:** Our letters included a prominent 'stamp' with the text "Your accounts are now due" to provide a clear call to action for recipients. This has been found to increase payment rates across a range of fines, debts and taxes.[18]

Additional behavioural insights were applied to each of the individual letters:

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[15] Orbell, S., Hodgkins, S., & Sheeran, P. (1997). Implementation intentions and the Theory of Planned Behavior. *Personality and Social Psychology Bulletin, 23*, 945-954.; Milkman, K. L., Beshears, J., Choi, J. J., Laibson, D. & Madrian, B. C. (2011). Using implementation intentions prompts to enhance influenza vaccination rates. *Proceedings of the National Academy of Sciences, 108*(26), 10415–10420.
[16] Including a red 'Pay Now' stamp on notices about fines led to a 3.1 percentage point increase in the payment rate - Behavioural Insights Team (2016). *2015-2016 Update Report.*
[17] Iyengar, S., & Lepper, M. (2000). When choice is demotivating: Can one desire too much of a good thing? *Journal of Personality and Social Psychology*, *79*, 995-1006.
[18] Behavioural Insights Team (2015). EAST. Four simple ways to apply behavioural insights. See p24 Box 2.4. Available at: https://www.behaviouralinsights.co.uk/wp-content/uploads/2015/07/BIT-Publication-EAST_FA_WEB.pdf

- **Social norms (Letters A and B)**: People are influenced by peers through the desire to 'fit-in' and as a source of information for correct behaviour.[19] Social norms can be static or dynamic. Static norms provide information about other people's current behaviour. Dynamic norms provide information about how other people's behaviour is changing over time. Social norms for e-filing provide a comparison group for those who file by paper.
- **Messenger effects (Letter C):** People give different weight to information depending on who is communicating it to them.[20] For example, companies may respond differently depending on whether a request comes from the government, an industry body or a peer.

Table 1 provides an overview of the behaviourally informed changes and messages contained in each of the letters. The full original control letter and the three treatment letters can be found in the Appendix.

Table 1: Overview of the key changes and behaviourally informed messages in the treatment letters

Treatment group	Description
Control	The standard reminder letter already sent. The letter includes an additional insert informing companies about their responsibilities to file their accounts and encouraging them to file online.
Static social norm	A simplified and clearer version of the standard letter currently sent, with a line that states: *"8 out of 10 companies file online"*
Dynamic social norm	The same simplified and clearer version of the standard letter currently sent, with an alternative line that states: *"Over the past 5 years, online filing has increased from 50% to 80%. Consider filing online this year."*
Messenger	The same simplified and clearer version of the standard letter currently sent, with a quote that encourages online filing: *"I file my accounts online every year. It was quick and easy. I would recommend it for everyone." Louise - company director*

2.4 Trial Aims

Workshops with Companies House identified the primary aim of the trial: to increase e-filing by two percentage points amongst companies who receive a treatment

[19] Deutsch, M., & Gerard, H.B. (1955). A study of normative and informational social influences upon individual judgment. *Journal of Abnormal and Social Psychology, 51*, 629-636.
[20] Wilson, E.J., Sherrell, D.L. (1993). Source effects in communication and persuasion research: A meta-analysis of effect size. *Journal of the Academy of Marketing Science, 21*, 101.

reminder letter in comparison to the control letter. Further aims of the trial were to embed a testing approach into Companies House processes and improve compliance rates.

Methodology

This section outlines the method used to test the impact of new reminder letters on the filing behaviour of companies. First, we discuss the available data, we then examine the design of the trial and the final sample of companies to be included. We detail each of these below.

3.1 Data on companies

Companies House has a large amount of publicly available data on its register. This data was the primary source of information for the trial alongside internal information on filing type and compliance.

3.1.1 Publicly available data

Companies registered with Companies House are obliged to provide a range of information that forms a publicly available database. This data includes (but is not limited to) the following:[21]

- Company number (the unique number given to each company when it is first incorporated);
- Company address (address provided by each company to which statutory mail is sent and can represent the company's own address or that of the firm who provides accounting services on their behalf);
- Company status (e.g. whether a company is actively trading or is in a non-active status);[22]
- Incorporation date (the date a company registers with Companies House and is able to start trading);
- Sector;[23]
- Date that their next annual accounts are due; and
- Type of accounts most recently submitted (e.g. full, abridged, dormant etc.).[24]

[21] Note that information on company size is not available through Companies House data
[22] Non-active forms of company status include: administration order, administrative receiver, proposal to strike off, in administration, in administration, liquidation, live but manager on at least one charge, voluntary arrangement and receivership
[23] Companies House uses a condensed version of the full list of codes available from the Office of National Statistics. See http://resources.companieshouse.gov.uk/sic/
[24] The size of the company dictates the type of accounts that need to be completed. For example, 'group' accounts are filed by large companies with subsidiary businesses, 'full accounts' are filed by large businesses and dormant accounts are filed by companies who are not actively trading and have no accounting transactions.

3.1.2 Internal data provided by Companies House

In addition to the publicly available data, additional internal data was provided by Companies House, both at baseline and the end of the trial including:

- Filing method used (e-filing or paper) both for the previous year (baseline) and the current trial period (end of trial data);
- Date that accounts were received at Companies House; and
- Date that accounts were accepted by Companies House (when accounts have been processed and deemed to meet requirements).

3.1.3 Companies excluded from the trial

Certain companies (618,474 in total) were excluded from the trial, as detailed in Table 2 below. 1,291,232 active companies were due to file between 12th September and 31st December 2018 before exclusions applied.

Table 2: Trial exclusion criteria

Exclusion criteria	Reason	Number excluded
Companies signed up to email reminders	Companies signed up to email reminders do not receive a reminder letter.	432,036
Postcodes ('clusters') shared by more than 100 companies	Clusters of more than 100 companies were excluded, due to lack of clarity in defining what these clusters represent (e.g. independent companies located in the same building or area, or companies using the same accounting firm etc.), making it difficult to know how to interpret their filing behaviour. Excluding larger clusters also prevents the issue of having highly unbalanced cluster sizes which threatens the trial's internal validity.	168,167
Limited Liability Partnerships	Limited liability partnerships were excluded due to differences in the required information within the reminder letters.	11,263
Community Interest Companies and Charities	Community interest companies and charities are unable to use e-filing, due to having to file specific type of accounts.	2,882
Public Limited Companies	Public limited companies have to file full audited accounts, which cannot be done via e-filing methods.	839

Exclusion criteria	Reason	Number excluded
Welsh companies	Welsh companies that have registered for a bilingual letter were excluded as it was beyond the scope of the trial to produce new treatment letters in the Welsh language.	216
Companies with missing data	Companies missing either a valid postcode information or a corporate ID number.	3,071

3.2 Trial design

Companies due to file between 12th September and 31st December 2018 were randomly allocated to receive the control letter or one of the three treatment letters. This was implemented in a four-arm cluster randomised controlled trial (RCT; see below for why a clustered approach was used).[25] Companies were grouped into clusters according to their address postcode. Postcode clusters were then randomised to receive either the control letter or one of the behaviourally informed treatment letters. All companies within the same postcode cluster were sent an identical letter.

