



*Companies House*  
— for the record —

## World class indicators

# Contents

	Page
<b>Introduction</b>	<b>01</b>
<b>Findings</b>	<b>02</b>
1. How long does it take to process an application for company incorporation?	02
2. How long does it take to process an application for changes to the company register?	02
3. Who can submit an application for company registration?.	02
4. What is the most popular method of communication with companies regarding filed documents?	03
5. What are the most common grounds for business termination?	03
6. What percentage of companies file their annual accounts on time?	03
7. How are annual accounts accepted?	03
8. What formats of annual accounts are available to the public?	04
9. Are late filing penalties charged for annual accounts?	04
10. Is e-filing mandatory?	04
11. When is the implementation of e-filing planned for?	04
12. What percentages of documents are filed electronically?	05
13. What information services are provided on the registry website?	05
<b>World Class Improvers</b>	<b>06</b>
1. European Commerce Registers' Forum (ECRF)	06
2. Corporate Registers Forum (CRF)	09

# Introduction

Companies House has conducted analysis on the Benchmarking studies for the European Commerce Registers' Forum (ECRF) and the Corporate Registers Forum (CRF) for 2006 and 2007 (data for 2007 only for CRF and smaller data set for ECRF 2005).

This analysis has identified top performers and improvers in the key areas of electronic filing and compliance.

A further qualitative survey was completed which questioned these top performers and improvers and asked them how they had achieved excellence.

This report shows the analytical findings of the quantitative Benchmarking survey and the qualitative follow up survey.

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# Key Findings

## 1. How long does it take to process an application for company incorporation?

### ECRF

Top performers in 2007 - i.e. countries with an average processing time of less than one day as follows: Austria, Bulgaria, Czech Republic, France, Gibraltar, Greece, Former Yugoslav Republic of Macedonia (FYROM) and Romania.

No 2005 data for comparison with performance statistics in 2006 and 2007 surveys. The only countries to make a marked improvement in processing times between 2006 and 2007 were Eastern European, details as follows:

Country	2006	2007
Estonia	5 days	2.8 days
Slovenia	15 days	5 days
Croatia	7 days	5 days

### CRF

In general, CRF countries perform better than ECRF. New Zealand is the top performer, with an average processing time of 0.2 days. The highest average time across all CRF countries is 4 days (Hong Kong), as opposed to 15 days for ECRF (Spain). Australia, Malaysia, New Zealand and Singapore all have average processing times of 1.5 days or less.

## 2. How long does it take to process an application for changes to the company register?

### ECRF

Top performers in 2007 - i.e. countries with an average processing time of less than one day as follows: Austria, Bulgaria, Czech Republic, France, Great Britain, Gibraltar, Greece and Romania.

No 2005 data for comparison with performance statistics in 2006 and 2007 surveys. The only countries to make a marked improvement in processing times between 2006 and 2007 were Eastern European, details as follows:

Country	2006	2007
Estonia	5 days	3.6 days
Slovenia	15 days	5 days
Croatia	10 days	7 days

### CRF

In general, CRF countries perform better than ECRF. New Zealand is the top performer, with an average processing time of 0 days. The highest average time across all CRF countries is 7 days (Hong Kong), as opposed to 15 days for ECRF (Spain). Australia, Malaysia, New Zealand and Singapore all have average processing times of 1.5 days or less.

## 3. Who can submit an application for company registration?

### ECRF

Denmark, France, Great Britain, Croatia, Ireland, Liechtenstein, Moldova, Norway, Sweden and Slovakia have no restrictions on who can submit an application.

### CRF

Australia, Canada, Malaysia, New Zealand and Singapore have no restrictions.

#### 4. What is the most popular method of communication with companies regarding filed documents?

##### ECRF

Communication method	2005	2006	2007
Letter	92.6%	91.2%	91.1%
E-mail	55.6%	61.8%	68.9%

There is no individual country data to illustrate who accounted for the rise in use of e-mail from 2005-2006. Belgium and Norway were the only countries to introduce e-mail as a communication method from 2006-2007. No ECRF countries use SMS as a means of communication.

