

## **Operational Selection Policy OSP 25**

### **The regulation of companies**

The records of Companies House, The Insolvency Service and the Companies Investigation Branch of the Department of Trade and Industry

May 2012

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## **Authority**

The National Archives' Acquisition Policy announced the intention of developing Operational Selection Policies across government. These would apply the collection themes described in the overall policy to the records of individual departments and agencies.

Operational Selection Policies are intended to be working tools for those involved in the selection of public records. This policy may, therefore, be reviewed and revised in the light of comments received from the users of the records or from archive professionals, the relevant government departments' and agencies' experience of using the policy or as a result of newly discovered information.

There is no formal cycle of review and we welcome comments at any time. The extent of any review and revision exercise will be determined according to the nature of the comments received.

Operational Selection Policies do not provide guidance on access to selected records.

Records will be selected under the following collection themes of The National Archives' Acquisition Policy:

2.2.1.2 Management of the economy

2.2.2.1 The economic, social and demographic condition of the UK, as documented by the state's dealings with individuals, communities and organisations outside its own formal boundaries

Records will be deposited in local archives under The National Archives' Disposition Policy:

2.2.1.1 Collections of records produced by central government bodies but with a specific focus on places or counties which can be divided on a geographical basis without diminishing their research value

If you have any comments on this policy<sup>1</sup>, please email

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<sup>1</sup> March 2004, Revised July 2008 and May 2012. Appendix 3 revised December 2008

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## 1 Scope

- 1.1 The Policy relates to records generated in government departments and agencies in the course of the regulation of companies to ensure their financial probity and integrity. It covers the records of dissolved companies created by Companies House (CH), records of insolvent companies created by the Insolvency Service (IS) and records of investigations into companies created by the Companies Investigation Branch (CIB) of the Department of Trade and Industry (DTI)<sup>2</sup>.
- 1.2 The policy does not cover records of insurance companies regulated by HM Treasury and the Financial Services Authority. Nor does it include records of legal proceedings generated by an investigation into a company's or its directors' conduct.

The regulation of competitive behaviour by companies to ensure that markets work best for consumers and the promotion of competition in the economy delivered by the Office of Fair Trading, the Competition Commission and other sectoral regulators are not covered by the Operational Selection Policy (OSP).

## 2 Method

- 2.1 This OSP was developed as part of The National Archives' review of methods of appraisal of government records. It formed a project to develop a new method of appraising the archival value of case files and datasets.
- 2.2 Case files may be defined as record series whose component files contain similar information on persons, companies or places, generated in order to implement a specific

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<sup>2</sup> The Department of Trade and Industry (DTI) operated until June 2007 when it was replaced by the Department for Business, Enterprise and Regulatory Reform (BERR). BERR was replaced in turn by the Department for Business, Innovation and Skills (BIS) in June 2009.

piece of legislation, regulation or policy. Examples include census returns, military service records or applications to exceed foreign exchange restrictions.

Where the series of case files consists of standard transactions, such as registration forms, which require simple processing, each file may contain little information of significance, but the series as a whole may be of research value for statistical analysis and enable broad conclusions as to historical, economic or social trends to be drawn.

Where the series of case files sets precedents or touches on current policy development, such as files where legal action is contemplated or carried through, the series may be valuable in aggregate and in addition specific individual files in the series may be of research value in their own right.

2.3 Datasets are the approximate digital equivalent of paper case files. The enhanced ability to analyse data electronically has generated the development of datasets for statistical or tracking purposes.

2.4 The appraisal of case files poses special problems for archives. They have great potential - though by no means proven - research value to a wide range of researchers, either for their aggregated data or for specific information about a person, a place or an organization.

However they are voluminous and raise serious storage issues. Therefore the archive is undertaking a risk when selecting them, and that risk can be minimised by consideration of the precise research needs which the records can fulfil, and by consideration of where the most valuable information on the topic can be located within government.

2.5 The method adopted in this OSP was prompted by these considerations and drew on recommendations in the report by the Committee on Departmental Records (Cmd 9163, July 1954) and in the later report on Modern Public Records Selection and Access (Cmd 8204, March 1981). The former, endorsed by the later report, proposed that a census be taken of all case files held in government departments and that a Committee be established to determine 'what papers, if retained, would give the greatest amount of

information in the smallest amount of space', including the consideration of sampling techniques.