3.2.1 Grouping companies into postcode clusters

We chose not to randomise companies according to their unique company number, due to the fact that multiple companies often share the same address. This means that companies could end up receiving (or being aware of) different versions of the reminder letter. Companies can share the same address due to a number of reasons, including:

- The address provided is that of their accounting firm which files on behalf of them and other companies;
- They are located in the same building; or
- They are a company who share a ‘virtual office’ with other companies.[26]

Particularly in the case of an address being that of an accounting firm, it is possible that the same individual (the accountant) receives multiple treatment letters for their different clients. To avoid cross contamination of this kind, all companies registered at a particular address should receive the same letter. The only reliable way of doing

[25] A cluster represents a group of individual units (for example, people or companies) that are randomised as a group rather than as individual units
[26] A virtual office represents an address which companies are able to register as their company address, but which does not represent the physical address at which the company is based.

this was to group companies by their postcodes and have every company at that postcode receive the same letter.[27]

3.2.2 Randomising companies into treatment groups

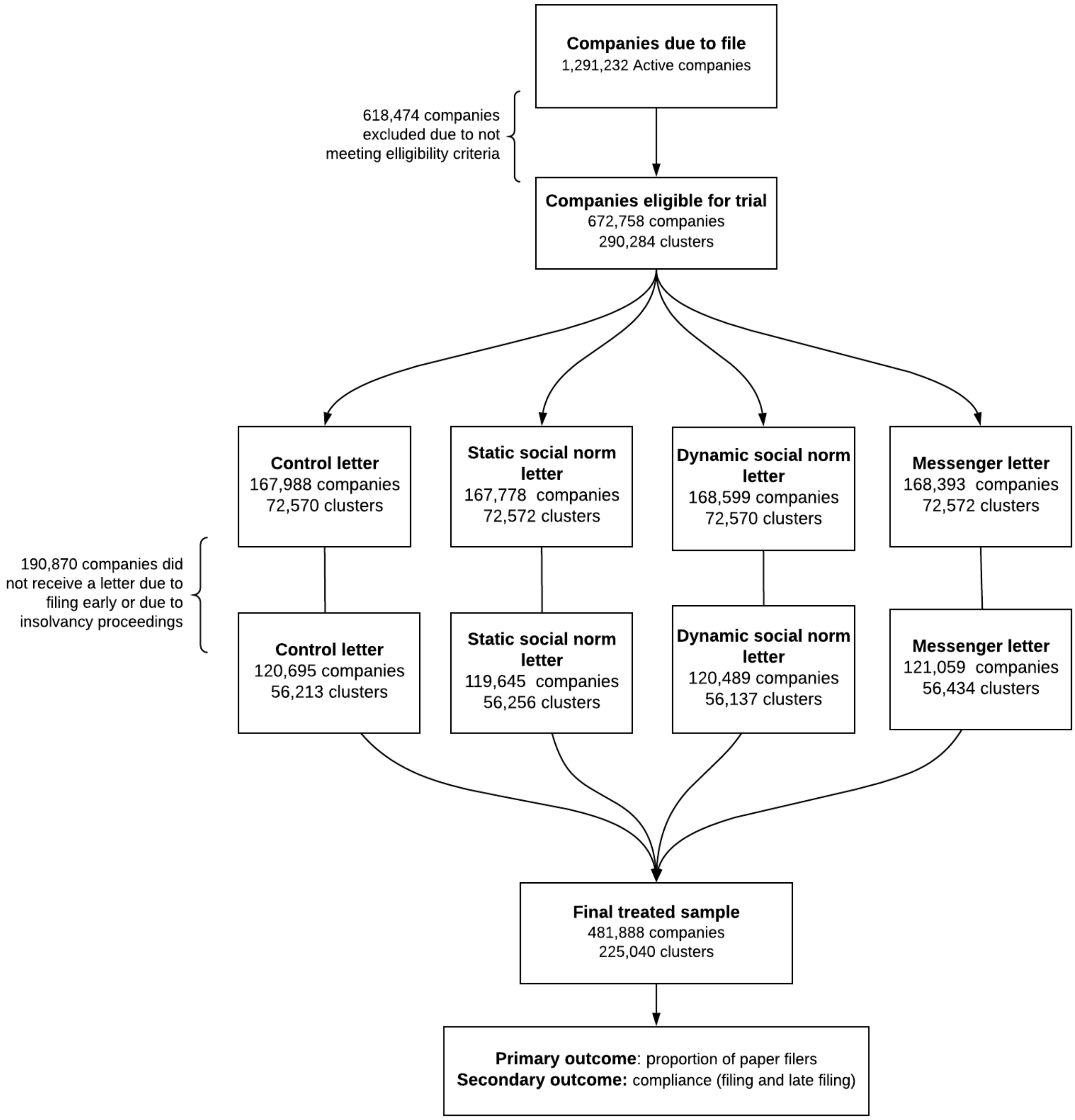
Once clusters were established, each was randomly allocated to receive either the control letter or one of the three treatment letters.

It is important that there are no systematic differences between the different treatment groups, to ensure that they are statistically comparable. Our randomisation method incorporated a technique called stratification to ensure that large postcode clusters were distributed evenly across the trial groups. After randomisation we performed checks to ensure that the groups also had an equal balance of companies according to known criteria: age, sector and region.

Figure 3 illustrates the design of the trial and how companies were distributed across the four treatment groups.

[27] Using a more specific address that included more information that just the postcode was not reliable because of how address data is entered into the Companies House database. As an example, the following 3 addresses represent the registered address of 3 different companies:
1-2 STUDLEY COURT MEWS STUDLEY COURT, GUILDFORD ROAD, GU24 8EB;
1 & 2 STUDLEY COURT GUILDFORD ROAD GU24 8EB
1 & 2 STUDLEY COURT MEWS, STUDLEY COURT, GUILDFORD ROAD, GU24 8EB.
The human eye can see that these are the same address but because they have been entered into the Companies House database slightly differently, they will be treated by data analysis software as different addresses. This means that using postcode alone is the only way to ensure that the same address did not receive different versions of the treatment letter.

Figure 3: Trial Design Chart



3.3 Trial sample

The trial targeted companies due to file their accounts between 12th September and 31st December 2018. This included a total of 1,291,232 active companies.[28] This number reduced to 672,758 eligible companies once exclusion criteria were applied (see Table 2 above). This equates to 290,284 postcode clusters in the trial sample. Letters were sent between 7th August 2018 and 12th December 2018.

Of the 672,758 eligible companies in the trial, 481,888 were sent a reminder letter. The 190,870 companies who were not sent a reminder letter were mainly those that had filed before the letters were sent. For a small group (4,287 companies) this was due to entering insolvency proceedings during the trial period and therefore did not require a reminder letter.