##### CRF

Only Pakistan does not communicate via e-mail. All countries use letters except Australia, and New Zealand and Singapore use SMS.

#### 5. What are the most common grounds for business termination?

For the purpose of determining world class registries, Considerations has been given to countries that act as a 'one stop shop' in terms of jurisdiction to manage the life of a company from beginning to end, therefore providing a more streamlined process for companies.

##### ECRF

There were no significant changes in the powers that jurisdictions have between 2005 and 2007. However, countries that have the most powers are as follows: Finland, Greece, Croatia, Hungary, Jersey, Norway, Romania, Sweden, Slovenia and Slovakia.

##### CRF

No countries decide on bankruptcy and only two register them (India and Malaysia). No one country stands out as having a comprehensive jurisdiction of deciding on/ registering business terminations.

#### 6. What percentage of companies file their annual accounts on time?

##### ECRF

Denmark, Italy and Sweden receive more than 90% of accounts on time. The following 3 countries showed the most marked improvement from between 2006 and 2007.

Country	2006	2007
Estonia	49%	56%
Iceland	40%	65%
Romania	80%	89%

##### CRF

The top 3 countries are Malaysia (91% on time), Hong Kong (89% on time) and New Zealand (87% on time). There is no past data to analyse for comparison and to look for improvements.

#### 7. How are annual accounts accepted?

##### ECRF

Between 2005 and 2006, the formats of accounts that were accepted were fairly static, apart from a 5% rise in XBRL, unfortunately there is no country data to show which countries accounted for this. Between 2006 and 2007, there was a bigger increase in the acceptance of accounts filed electronically, countries as follows:

- Denmark - XBRL
- Hungary - XBRL
- Ireland - electronic (other)
- Liechtenstein - electronic (other) and e mail

#### CRF

Only Singapore and South Africa accept XBRL. India accepts electronic only and Singapore accepts XBRL and e mail only.

### 8. What formats of annual accounts are available to the public?

#### ECRF

Out of 5 formats listed, the most available in one country is 3. The countries that provide documents in 3 formats are as follows: Finland, Liechtenstein, Luxembourg, FYROM, Netherlands, Sweden and Slovakia. The countries where more formats were made available between 2006 and 2007 are Liechtenstein, Luxembourg and Romania.

#### CRF

There is a mixture of available formats, and no one country stands out as a top performer. Approximately 1/3 provide accounts in TIFF/GIF format, 1/3 in PDF/PS/EPS, 1/3 scanned images.

### 9. Are late filing penalties charged for annual accounts?

The majority of ECRF countries charge late filing penalties. Out of 29 respondents to this question, 9 do not charge. These are Spain, Finland, Croatia, Isle of Man, Luxembourg, FYROM, Netherlands, Romania and Ukraine. Hong Kong is the only CRF country not to charge late filing penalties.

### 10. Is e-filing mandatory?

#### ECRF

In 2005 and 2006, the only country where e filing was mandatory is Italy, and this was for private and public limited companies. In 2007 e-filing was also made mandatory in FYROM, and this was for all company types i.e. sole trader, general partnership, private and public limited companies.

#### CRF

E-filing is mandatory for private and public limited companies in India, and for all company types in Singapore.

### 11. When is the implementation of e-filing planned for?

#### ECRF

The majority of countries that took part in the 2005 survey planned to implement e-filing in 2007 (56.3%), however of those countries only Austria did, the rest have deferred implementation to 2008 or 2009. The following countries from the 2006 survey planned to implement e-filing in 2007 - Bulgaria, France, Croatia, Latvia, Moldova and Slovenia. All of these countries have subsequently deferred implementation to 2008.

#### CRF

E-filing is already available in 6 out of 9 countries that responded to the survey. Pakistan plans to implement it in 2008, Hong Kong and South Africa in 2009.