- 2.6 Accordingly The National Archives conducted a limited census of all case files and datasets generated by departments carrying out one function of government, namely the regulation of companies. By stipulating a function carried out across several departments, The National Archives hoped that the scope of government records providing information about companies in England and Wales would become clear, and areas of duplication identified. This would enable more rational selection decisions to be made.
- 2.7 The National Archives identified those departments responsible for the regulation of the financial probity of companies, and analysed their functions and the processes involved.
- 2.8 The National Archives sent a questionnaire to each of the organisations eliciting information about each set of case files and each dataset relating to the described function.
- 2.9 The information from the questionnaires was matched against the processes and other background information about the records, such as the size of the collection and format, in order to ascertain which series produced the most valuable information, whether some information was duplicated and whether any information was held in another form, for example, published reports.
- 2.10 The National Archives drew up proposals for the types and volumes of records which it considered suitable for selection.
- 2.11 The National Archives convened a panel of experts, consisting of Dr Terry Gourvish, Head of the Business History Unit, London School of Economics, Dr Lesley Richmond, Archivist, University of Glasgow and Dr James Bamberg, History Faculty, University of Cambridge and President of the Association of Business Historians. These, along with representatives from The National Archives and the concerned departments considered the draft proposals and had the opportunity to examine examples of the records.
- 2.12 The minutes of the meeting of the panel are at Appendix 1.

- 2.13 The draft proposals were modified to meet the concerns and research needs of business historians and archivists and are being published here as the body of this Operational Selection Policy.
- 2.14 Lessons learnt from developing the Operational Selection Policy form Appendix 3 of the draft The National Archives' Appraisal Policy

### **3 Companies House, The Insolvency Service and Companies Investigation Branch of the Department of Trade and Industry: functions**

- 3.1 **Companies House** (CH) promotes enterprise by enabling businesses to take advantage of limited liability and by providing a framework for responsible business life.

Limited liability is intended to reduce the personal risk taken by those in business and to provide an incentive to trade and commerce. In exchange for this, companies are required to file certain information about themselves at Companies House.

- 3.2 **The Insolvency Service** (IS) provides the essential mechanisms and efficient means for dealing with individual and corporate financial failure and the investigation of fraud and misconduct in insolvencies.
- 3.3 **Companies Investigation Branch** Department of Trade and Industry (CIB) ensures that all those who deal with companies either as investors, suppliers or consumers are protected from misconduct or unscrupulous practices.

## 4 Links to published data

A requirement of the [Companies Act 1985](#) has been the annual publication of [The Companies Annual Report](#) which contains facts and statistics on investigations and legal proceedings and a high level analysis of companies registered with CH.

Quarterly statistics are produced by CH in [The Register](#).

Some information about the number and type of insolvencies is published in the IS [annual report](#). Insolvency statistics were published quarterly by the DTI<sup>3</sup>.

## 5 The proposals: background information

The aim of this Operational Selection Policy has been to select those records which provide the most useful and detailed information about companies, and to ensure that the selection policy has regard for the cost of selection and storage. It has been found that many activities are interrelated thus making it possible to make decisions about which series are likely to prove the most profitable for the researcher.

### 5.1 Records of dissolved companies

The dissolved company files provide a large amount of information on a company. Much of it is repetitive. For example, returns of company information such as the company secretary's details, are submitted annually. Classi sheets and their successor the CHIPS database constitute the only register of companies. Their selection will provide basic information about all dissolved companies.

### 5.2 Records of insolvent companies

The files containing records of insolvent companies consist mainly of financial papers relating to the distribution of assets and court papers for the company. Each file contains a

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<sup>3</sup> [www.bis.gov.uk/analysis/statistics/Insolvency-statistics](http://www.bis.gov.uk/analysis/statistics/Insolvency-statistics)

statement of affairs; this provides an excellent historical summary of all the company's activities but frequently it is not very detailed. In cases of compulsory liquidations it can be found on the dissolved company file (see 5.1).

Other sources for information about insolvent companies include statistics in The Companies Annual Report and notices of winding-up orders advertised in the [London Gazette](#) and local newspapers.

Cases received in the Public Interest Unit of the Insolvency Service will reflect the gravity of those cases where the Secretary of State for Trade and Industry has concluded that the public is at risk if a company continues trading. In such situations the IS acting on behalf of the Secretary of State will obtain a court order to wind up the company. If evidence of possible criminal offences is discovered by Official Receivers, by Insolvency Practitioners or through the Hotline (members of the public) these cases are reported to the IS' Prosecution Unit.