Results

This section outlines the results of our primary, secondary and exploratory analyses. We consider our results to be meaningful when they achieve statistical significance at the 5% level, meaning that there is a 5% likelihood that the result is due to random chance. Results that are significant at the 10% level (there is a 10% chance that the result is due to random chance) are considered as marginal. All results control for previous filing type, meaning that data from newly incorporated companies (who have never filed before and therefore did not have this information) are not included in the analyses. However, when they are included in analyses (and previous filing type is not controlled for) this does not impact the findings. A more detailed description of the results can be found in our analysis report.[29]

4.1 Impact of treatment on filing type

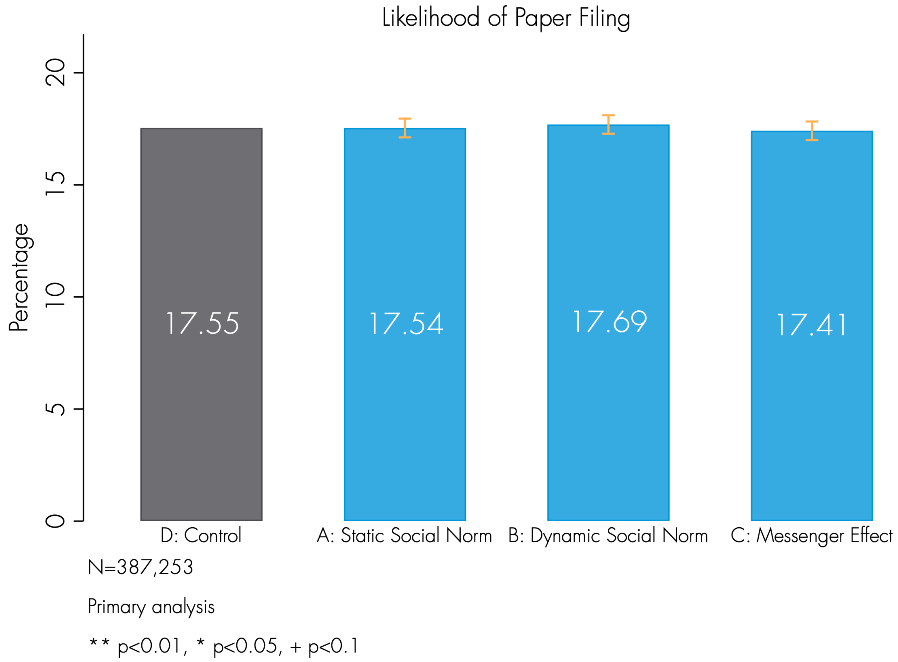
4.1.1 Likelihood of filing by paper

We found no difference in likelihood to file by paper between companies who received the control letter and those who received one of the three treatment letters. Figure 4 presents the results.

[28] For the purpose of submitting annual accounts, only companies that are 'Active' (according to the Companies House public database) are required to submit accounts. See http://download.companieshouse.gov.uk/en_output.html. Other non-active forms of company status include: administration order, administrative receiver, proposal to strike off, in administration, in administration, liquidation, live but manager on at least one charge, voluntary arrangement, receivership

[29] Behavioural Insights Team (2019). Companies House Trial Analysis Report. Available on request.

Figure 4: No significant difference in likelihood of filing by paper



4.2. Impact of treatment on secondary outcomes: compliance

Below we present results on the impact of the treatment letters on:

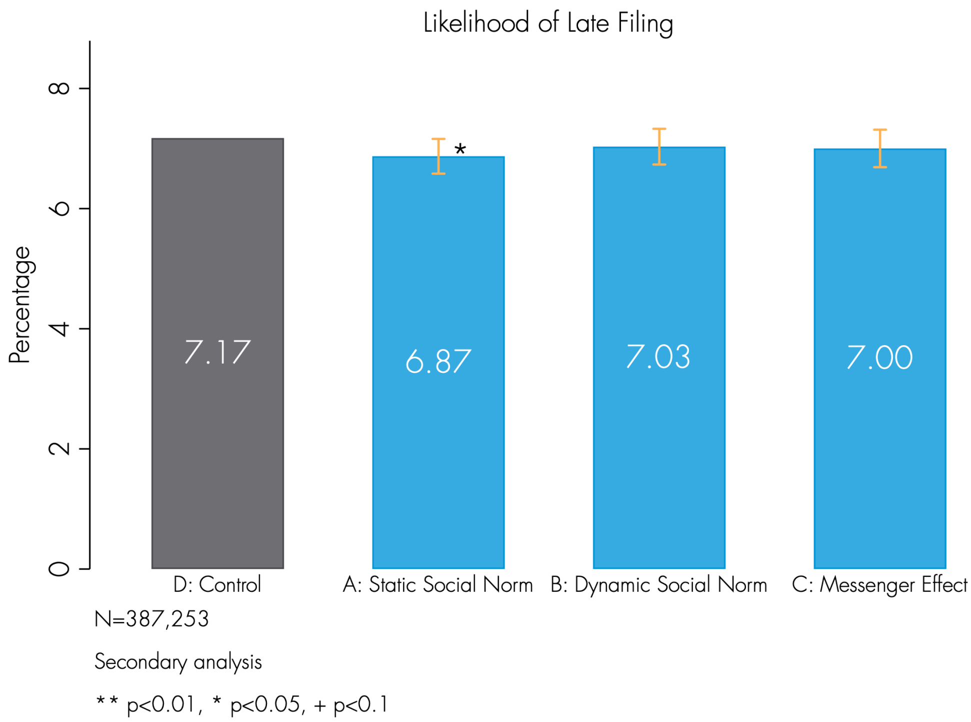
- Filing late; and
- Non-compliance (filing late or not at all).

The key result relates to reducing overall non-compliance. The letter could be expected to prompt firms to file on time, but also ask for extensions or change their status.

4.2.1 Likelihood of filing late

We found that Letter A (static social norm message) significantly reduced the probability of filing late by 0.3 percentage points, relative to the control letter (see Figure 5). This is equivalent to a 3.6% reduction in the probability of filing late (or 326 more companies filing on time). Had all companies in the trial received Letter A, an estimated 1,445 extra companies would have filed on time, relative to if they had all received the control letter. If scaled to the whole of the Companies House database who are eligible for our trial,[30] Letter A is predicted to result in an additional 4,444 companies filing on time relative to if they received the control letter.