## 12. What percentages of documents are filed electronically?

### ECRF

Italy has the highest percentage of electronically filed documents, as e-filing is mandatory for private and public limited companies. Countries where there was a marked increase in the percentage of e-filed documents, including the type of document, between 2006 and 2007, as follows:

Country	E-filed documents
Belgium	0-100% (accounts)
Croatia	0-67% (accounts)
Estonia	20-33% (formation) 7-23% (changes) 5-11% (accounts)
Germany	0-100% (formation, changes and other docs), N.B. not accounts
Hungary	2-35% (formation and changes)
Ireland	0-24% (accounts)
Iceland	50-70% (accounts)
Slovenia	0-90% (formation, changes and other docs), N.B. not accounts

### CRF

- India and Singapore have the highest percentage of e-filed documents, at 100% for all document types.
- South Africa has 80% of accounts e-filed and 100% in the other docs category, N.B. the figure is 0% for formation and changes.
- New Zealand has 99% of formation and changes documents e-filed, but 0% for accounts and other doc types.

- Canada and Australia also score quite highly for formation, changes and other docs, but 0% for accounts.

## 13. What information services are provided on the registry website?

### ECRF

General trends for the majority of companies are that company searches tend to be free, but company officer searches chargeable. Most downloadable accounts are chargeable, and most statistics are free. No countries in particular stand out as offering more services than others. However, countries where the provision of online services has improved are as follows.

- France now offers free company officer search.
- Croatia offers paid company officer search, free downloadable accounts and free statistics.
- Iceland offers paid company officer search.

### CRF

Australia and Pakistan offer no online services. Malaysia, Singapore, New Zealand, Hong Kong and South Africa all offer a full range of services, but they differ as to whether they are free or chargeable.

- Malaysia and Singapore - all chargeable.
- New Zealand - all free.
- Hong Kong and South Africa - some free and some chargeable.

# World Class Improvers

**Following analysis of the 2007 CRF/ECRF Benchmarking survey, Companies House contacted those jurisdictions which have excelled or made marked improvements in certain key areas, particularly e-filing improvements and compliance improvements. Not all jurisdictions have responded to Companies House. The documentation below constitutes the responses received by Companies House.**

## ECRF

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### Belgium

Top performer in percentages of documents filed electronically.

- Central Balance Sheet Office (CBSO) has developed an XBRL taxonomy that is used for the layout of annual accounts of non-financial companies and associations.
- CBSO has developed free online software, Sofista, to be used for drawing up and validating annual accounts formatted as a structured XBRL file.
- All full or abbreviated accounts can therefore be submitted online with this free software, in the format of XBRL or PDF file.
- The application enables users to keep track of each filed account, they show in the status of awaiting payment, payment accepted or PDF file available on the internet.
- Lower charges for filing accounts online than on paper - 140 euros as opposed to 204 euros.

- In order to file online a valid digital certificate must be provided. This can be in the form of a qualified certificate or the authentication certificate found on the Belgian electronic identity card, 87% use these e-ID certificates.

### Croatia

Most improved in time to process applications for company incorporation, changes to the company register and percentages of documents filed electronically.

- 2005 - inception of project "HITRO.HR", intended to create a one stop shop for those wishing to start a business and file online applications for health and pension insurance + VAT.
- The opening of HITRO.HR offices around the country meant that 5 steps could be completed by one office instead of going to different offices or sending documents through the post.
- This co-operation between the Trade courts, Public notaries and HITRO. HR offices resulted in the process for company start up being reduced from 40 days to 1 day.
- The law encourages online registrations by giving the online applications a shorter deadline (24 hours), as opposed to 14 days for paper based applications.
- Introduction of e-cards to process applications for health and pensions insurance + VAT, this means that owners of e-cards can use online services from home.
- Some law reforms passed by parliament asking for electronic submission of documents such as accounts, VAT and statistical reports on income.

## Czech Republic

Top performer in time to process applications for company incorporation and changes to the company register.