The IS Prosecution Unit's file with a recommendation is passed to the Prosecution Branch in the DTI for action. When the file is returned to the IS the report of the outcome remains on the Prosecution Unit file and not the Official Receiver's file. The prosecution file and the Official Receiver's file relating to the same case are stored separately. See 5.3 for process with CIB files proceeding to prosecution.

The role of the IS in protecting the public from corporate malpractice will be reflected in the selection of files from the Prosecution Unit. [OSP 33 Records relating to court actions for corporate insolvency \(case files and datasets\) 1973-2003](#) will cover court records.

### 5.3 **Records of investigations into companies**

These records consist of cases of possible misconduct, fraud, insider dealing, and other issues of public concern. The CIB of the DTI is given a range of statutory powers (primarily in Part 14 of the [Companies Act 1985](#)) to compel the production of documents, obtain explanations of documents and, in more serious cases, to interview witnesses under oath.

Inquiries are confidential and conducted in private, but, depending on the type of

investigation involved, the final report may be published. Apart from material which is published, a strict, statutory, confidentiality regime protects information obtained during investigations, and unauthorised disclosure is a criminal offence. Following the DTI's investigation a company may be wound up in the public interest, directors may be disqualified or those involved may be reported to their professional bodies.

In situations where the investigation reveals prima facie evidence of criminal conduct the case will be referred to the DTI's own prosecutors or to an external body such as the Serious Fraud Office for investigation, and, if appropriate, prosecution.

In cases where it is considered that the public is at risk the Secretary of State will obtain an order of the court to wind up a company in the public interest (see 5.2). Each notified case is logged by CIB at the vetting stage and consideration given as to whether an investigation using the statutory powers is to be initiated.

Where a case is passed on for a criminal investigation a formal referral minute accompanied either by the full investigation file or the report generated by CIB is prepared. If handled in-house DTI's prosecution branch will open its own file(s). At the end of the case (where a decision is taken not to prosecute or at the end of the court proceedings) the original documents and the prosecution branch report on the outcome are then returned to CIB. As the CIB files provide a full case history files should be selected from CIB rather than prosecution branch.

## **6 Selection criteria: records of dissolved companies**

### **6.1 Background<sup>4</sup>**

Certain documents are required to be filed under company, insolvency and related legislation. They are concerned with the incorporation, re-registration, striking-off and dissolution of companies. Thus the operational file provides a life history of the company.

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<sup>4</sup> Paragraph amended in May 2012 to reflect change from STEM and PUBL databases to the CHIPS database

The documentation from companies has been held in a number of formats over the years, that is to say:

- in paper format until 1976
- in microfilm format from 1976
- as electronic images from 1995 to date

Microfilming continued for a period of time overlapping with image capture and ceased in 2002.

Up to 1986 documents were registered on receipt in the organisation in the classified index (classi sheets). From 1986 a database, STEM, was introduced to record the receipt of documents. The STEM database was upgraded to CHIPs in February 2008.

## 6.2 **Microfiche**

### 6.2.1 Content

The content of the files has remained substantially the same throughout although filing requirements have changed in response to legislation. These files contain extensive information on a company:

Memorandum and articles of association, copy of certificate of incorporation, statement of nominal share capital, location of registered office and a register of directors, accounts, annual returns containing details of the secretary, share capital and debentures (copies of balance sheets are annexed to the reports of limited companies) and lists of shareholders and liquidation, dissolution and restoration documents (return of final-winding up meeting, copy of Court Order for compulsory winding-up or restoration, or certificate of notice in the [London Gazette](#), scheme of arrangement of affairs, special resolution and statement of affairs).

Other documents not required to be sent to the Registrar under statute may be found on company files - examples are letters and legal documents.

Increasingly more companies have a short life span with many companies incorporated and dissolved within a year. Some parts of the collection, therefore, will have low information content.

### 6.2.2 Arrangement

The microfiche is stored in wallets, frequently with several fiches in each wallet which raises issues of security of the fiche, their loss and possibility of misfiling. There are three categories of fiche: the A fiche, for annual returns and accounts, the G fiche for general papers and the M fiche for mortgage documents. The microfiche is arranged by year of dissolution and then by company number using the last three digits - Terminal Digit Filing (TDF). The arrangement does not distinguish between the various types of companies: public limited, private limited, private unlimited and private exempt and non-exempt.