Figure 5: Probability of Filing Late

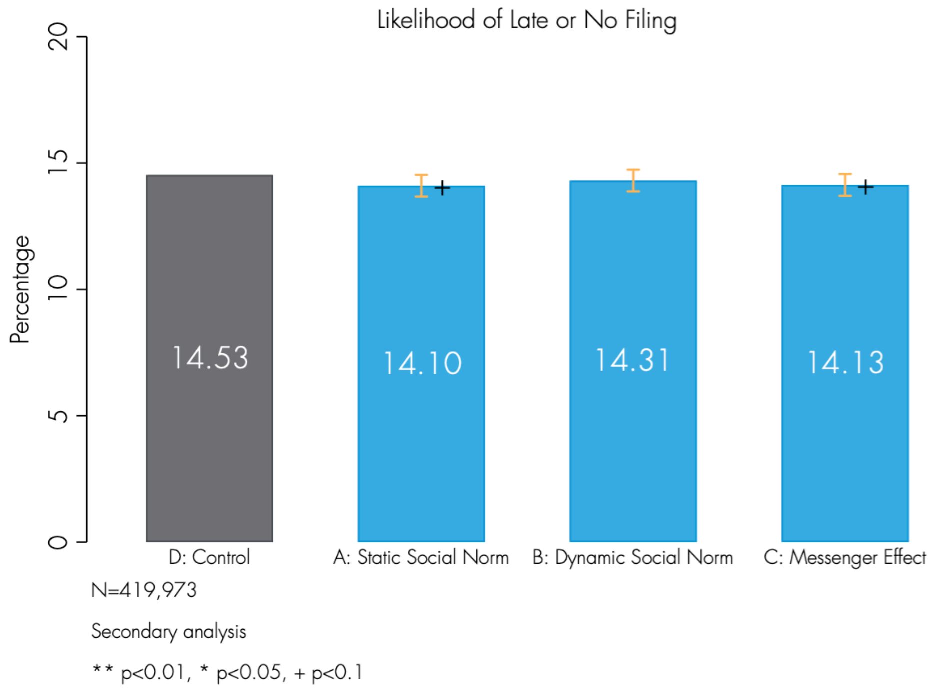


4.2.2 Likelihood of non-compliance (filing late or not at all)

Letters A (static social norm) & C (messenger) both reduced the probability of our definition of non-compliance (filing late or not filing at all) by 0.4 percentage points, relative to the control letter (see Figure 6). This is equivalent to a 2.4% reduction in the probability of non-compliance and is significant at the 10% level. The impact of Letter A on compliance fell just short of significance at the 5% level (p=0.053) but given the size of the sample and associated confidence intervals we believe it still represents a real, albeit small, effect. Letter A represents an additional 478 compliant companies, inclusive of the additional 326 companies who would have filed late, as detailed in section 4.2.1. Again, had all of the treated sample received the social norm Letter A, this would have resulted in an extra 1,927 compliant companies, relative to what is estimated had all companies received the original control letter. Using the same approach as section 4.2.1, if scaled to the full Companies House register and all eligible companies received Letter A rather than the control we would expect an additional 5,927 companies to be compliant.

[30] In the trial, 32.52% of the companies due to file over the period of interest received a letter, the trial sample accounted for 32.51% of all companies in the Companies House database. We used these proportions to obtain estimates if the intervention was scaled across the whole database.

Figure 6: Probability of Non-Compliance



4.3 Effect of treatment letters by company type

Our third set of analyses, as set out in our trial protocol, investigated whether the impact of the letters differed by company age, sector or region. Once we had applied statistical corrections to account for carrying out multiple tests, there was no difference in the effect of letter type across companies that differed according to age, sector or region. In other words, the treatment letters were not more or less effective for certain companies in our sample.

4.4 Exploratory Analysis

In this section we present findings from our exploratory analysis. These are additional analyses not planned in advance of the trial. Exploratory analyses detailed in sections 4.4.1 and 4.4.2 are restricted to only consider the impact of the treatment letters on the outcome of compliance and not filing method. This is because the letters were not found to impact filing method in our primary analyses (see 4.1.1). Section 4.4.3 considers predicting which companies file by paper, regardless of what reminder letter they received. Section 4.4.4 considers the characteristics and filing behaviour of companies with returned mail. Given that these analyses are exploratory, all findings and treatment effect estimates should be treated with caution. Table 3 summarises the key findings from our exploratory analyses.

Table 3: Exploratory research questions and key findings

Research Question	Summary of key findings
4.4.1 Do the treatment letters impact how many days early a company files?	Companies that receive Letter B filed accounts significantly earlier than other groups
4.4.2 Do the treatment letters have a different impact on companies that do not share an address (our proxy for self-filers)?	The new letters had a stronger impact on compliance of companies that do not share an address (our proxy for self-filers)
4.4.3 Which companies are more likely to file by paper?	Factors that can predict likelihood to file by paper include the previous year's filing method, age of company, month that accounts are due, company structure and sector
4.4.4 What are the characteristics of companies with returned mail?	Companies with returned mail are more likely to be younger, from specific regions and sectors and have due dates in non-peak filing months

4.4.1 Impact of treatment on number of days filed early

We were informed by Companies House that if a company delays filing their accounts to the final week before the due date, this can reduce their credit rating relative to if they file before the final week. We therefore investigated whether the new letters impacted the number of days early that a company files its accounts, including whether the letters impacted the likelihood of filing seven or more days early.

We found that Letter B (dynamic social norm message) had a statistically significant impact on how many days early a company files its accounts, equivalent to 0.2 days earlier, relative to the control letter. In the control group, accounts were filed on average 10.31 days in advance of the deadline compared to 10.51 for Letter B.

We also find that Letter B significantly increases the probability that a company files more than one week before the due date, by 0.9 percentage points. This suggests an additional 4,337 companies filing seven or more days early (and therefore avoiding negative credit ratings) had all companies in the trial sample received Letter B, relative to had they all received the control letter.

Other treatment letters, A and C, did not have a statistically significant impact on days filed early relative to the control letter.

4.4.2 Impact of treatment on companies that do not share an address

We hypothesised that a reminder letter may have a stronger impact on the behaviour of self-filers compared to accountants. Self-filers may be more likely to open the letter themselves and act on its contents compared to an accountant who likely receives dozens of the same letter, and is more likely to have well-established processes in place.

The data does not allow us to distinguish between self-filers and accountants. We instead use a proxy measure of whether or not a company has the same registered address as another company. A company that does not have the same address as any other company is more likely to represent a self-filer, whilst companies that have the same address as other companies are more likely to represent those using the same accountant (as the address provided is that of the accounting firm, which files on behalf of multiple companies with that same address). There were 261,626 companies who do not share an address.

We repeated the analysis restricting our focus to the sub-group of companies who did not share an address (our proxy for self-filers). We found evidence that the behaviourally informed letters had a stronger effect on these companies, in comparison to when the estimation is conducted for the whole trial sample of companies. The strongest effect was on the likelihood of general non-compliance (filing late or not at all) where both letters A and C decrease non-compliance by around 0.5 percentage points for those who do not share an address from a baseline of 17.8% of the control group companies who are non-compliant.