- Planned project of central registers, to collate and validate all data held by public bodies, making it accessible to all, and ensuring that data only needs to be submitted once then shared between registers/ authorities, rather than being submitted several times.

## Estonia

Most improved in time to process applications for company incorporation, changes to the company register, percentages of annual accounts filed on time and percentages of documents filed electronically.

- Internal improvements in the work of registration courts, especially SLA's between courts and ministry.
- Implementation of 'e-notar' system in 2006 ([www.rik.ee/e-notary](http://www.rik.ee/e-notary)). Linked up IT system whereby the content of notarised applications/petitions/articles/ memoranda is e-filed to the national registers, including the commercial register.
- Acceptance of digital signatures, and guaranteed registration time of 2 hours for those that use the facility.
- Pre-filled documents for the change of registered information.
- No notarisation requirement if documents are e-filed through the portal.

- Acceptance of digital signatures extended for Finnish, Belgian, Lithuanian and Portuguese users of the Estonian e-filing portal.
- In 2007, integration of information on sector specific requirements for businesses to the commercial register.
- Improvements made in 2008 to protect companies against hijack.
- From 2009, all companies, foundations and associations will have to e-file their annual reports.

## Germany

Most improved in percentages of documents filed electronically (0-100% formation, changes and other docs, N.B. not accounts).

- On January 1st 2007, EU directive 2003/58/EC was implemented in Germany, meaning that all applications for company registration have to be submitted electronically. The register and the documents are published on the internet ([www.handelsregister.de](http://www.handelsregister.de)).
- In Germany registration takes place via a notary. The e-filing system was compiled with co-operation of the German Justice and notary's office and took about 2 years.

## Great Britain

Top performer for average same day processing time for changes to the register.

- Improvements have been made to the Information

Processing System, which has allowed better access to and sharing of data held on the system, so that all 'same day' requests are held electronically on the system.

- Operational changes have been made so that 'same day' processing requests can be assigned to anyone in the team, rather than being the responsibility of 2 people. This means that the staff can carry out their normal duties, but when a 'same day' request arrives, it is dealt with immediately.
- There are now tight audit trails, so that it is possible to track the progress of the procedure and allows Companies House to be able to tell customers where in the procedure their documents are.
- Greater ownership to individuals who initially deal with the receipt of same day requests.
- Cultural changes, greater team working and communication between the various departments processing the transactions. Greater joint working and problem solving. Ownership is allocated to one team leader.
- All same day requests are identifiable at pre-sort stage and are prioritised and fast tracked.
- Multi-skilling of staff allows greater resources to be allocated, if required, along with being able to start the process as soon as possible.

## Italy

Top performer in percentages of companies that file their annual accounts on time, and in percentages of documents that are filed electronically (100%), this is because e filing is mandatory for public and private limited companies.

- Mandatory e-filing has made companies more pro-active in filing their accounts on time, because users are aware that online filing makes it easier for the authorities to track people who are late filing their accounts, and to apply a late filing penalty of £500
- Also, people found it was an easier procedure to file online rather than on paper
- After encountering problems initially with habits and skills that needed changing for companies and their intermediaries, Italy now see mandatory e-filing as a real advantage, particularly from a cost saving stand point.

## Romania

Top performer in time to process applications for company incorporation and changes to the company register. Most improved in terms of percentages of companies that file their annual accounts on time and formats of annual accounts that are available to the public. Also, Romania does not charge late filing penalties but still achieves high compliance rate of accounts filed on time.