### 6.2.3 Size

The size of the dissolved company fiche collection is 1670 metres and the size of the live collection is 1800 metres. Although unlikely, it is possible, therefore, that the entire collection could accrue to a maximum size of 3470 metres.

### 6.2.4 Duplication

A duplicate sepia copy of the microfiche was sold to ICC Information, a private sector provider of company information, in 1999. Access to their products is through registration (on a subscription basis) on their website. See also Links to published data (section 4).

### 6.2.5 Appraisal policy

The appraisal policy for these records is complex and the selection has ranged from preserve all, preserve an illustrative sample to preserve certain files based on the size of the company's nominal capital in the year of dissolution.<sup>5</sup>

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<sup>5</sup> Paragraph amended in May 2012. The current policy is no longer to preserve all microfiche. Selection criteria for records of dissolved companies held in microfiche are described in 6.2.6

An appraisal history for these records is at Appendix 2.

The selection policy which was agreed in 1986/1987 is at Appendix 3.

#### 6.2.6 Current Selection criteria (to be read in conjunction with 6.4.5)

The selection criteria will apply to the records of all dissolved companies in paper, microfiche and scanned image format:

- files of all dissolved public companies will be preserved
- files of dissolved private companies above an agreed capital threshold will be preserved. The table of capitalisation levels for companies dissolved between 1963 and 1990 is in Appendix 3. The table has been re-evaluated since 1987, as the figure for Gross National Product incorporated both growth and inflation, and was therefore unclear as to which was being measured.

It was considered that a better indicator of change would be to take the 1963 capitalisation level (£100,000) and adjust it for inflation each year.<sup>6</sup> The percentage changes in inflation were added annually using a compound calculation. Using this methodology the capitalisation level reflects the rise and fall of inflation.

The table of capitalisation levels to be used for companies dissolved since 1991 is in Appendix 4.

- a 1% random sample of files below the agreed capital threshold will also be preserved
- the files will no longer be weeded except for the share allotments (see Appendix 3, page 4)

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<sup>6</sup> The source for the annual percentage change in inflation is [Consumer Price Inflation since 1750](#) (Table 2 - The Composite Price Index: annual percentage change: 1751-2003) , in Economic Trends, No 604 pp38-46, March 2004

## 6.3 The scanned images

### 6.3.1 Content

The scanned image bank contains both live and dissolved company information. Documents were first scanned in 1995 therefore overlapping with microfilming which continued until 2002. Basic information about a company is available through the CH website including name and registered office, company number, company type, nature of business, date of incorporation, accounting return dates. Documents and reports are available on payment of a charge.

### 6.3.2 Arrangement<sup>7</sup>

Documents received in CH are given a bar code indicating their receipt date and a unique reference number. This number forms the link to the CHIPS database and the paper documents if they are subsequently needed. The paper documents are retained for three years then destroyed in line with the [Companies Act 2006](#). The dissolved company records in the database are currently retained indefinitely, for business purposes.

### 6.3.3 Size

The scanned images currently contains eight terabytes of mirrored storage, holding approximately 46 million documents equating to approximately 200 million pages of information.

### 6.3.4 Current appraisal policy

The records in the database will be retained for business purposes until 2005.

### 6.3.5 Selection criteria

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<sup>7</sup> Paragraph amended in May 2012 to reflect change from STEM and PUBL databases to the CHIPS database. Reference numbers formally linked to the STEM database now link to CHIPS

See 6.2.6

## 6.4 **The classified index (classi sheets)**

### 6.4.1 Content

The content of these records is unchanged throughout. They contain basic information on a company: company name, number, registered office address, nominal capital, and nature of the business and in more recent years the accounting reference date.

There are also shorthand details of all the documents received and notes of any default/prosecution action taken. They provide evidence that a company existed.

Updating of classi sheets ceased in 1988.

### 6.4.2 Arrangement

The classi sheets are paper records filed in year order. For the years 1964-1975 the sheets are filed in sequential order (by the first three or four digits of the company number) and for the years 1976-1988 the sheets are filed in Terminal Digit Filing (TDF order - by the last three digits of the company number).