4.4.3 Predicting who files by paper

The size of the trial dataset allowed us to perform predictive analysis on the likelihood of a company filing by paper, using gradient boosted decision-tree analysis. This is a data science technique that allows us to understand the key predictors of whether a business will file by paper.

Our technique is limited to the available data. Therefore, it considered the role of the following variables:

- Age of firm in years;
- Whether the firm is a private limited company;
- The month of the accounts due date;
- The sector in which the company operates;
- The geographic region of the company;
- The number of companies with which it shares a postcode; and
- Whether the firm filed by paper last year.

The full additional exploratory analysis can be found in the supplementary analysis report.[31]

[31] Behavioural Insights Team (2019). Companies House Trial Analysis Report. Available on request.

The key findings from this analysis are that previous filing method provides almost all the explanatory power when predicting current filing method. 65.3% of companies who filed by paper in the previous year filed again by paper in the current year, in comparison to just 2.3% of those who had previously e-filed. This suggests that filing by paper is an extremely sticky behaviour and that companies consistently file by paper rather than switch between methods. The other factors that were identified as having explanatory power are:

- **Company age:** There is an ambiguous relationship between a company's age and the probability of filing by paper. Of companies younger than one year, 19.2% are predicted to file by paper. This drops to 15.9% for 5-years-old companies, before increasing to 17.5% and 21.4% for companies aged 10 and 50 years, respectively.
- **September due dates**: Companies are more likely to file by paper if their due date is in the peak filing month of September than those due during other months of the trial period (October, November, December). 19.7% of companies with a September due date file by paper in comparison to 16.2% of those with due dates in the other trial months.
- **Private limited companies**: Private limited companies are *less* likely to e-file, where 17.5% of private limited company's file by paper compared to 22.5% of those with some other structure.
- **Finance and insurance:** Companies in the finance and insurance sectors are more likely to file by paper than companies in other sectors. 20.6% of companies in the finance and insurance sector file by paper in comparison to 17.6% of companies from other sectors.

4.4.4. Characteristics of companies with returned mail

Companies House were interested to know more about how companies with returned mail differed to companies who did not have returned mail. Returned mail suggests the address or other circumstances of the company have changed and not been updated on the company register.

Of the 481,888 companies that were sent a letter in our trial, 1,805 were sent back to Companies House as returned mail. This is equivalent to just 0.4% of the sample. We had filing information for 1,782 of these companies.

Caution is urged when interpreting differences in filing behaviour between companies with and without returned mail. The filing behaviour of companies with returned mail may not be linked to whether they received a reminder letter. It is more likely that companies with returned mail are fundamentally different to other companies in a variety of important ways that we cannot observe in the available data. For instance, they have already illustrated that they do not update their company records in a timely fashion. For this reason, and because returned mail accounts for just 0.4% of the companies in our data, we do not make any recommendations to Companies House based on returned mail data.

Table 4 details the characteristics that were different between companies with and without returned mail.

Table 4: Characteristics of companies with returned mail that were different to those without returned mail

Characteristic	Observed differences
Age	Companies with returned mail are, on average, more than seven years younger than those without returned mail
Sector	Companies in the following sectors were *less* likely to see their mail returned: • Household as employer; • Agriculture, forestry & fishing; • Information & communication; • Real estate; and • Professional, scientific & technological. The administration and support sector was *more* likely to have returned mail
Region	Returned mail was *less* likely in: • East Midlands; • South East; • South West; • Yorkshire & Humber; and • Wales. Returned mail was *more* likely in Scotland
Company Structure	Returned mail is *more* common amongst private limited companies
Month of due date during trial[32]	Returned mail was *less* likely to occur if the company's filing date was in: • September; and • December. Returned mail was *more* likely to occur in: • October; and • November

[32] Trial ran for due dates between 12th September to 31st December

We also examined whether the filing behaviour of companies with returned mail was different from those without returned mail (see Table 5). Companies with returned mail were less likely to file by paper and are less compliant.

Table 5: Filing behaviour of companies with returned mail

Filing outcome	Observed differences
Filing method	9.8% filed by paper compared to 16.7% of those whose mail was not returned
Compliance	48.7% of those with returned mail either file later or not at all compared to 16.4% of those whose mail was not returned.

Discussion

Increasing the take-up of digital services is critical to increasing cost efficiencies for government agencies and departments and for improving service delivery in the context of increasing demands on resources. Whilst governments around the world are using behavioural science to inform policies targeted at individuals, much less is known about how behavioural insights can influence the behaviour of companies.

Understanding the prompts and messages that encourage companies to adopt new practices and technology is critical to address the wider challenge of improving business productivity. Whilst there is good evidence about the actions businesses can take to improve their productivity[33] the primary challenge is prompting companies to adopt evidence-based practices and processes at scale.

This trial seeks to advance our understanding of how behavioural insights can be used to influence business behaviour whilst reducing costs, saving time and increasing data integrity for Companies House. More broadly, it aims to inform policy aimed at increasing the productivity of government and businesses.

The trial produced three main findings.

First, the new reminder letters did not significantly increase the uptake of e-filing in comparison to the control letter. Overall the results suggest that the behaviourally informed letters were not effective in changing the filing method used by companies. This is likely because there are significant behavioural and structural barriers to e-filing for the remaining companies who continue to file by paper.

Second, the new reminder letters improved overall compliance and will save Companies House money. Both letters A (social norm) and C (messenger effect)

[33] See, for instance, Bloom, N., Eifert, B., Mahajan, A., McKenzie, D., & Roberts, J. (2013). Does management matter? Evidence from India. The Quarterly Journal of Economics, 128(1), 1-51.

were found to reduce the rate of non-compliance (no filing or late filing) by 2.4% (p=0.053). We estimate that had all companies in our sample received the social norm Letter A (the letter with the strongest effect) there would have been an extra 1,927 compliant companies, relative to had all companies received the control letter. This is equivalent to an extra 5,927 compliant companies across the total Companies House sample eligible for our trial. Since Companies House would not need to send a penalty notice letter to these 5,927 companies, as a minimum estimate Letter A would save Companies House £2,009 each year. Our findings also demonstrate that key information from the additional insert sent with the control (original) reminder letter can be incorporated into the main letter (as was done in the treatment letters) with no adverse impact. This saves Companies House a further £17,600 each year.

The findings suggest that the letters were more effective when prompting what was likely to be an intended behaviour (filing annual accounts) that has a known sanction for non-compliance. The letters were not effective for promoting a new and voluntary behaviour (using e-filing). A hypothesis, which could be tested, is that e-filing may be easier to promote if companies were prompted at incorporation to e-file (to increase their intention to e-file) alongside the introduction of a penalty for filing by paper.

Third, the strongest predictor of a company’s likelihood to file by paper is whether they did so in the previous year, but there are other factors that have explanatory power.