- No more need for applications for company incorporation to go through various authorisation procedures, which resulted in time to process of 20 days. Such authorisations are now granted to all who want to carry out a business, based on their assuming their own responsibility regarding the lawfulness of their activities.
- There is a permanent communication between the trade register and authorities that check on all newly incorporated companies, with a view to identifying areas of non-conformity and imposing sanctions such as suspension or interdiction of activity

- The various processes and procedures for incorporating a company and registering changes were analysed, and it was decided that a term of 3 days for incorporation and 5 days for changes was achievable. Consequently, these terms were regulated by law for all complete and correctly drawn up files (approx 90% of total registrations). The remaining 10% can be postponed by a judge until they are correctly filed.
- 89% of accounts are filed on time despite no LFP regime being in place. The administrators of trading companies are obliged to file accounts within 15 days of their AGM. The sanction laid down for non-filing of accounts within the term required is dissolution of the trading company 6 months after the expiry of the maximum term for filing such documents.
- Between 2006 and 2007 there were 161,182 actions to dissolve companies for non-filing of accounts, of these 138,577 filed their accounts before the dissolution was carried out.

## Sweden

Top performer in percentage of companies that file their annual accounts on time.

- Sweden achieves a compliance rate of almost 95% for annual accounts filed on time through penalty fees. A company can receive a total of 3 penalty fees for each financial year, ranging from 5,000 SEK (approx □500) to 10,000 SEK (approx □1,000) for private companies and from 10,000 SEK to 20,000 SEK (approx □2,000) for public limited companies.
- If accounts or auditors reports are filed incorrectly or something is missing, they are ordered to re-submit

them. Failure to do so is grounds for a penalty fee to be charged.

- If a company hasn't filed their annual accounts and auditors reports within 11 months of the end of the financial year, the Companies Registration Office can make a decision on the liquidation of the company. In 2008 approximately 1,400 companies were liquidated for not filing their accounts.

## CRF

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### Hong Kong

Top performer in terms of companies that file their annual accounts on time.

- Public limited companies are required to file annual returns and accounts within 42 days of their AGM. Late filing penalties are charged on an escalating scale ranging from HK\$1,200 to HK\$4,800, calculated according to the time of delivery.
- If companies are prosecuted for failure to submit annual returns and accounts, they are liable to a maximum fixed penalty of HK\$50,000 and a daily default fine of HK\$700 for continued default.
- Also, monthly lists of conviction records of public limited companies that have been prosecuted are posted on the Company Registry's website.
- Public companies limited by guarantee, which tend to be non-profit making charitable associations, are not

subject to late filing penalties and so are not included in the statistics for accounts that are filed on time.

- N.B. The compliance rate of 89% which is quoted in the survey applies to 439 public limited companies. Hong Kong does not charge late filing penalties for guarantee companies which are mainly not-for profit. These 8613 companies are therefore excluded from the compliance statistics. If they were included the overall compliance rate would be 57%.

## Malaysia

Top performer in time to process applications for company incorporation, changes to the company register and percentage of companies that file their annual accounts on time.

- Various initiatives carried out to improve service delivery levels
  - Change of work culture to embrace change.
  - Committee set up to review and revise archaic processes, eliminating overlapping and non-value added processes and adopting new and more efficient processes and workflow.
- 1st phase of the review involved re-training and re-deployment of staff to ensure they were capable of multi-tasking and therefore carrying out efficient job processes.
- 2nd phase involved improvement of ICT framework, working on the parameters of accessibility and speed.
- A new client charter was introduced March 2006 which resulted in significant reduction in time taken to process applications for incorporation. This was achieved through decentralising the processing,

re-locating work stations and creating specialised officers.

- The introduction of 'e-lodgement' services in 2007 significantly reduced the time it takes to update information. It also allowed for greater accuracy in the information. Incorporations can now be done in 30 minutes.
- Some services such as renewal for business registration, application for change of name and notice of place where register of members and index are kept are auto approved services.
- Malaysia is continuously seeking ways to improve its internal processes and one of the ways is to carry out research and development towards further improving its e-Lodgement services. The improvements which have been identified include improving the security features, system and technical enhancement. An integration system is in the midst of being developed to resolve problems such as auto-data population, integration with information/data from the company secretarial firms, lodgement authorisation and enhancement of the security of the transactions. This will allow for the internal processes to be shortened as the data can be uploaded immediately by the company secretaries straight to the database.
- Companies are required to submit annual returns and accounts within one month of their AGM. Malaysia have a 'balanced enforcement' approach to compliance, giving equal emphasis to sanctions and education.
- The database is inspected to look for instances of non-compliance, and new ways to monitor compliance are being investigated in the form of web based systems and wireless remote hand held devices.