### 6.4.3 Size

There are 585 metres of classi sheets dating from 1948.

### 6.4.4 Current appraisal policy

All classi sheets have been preserved although The National Archives collection ends in 1942.

### 6.4.5 Selection criteria

All classi sheets will be preserved as they form the main register of company formation, activity and dissolution.

## 6.5 **CHIPS database**<sup>8</sup>

### 6.5.1 Content

The STEM and PUBL databases, which were the successors to the classi sheets, were discontinued in 2008 with all company information and scanned images of company documentation now being held on the CHIPS database.

### 6.5.2 Arrangement

A barcode allocated on receipt of the documents and a unique reference number linked to the CHIPS database are used to identify company information and documentation in the database. It is possible to search on the database by company name or number.

### 6.5.3 Size

The size of the CHIPS database is currently approximately 2.8 terabytes and growing as new images are added.

### 6.5.4 Current appraisal policy

These records have not been appraised.

### 6.5.5 Selection criteria

Each year the record of those companies which have been dissolved will be selected from the CHIPS database.

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<sup>8</sup> Paragraph amended in May 2012 to reflect change from STEM and PUBL databases to the CHIPS database

## 7 Selection criteria: records of insolvent companies

### 7.1 Background

Arising from the Official Receivers' activities in arranging the liquidation of a company, information about the company and its assets is collected and held on a case file as well as copies of court documentation, [London Gazette](#) advertisements and financial documentation.

From 1994 basic information about a company has been entered onto a database LOIS. The database is used to provide a summary of the case and to print out reports for the case file. The case files continue to be maintained.

The Public Interest Unit is responsible for the administration and investigation of cases where the Secretary of State instigated action in the public interest, where the nature of the business or failure is particularly complex or has attracted significant media interest.

Under the [Company Directors Disqualification Act 1986](#) a legal sanction is available to the Insolvency Service in cases where a director's conduct is considered to be unfit - disqualification proceedings can be brought against that director. If the court finds unfit conduct, it will make a disqualification order of between two and 15 years.

This legislation also directs that a Register of Disqualified Directors should be maintained and the responsibility has been delegated to the Registrar of Companies at CH. It is available through the CH website<sup>9</sup> and is populated from information extracted from the court orders.

Details of each disqualification order are also available for inspection by the public at CH and at the Royal Courts of Justice, London.

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<sup>9</sup> [www.companieshouse.gov.uk/](http://www.companieshouse.gov.uk/)

## 7.2 **Official Receivers' case files**

### 7.2.1 Content

The content of the files remains the same throughout. They contain: appointment of the Official Receiver, court papers, financial papers, correspondence, investigations, distribution of assets, statement of affairs (where Official Receiver involved).

All files where the Official Receiver was involved contain a Statement of Affairs or Notice to Creditors. These summaries contain details of the company's purpose, its potted life history and the reason for its demise. These may be very detailed or very sketchy.

A Public Examination document provides similar information obtained as a result of a cross examination in court. The content of the case files in the Public Interest Unit is the same as those in the Official Receiver's local offices.

As part of the Insolvency Service's remit to report any misconduct on the part of directors its Prosecution Section will recommend whether or not a case should proceed to a court hearing.

### 7.2.2. Arrangement

There are 33 Official Receivers offices. Each manages a filing system in which cases are arranged by year in alphabetical order by name of case.

### 7.2.3 Size

The size of the current collection is 5,000 metres of boxed files each containing approximately 6 files plus an additional 5,000 metres of unboxed files.

### 7.2.4 Current appraisal policy

The current retention period for these files is seven years. However, The National Archives has a selection of cases of post-1970 files, consisting of every five hundredth file (BT 371: Board of Trade and successors: Official Receivers' Company Insolvency Cases, or Series).

Cases which went to court were heard at the county court and at the High Court. The current retention criteria for these files are:

- involves a long established company - one incorporated (say) 100 years ago
- has been referred to in an Agency Annual report
- concerned famous or infamous individuals/companies or received substantial media interest
- sets a precedent
- involves an occupation which was novel or unusual
- is likely to be the subject of future research because of the nature of the business, for example a railway company or vehicle manufacturer thought to be of national or local significance
- has had some or all of the accounting records identified as of historical interest and arrangements have been made for their permanent retention

In practice, the majority of retained files are causes célèbres.