Since the treatment letters were not effective in changing filing method, we used additional data science methodologies to understand which companies are most likely to file by paper. This exploratory analysis found that by far the most important factor when predicting who files by paper is having filed by paper in the previous year. Other variables with explanatory power in predicting who files by paper included company age (both companies in their first year and those older than 10 years), filing in September (as opposed to October, November or December), *not* being a private limited company and being in the financial and insurance industries.

Our exploratory analysis found a small but significant effect whereby companies receiving Letter B with the dynamic social norm message were more likely to file earlier, and before the final week of the due date. Although not tested, this suggests that this letter may have resulted in some companies avoiding the credit rating penalties that can occur if a company files in the final week before the due date.

Behaviourally informed letters also had a stronger effect on compliance for those companies that did not share a registered address with another company. These are companies that were possibly more likely to represent self-filers rather than accountants. This is in line with expectations that the behavioural intervention of a letter is more likely to have an effect when the person reading it has more control over when they submit the relevant accounts.

We found no evidence that the treatment letters had a different impact on a company's filing behaviour, depending on the company’s sector, region, age, accounts due date or previous filing method.

Taken together, the results from the trial reveal clear future pathways for Companies House.

First, Companies House will need to work hard to convince the remaining 21% of companies to e-file.

It is possible that further behavioural adaptations to communications may be effective in increasing e-filing, such as a more personalised message directly targeting accountants, sending information at a more timely moment, or using different messengers (such as industry bodies). However, it is more likely that Companies House will need to intervene beyond changes to communications to shift the remaining companies to use e-filing methods. Given that 80-85% of companies use an accountant, and that our treatment letters had a stronger impact on companies more likely to be self-filers, finding alternative ways to change the behaviour of accountants is a priority.

Proposed interventions beyond changes to the reminder letter are explored in our earlier Solutions Report. These include making all communications digital first, for example by requiring new companies and existing companies to register an email address, or creating clear (and monetary) incentives for companies to e-file. Finally, we suggest that a priority for Companies House could be to undertake further work with e-filing software providers to ensure that all accounts, including full and audited accounts, can be submitted easily by e-filing. Behavioural insights can be incorporated here too including streamlining the process where possible. For example, this might include auto-filling information based on existing company information.

Second, there is an opportunity to test the requirement to send a reminder letter at all. Our findings indicate that changes to letters only produce small positive effects on compliance and have no impact on e-filing. A natural question is therefore whether the letter is useful at all. Given the significant cost to Companies House of sending letters every year, there is an opportunity to test the impact of sending the best performing letter from this trial (Letter A) against no letter at all. This will allow clear cost-benefit analysis on the value of sending a letter.

Third, our predictive analysis on which companies are more likely to file by paper suggest that there is scope for more targeted interventions. For example, given that companies are more likely to file by paper in their first year than in the following few years, it may be worthwhile to intervene at the stage of incorporation. At incorporation, directors are likely to be engaged in the process of creating a new company, setting up new systems, planning their new roles and thinking about their responsibilities. This is therefore a timely moment for Companies House to ensure that the expectation to e-file is clear.

Finally, the findings have implications for wider work by the UK Government to prompt firms to take-up new technologies and practices. They suggest that:

- Letters that simplify information, make key information salient and include behavioural messages (in particular using social norms) can produce real, albeit small, changes to firm behaviour;
- There may be **timely** moments, such as incorporation, when firms should be provided with additional assistance to achieve leading practice (such as e-filing) from year one;
- It matters **who** receives the letter - letters sent to postcodes with only one company registered are marginally more likely to change behaviour; and
- Entrenched behaviours, such as filing by paper, are difficult to change through simple changes to existing letters - more targeted, personalised and, ultimately, structural interventions are likely required.

Conclusion

This trial represents a substantial innovation to Companies House processes, enabling Companies House to accurately measure the impact of their communications on the filing behaviour of companies.

The findings indicate that behaviourally informed updates to reminder letters were not effective at encouraging companies to e-file. However, we did find small but significant effects ($p=0.053$) for compliance as well as interesting and actionable insights from exploratory analysis.

We conclude that there is still opportunity for further testing of the reminder letter process. We suggest it is likely that highly targeted, personalised and, ultimately, structural (though still informed by behavioural insights) interventions will be required to shift remaining companies to use e-filing methods.

We hope this represents the first of many trials run by Companies House's new internal behavioural insights team as it seeks to better understand company behaviour to inform both the internal policies of Companies House and wider policies on company behaviour across the UK.

Appendix - Trial letters

Treatment Letter A: Static social norm

Companies House

Companies House
Crown Way
Cardiff, CF14 3UZ

T 0303 1234 500
E enquiries@companieshouse.gov.uk
Twitter @CompaniesHouse

www.gov.uk/companieshouse

DEMO COMPANY LIMITED
Companies House
Cardiff
CF14 3UZ

Your accounts are due!

20 July 2018
Company number 01234567
Ref: REM2A/COMP/LA

Your accounts for 29 November 2016 to 28 November 2017 are due. Parliament imposes strict deadlines for submitting accounts. To avoid a penalty, your accounts must reach us by **28 August 2018**.

8 out of 10 companies file online

Most companies save time and money by filing online

How to file online

There are 3 ways to file online. Choose an option that suits your business.

A **If you use an agent or an accountant to file your accounts**
- contact your agent or accountant and encourage them to file online

B **Directly on our website**
- go to: **www.gov.uk/file-your-company-annual-accounts**
- you need your company number and authentication code

You can use this service to file the following types of accounts: abridged, dormant, micro (basic), full audit exempt

C **Use software filing**
- choose a software provider that allows easy online filing: www.gov.uk/company-filing-software

You can use this service to file the following types of accounts: abridged, dormant, micro (basic), micro (full), full audited and audit exempt

If your company isn't trading and you want to remove it from the register go to: www.gov.uk/closing-a-limited-company

Yours faithfully,

John-Mark Frost.

John-Mark Frost
Head of Service Delivery

Companies House is an executive agency of the Department for Business, Energy & Industrial Strategy

CUSTOMER SERVICE EXCELLENCE CSE

Treatment Letter B: Dynamic social norm

Companies House

Companies House
Crown Way
Cardiff, CF14 3UZ

T 0303 1234 500
E enquiries@companieshouse.gov.uk
Twitter @CompaniesHouse

www.gov.uk/companieshouse

DEMO COMPANY LIMITED
Companies House
Cardiff
CF14 3UZ

Your accounts are due!

20 July 2018
Company number 01234567
Ref: REM2A/COMP/LB

Your accounts for 30 August 2016 to 30 August 2017 are due. Parliament imposes strict deadlines for submitting accounts. To avoid a penalty, your accounts must reach us by **30 August 2018**.

Over the past 5 years, online filing has increased from 50% to 80%. Consider filing online this year.

Most companies save time and money by filing online

How to file online

There are 3 ways to file online. Choose an option that suits your business.