- Also, Malaysia reports regularly to the press on incidences of prosecution resulting from non-compliance as a deterrent.
- The awareness, promotion and education has been carried out through road shows and campaigns, participating in expositions and forums, delivering a series of talks, organising seminars, engaging in consultative forums, lectures, dialogues, and conveying the message through the local media and other periodicals.
- Malaysia also conducts training programmes for directors and company secretaries for the purpose of educating them on their roles and responsibilities, promoting best practices and emphasising the need to comply with the requirements of the law.

## New Zealand

Top performer in time to process applications for company incorporation, changes to the company register and percentage of companies that file their annual accounts on time. Also, they use SMS as a means of communication.

- Prior to going online, they set an aggressive goal of processing all applications for incorporations in the same day.
- The online service includes automatic escalation points. Any applications not processed within set timeframes (10 minutes for a name application for example) trigger an alarm to team leaders or senior managers, this ensures a focus on timeliness.
- Strong compliance for annual accounts can be explained through wider cultural acceptance and

support of the Companies Office within the business community.

- They do not charge late filing penalties, but work to ensure services are easy to use. Defaulters are contacted quickly and encouraged to file, where they fail to comply they are prosecuted.
- As at 30 January 2009, 33% of companies on the register had recorded a mobile number against their profile in order to receive SMS reminders for annual returns.
- 100% have e mail addresses registered as it is a mandatory requirement.
- An annual return is free to file and the most common path for doing so is following a customised link within the annual return reminder e mail.
- There are an average of 12,000 SMS searches on the Personal Property Securities Register (PPSR).

## Singapore

Top performer in time to process applications for company incorporation and changes to the company register. Also, they use SMS as a means of communication and have made e-filing mandatory.

- In order to improve time to process incorporations and changes, they have automated as many processes as possible through better use of Information Technology. The other necessary changes will follow such as re-engineering of processes, removal of any legal impediments which impede efficiency and timeliness, replacing safeguards like signatures with reliable authentication processes, built-in decision

making programmes to replace manual processing and checks, online delivery of confirmation of registration, submissions and lodgements, etc.

■ SMS services are available for the following:

- Status of online transaction;
- Outcome of name application;
- Advice to log into the online system to endorse the transaction (for transactions which require consent);
- Advice to make payment;
- Reminders to renew registration; and
- Notice of successful registration/renewal.

■ N.B. The above services are only provided if the customer provides a mobile phone number at the point of filing.

■ E-filing has been well received by Singaporean customers, primarily due to the following benefits and impacts:

- 24/7 availability and the associated convenience;
- Speed and efficiency. It takes only 15 minutes to register a new business entity.
- Up to date and accurate information. Information that is submitted via an online form is updated almost immediately. Also, validation checks provide better data accuracy & integrity in the data submitted.
- Simplified transaction based forms instead of numbered forms. The system has been designed to make it as user friendly as possible so that customers can carry out transactions on their own e.g. incorporations can be carried out without the need to employ intermediaries.
- Reduced business costs - with automation, labour intensive processes have been removed and lower fees can be charged.

■ E filing has also had an impact on the following:

- Allowed for the re-deployment of staff to do more value added work such as processing name appeals.
- Better use of office space which allows walk in customers to carry out self-filing.
- Many decisions that previously required human intervention are now automated.
- Legislation has been updated to remove the requirement to submit statutory declarations, bulky attachments etc.
- Enabled them to embark on a 'one stop shop' initiative, making it easier for someone registering a business to sign up for other services at the point of registration, e.g. domain name reservation and registration for goods and services tax.





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