A **If you use an agent or an accountant to file your accounts**
- contact your agent or accountant and encourage them to file online

B **Directly on our website**
- go to: **www.gov.uk/file-your-company-annual-accounts**
- you need your company number and authentication code

You can use this service to file the following types of accounts: abridged, dormant, micro (basic), full audit exempt

C **Use software filing**
- choose a software provider that allows easy online filing: www.gov.uk/company-filing-software

You can use this service to file the following types of accounts: abridged, dormant, micro (basic), micro (full), full audited and audit exempt

If your company isn't trading and you want to remove it from the register go to: www.gov.uk/closing-a-limited-company

Yours faithfully,

John-Mark Frost
Head of Service Delivery

Companies House is an executive agency of the Department for Business, Energy & Industrial Strategy

CUSTOMER SERVICE EXCELLENCE CSE

Treatment Letter C: Messenger effect

Companies House

Companies House
Crown Way
Cardiff, CF14 3UZ

T 0303 1234 500
E enquiries@companieshouse.gov.uk
Twitter @CompaniesHouse

www.gov.uk/companieshouse

DEMO COMPANY LIMITED
Companies House
Cardiff
CF14 3UZ

Your accounts are due!

20 July 2018
Company number 01234567
Ref: REM2A/COMP/LC

Your accounts for 1 September 2016 to 30 December 2017 are due. Parliament imposes strict deadlines for submitting accounts. To avoid a penalty, your accounts must reach us by **30 August 2018**.

> Louise—company director
> **"I file my accounts online every year. It's quick and easy. I'd recommend it to everyone."**
>
> **Most companies save time and money by filing online**

How to file online

There are 3 ways to file online. Choose an option that suits your business.

A **If you use an agent or an accountant to file your accounts**

- contact your agent or accountant and encourage them to file online

B **Directly on our website**

- go to: **www.gov.uk/file-your-company-annual-accounts**
- you need your company number and authentication code

You can use this service to file the following types of accounts: abridged, dormant, micro (basic), full audit exempt

C **Use software filing**

- choose a software provider that allows easy online filing: www.gov.uk/company-filing-software

You can use this service to file the following types of accounts: abridged, dormant, micro (basic), micro (full), full audited and audit exempt

If your company isn't trading and you want to remove it from the register go to: www.gov.uk/closing-a-limited-company

Yours faithfully,

John-Mark Frost.

John-Mark Frost
Head of Service Delivery

Companies House is an executive agency of the Department for Business, Energy & Industrial Strategy

CUSTOMER SERVICE EXCELLENCE CSE

Back page of treatment letters

Filing times

First accounts
You must file your first accounts within:

- 21 months after incorporation for a private limited company (Ltd)
- 18 months after incorporation for a public limited company (PLC)

Next accounts
Later accounts must be filed within:

- 9 months for a private limited company (Ltd)
- 6 months for a public limited company (PLC)

As a director you could get a criminal record, a fine and disqualification if you don't deliver accounts on time.

Your company could also be removed from the register and this can impact your credit rating.

Authentication code

To file online you'll need an authentication code. Sign up and allow up to 5 working days for it to arrive by post: **ewf.companieshouse.gov.uk**

Accelerated strike-off

If we think your company is not carrying on business or operating, we may put a notice in The Gazette. The Gazette is the UK's official public record: www.thegazette.co.uk. Your company could be struck off the register after 2 months from publication of this notice.

As soon as you know you can't meet a deadline, tell us immediately to avoid your company being removed from the register.

Call us: 0303 1234 500

Email us: enquiries@companieshouse.gov.uk

Keep your registered office address up to date

You must **notify** us if you change your registered office address.

Do this online: **beta.companieshouse.gov.uk**

We must have a complete and correct address where we can contact your company. If mail is returned to us unopened, we may strike your company off the register.

Penalty amount

You'll get a late filing penalty if you file your accounts late. This increases the later you file.

Documents are 'delivered' when we receive them in an acceptable electronic or paper format.

Length of delay (from the date the accounts are due)	**Private company**	**Public company & SE**
Not more than 1 month	£150	£750
More than 1 month but not more than 3 months	£375	£1,500
More than 3 months but not more than 6 months	£750	£3,000
More than 6 months	£1,500	£7,500

The penalty will be doubled if accounts are filed late in 2 successive years.

How to avoid a late filing penalty

1. File early to allow plenty of time in case your accounts are rejected.
2. You will get a late filing penalty if you resubmit rejected accounts after the deadline. This applies even if you originally submitted them on time.
3. It's your responsibility as directors to ensure accounts are filed on time.
4. File online for guaranteed delivery and email acknowledgement.
5. You may be able to apply for more time. There must be exceptional circumstances beyond the control of the director and their professional advisers. Tell us if you have a problem before your deadline as we may be able to help you.

Control letter

Companies House

Companies House
Crown Way
Cardiff, CF14 3UZ

T 0303 1234 500
E enquiries@companieshouse.gov.uk
Twitter @CompaniesHouse
DX 33050 Cardiff

www.gov.uk/companieshouse

A Demo Company Limited
Companies House
Crown Way
Cardiff
CF14 3UZ

Our Ref 01234567/REM2A/COMP/LetterD
Date 15/11/2017

YOUR COMPANY'S ACCOUNTS ARE DUE SOON.

Parliament imposes strict deadlines for the delivery of statutory documents. We are sending you this notice because we have not yet received your company's accounts for the period 01/04/2016 to 31/04/2017, and to remind you that the last day for delivery is **31/12/2017**. We want to help you deliver the accounts on time. Here are some things you need to know.

- **Must the company deliver accounts this year?**
  Yes. The company must deliver accounts whether or not it traded during the period. There are special arrangements for 'dormant' companies to make preparation of accounts easier. More detailed advice is available in the full range of guidance booklets on our website, www.companieshouse.gov.uk, along with information on filing certain types of accounts electronically via our webfiling service. In order to use the service you need to register for an authentication code which can only be sent by post to the registered office and may take up to five days to arrive.

- **What will happen if the deadline is missed?**
  The directors could be prosecuted, or the company removed from the Register. Also, if the accounts are delivered late, the company itself will incur a financial penalty. The penalty increases with the period of delay, and there are no exceptions because of a company's size, nature of business or trading position. Where there is a failure to comply with filing requirements of the 2006 Companies Act in consecutive years, the penalty will be doubled for the current year's accounts. More information about penalties is available on our website.

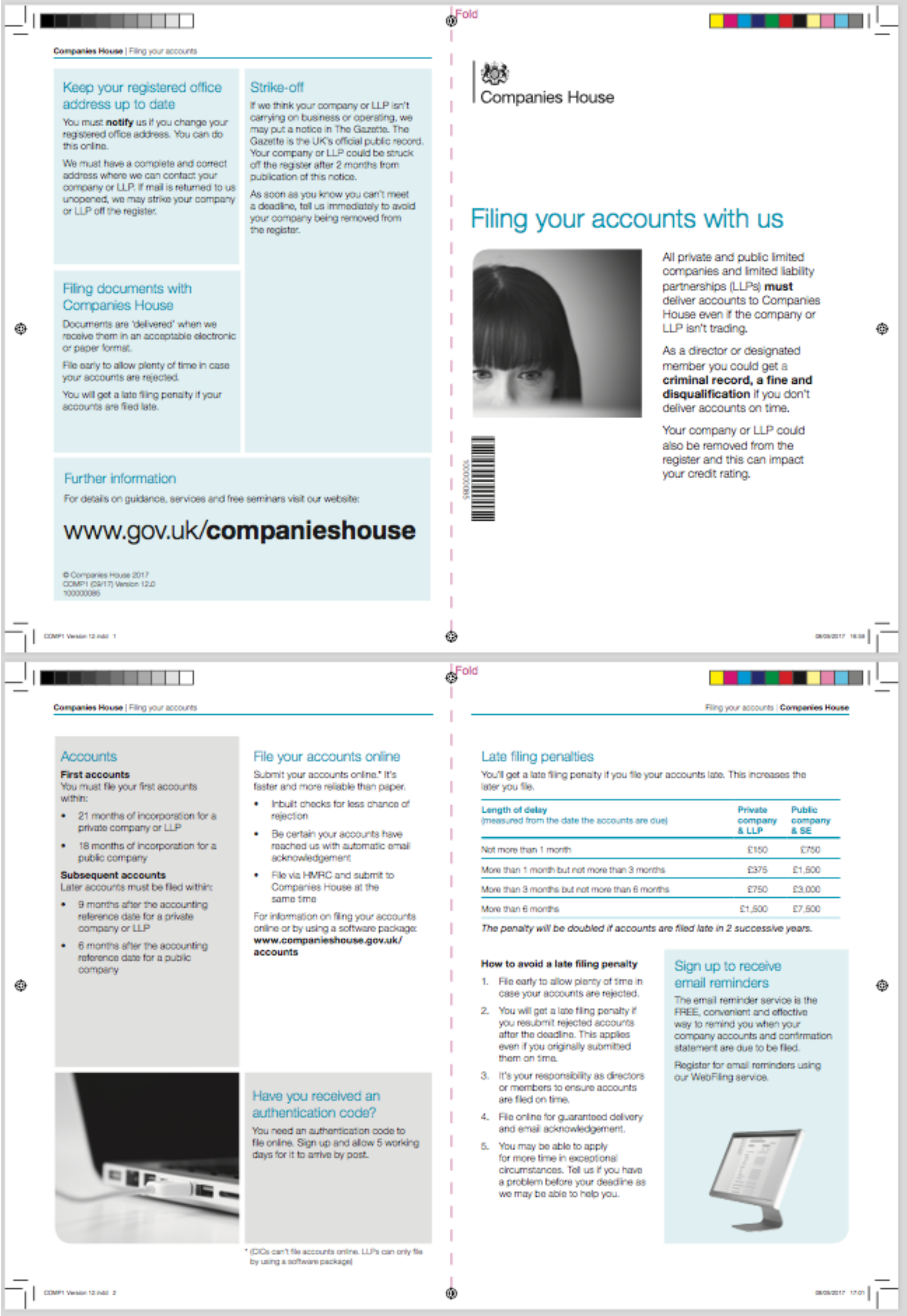
- **Can't meet the deadline?**
  You may be able to apply for more time, but there must be exceptional circumstances beyond the control of the directors and their professional advisers. If you need advice on applying for an extension of time you can call us on 0303 123 4500, but applications must be made in writing and received at Companies House before the above deadline.

- **No longer need the company?**
  You may be able to apply to remove it from the Register. Please ring our enquiry number 0303 1234 500 for advice.

If you have already sent the accounts, or would like more information or advice, please ring our enquiry number - we'll be pleased to help.

CUSTOMER SERVICE EXCELLENCE CSE

Control letter insert



Companies House | Filing your accounts

Keep your registered office address up to date

You must **notify** us if you change your registered office address. You can do this online.

We must have a complete and correct address where we can contact your company or LLP. If mail is returned to us unopened, we may strike your company or LLP off the register.

Strike-off

If we think your company or LLP isn't carrying on business or operating, we may put a notice in The Gazette. The Gazette is the UK's official public record. Your company or LLP could be struck off the register after 2 months from publication of this notice.

As soon as you know you can't meet a deadline, tell us immediately to avoid your company being removed from the register.

Filing documents with Companies House

Documents are 'delivered' when we receive them in an acceptable electronic or paper format.

File early to allow plenty of time in case your accounts are rejected.

You will get a late filing penalty if your accounts are filed late.

Further information

For details on guidance, services and free seminars visit our website:

www.gov.uk/**companieshouse**

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100000085

Companies House

Filing your accounts with us

All private and public limited companies and limited liability partnerships (LLPs) **must** deliver accounts to Companies House even if the company or LLP isn't trading.

As a director or designated member you could get a **criminal record, a fine and disqualification** if you don't deliver accounts on time.

Your company or LLP could also be removed from the register and this can impact your credit rating.

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Accounts

First accounts
You must file your first accounts within:

- 21 months of incorporation for a private company or LLP
- 18 months of incorporation for a public company

Subsequent accounts
Later accounts must be filed within:

- 9 months after the accounting reference date for a private company or LLP
- 6 months after the accounting reference date for a public company

File your accounts online

Submit your accounts online.* It's faster and more reliable than paper.

- Inbuilt checks for less chance of rejection
- Be certain your accounts have reached us with automatic email acknowledgement
- File via HMRC and submit to Companies House at the same time

For information on filing your accounts online or by using a software package: **www.companieshouse.gov.uk/accounts**

Have you received an authentication code?

You need an authentication code to file online. Sign up and allow 5 working days for it to arrive by post.

* (CICs can't file accounts online. LLPs can only file by using a software package)

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Late filing penalties

You'll get a late filing penalty if you file your accounts late. This increases the later you file.

Length of delay (measured from the date the accounts are due)	**Private company & LLP**	**Public company & SE**
Not more than 1 month	£150	£750
More than 1 month but not more than 3 months	£375	£1,500
More than 3 months but not more than 6 months	£750	£3,000
More than 6 months	£1,500	£7,500

The penalty will be doubled if accounts are filed late in 2 successive years.

How to avoid a late filing penalty

1. File early to allow plenty of time in case your accounts are rejected.
2. You will get a late filing penalty if you resubmit rejected accounts after the deadline. This applies even if you originally submitted them on time.
3. It's your responsibility as directors or members to ensure accounts are filed on time.
4. File online for guaranteed delivery and email acknowledgement.
5. You may be able to apply for more time in exceptional circumstances. Tell us if you have a problem before your deadline as we may be able to help you.

Sign up to receive email reminders

The email reminder service is the FREE, convenient and effective way to remind you when your company accounts and confirmation statement are due to be filed.

Register for email reminders using our WebFiling service.