#### 7.2.5 Selection criteria<sup>10</sup>

Files which meet one or more of the criteria below will be selected for preservation at the National Archives:

1. concerned famous or infamous individuals/companies or received substantial media interest
2. set a precedent
3. have been referred to in an annual report
4. 1% random sample annually

An illustrative sample of cases from the Public Interest Unit will be preserved - two cases annually is suggested (80 companies were wound up in the public interest in 2002-2003).

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<sup>10</sup> Paragraph amended in April 2008. All case files will be preserved at The National Archives

## **7.3 LOIS database**

### 7.3.1 Content

LOIS has a large number of screens containing information such as petition details, asset recording, investigations, and IP appointment. It produces reports for the paper file. Each Official Receiver's office has LOIS and cannot access cases on LOIS in another office. Each Official Receiver's Office LOIS feeds into a Central Index which draws all company case information from the LOIS databases into one main index. LOIS is a case management system used to produce reports. Basic information about a company including its dissolution will be found in the classi sheets and subsequently the STEM database created by Companies House. Both will be preserved.

### 7.3.2 Arrangement

Cases are stored in alphabetical order in the database. It is possible to search by case name and case reference number. The main screen contains basic information about the case. Other screens can be accessed for specific aspects of the case.

### 7.3.3 Size

Six gigabytes are held in this database.

### 7.3.4 Current appraisal policy

No retention policy has been agreed.

### 7.3.5 Selection criteria

The database will not be preserved.

## **7.4 Disqualification of Directors case files**

### 7.4.1 Content

The files contain the original report, vetting report, sworn affidavit, copy orders, confirmation that any disqualification orders have been served on the directors and

correspondence. A new procedure introduced under the [Insolvency Act 2000](#) will mean that directors are able to voluntarily undertake to be disqualified from acting as a director or in the management of any limited company thus reducing the need for the court process.

There are three Disqualification Units: London, Manchester and Birmingham. Two series of files are in use depending on whether it is an Insolvency Practitioner involved in a creditor voluntary liquidation who submits the original report or an Official Receiver involved in compulsory liquidation case. The files are arranged numerically in each series.

#### 7.4.3 Size

There are approximately 2,000 metres of files in this series.

#### 7.4.5 Current appraisal policy

The current retention policy is to destroy files three years after any period of a disqualification order has expired. No files are selected for preservation.

#### 7.4.6 Selection criteria

- precedent files will be selected
- a random sample of 1% of disqualified directors' case files will be selected annually

For example, there were 1,594 disqualifications in total in 2002-2003. The proposal would result in the selection of 15 case files for this year.

### 7.5 **Prosecution case files**

#### 7.5.1 Content

The files contain the initial report, evidence and subsequent reports. Copy orders and correspondence and a report from the Prosecuting Solicitors Branch on the outcome of the court action are added to the file if the case goes to court. Files that are rejected cases will only contain the initial report, draft report, evidence, warning letter, decision not to proceed and any correspondence.

## 7.5.2 Arrangement

These files are arranged in numerical order with two separate series for bankruptcy and company insolvency.

## 7.5.3 Size

There are approximately 700 metres of files in this series.

## 7.5.4 Current appraisal policy

These files are retained for ten years after the order has expired or the case closed.

## 7.5.5 Selection criteria

- precedent files will be selected
- a random sample of 1% of prosecution case files will be selected annually

# 8 Selection criteria: records of investigations into companies

## 8.1 Background

Companies are investigated where misconduct or unscrupulous practices are suspected, where shareholders have been denied reasonable information and where the Secretary of State for Trade and Industry considers it to be in the public interest.

Case files are created in the course of the investigation. Depending on the section of the Act under which the investigation takes place a report may or not be published. Company documents may also be collected as evidence.

## 8.2 Companies investigation case files

### 8.2.1 Content

Three series of files contain case records of investigations into companies (COS, CIB and BBSE).

The files contain documents relating to the initial complaint, the investigation, the report, post report work such as disclosure, disqualification and winding-up, ministerial correspondence and case costs. Up to the introduction of the BBSE series working papers and company documents, which were collected and used as evidence in a case, were not registered.

### 8.2.2 Arrangement

Files in the COS series were arranged in a single numerical sequence, some of the files were given a P, G or R suffix to denote papers on policy decisions, general papers or papers containing background information. The COS and CIB series were used for both case and policy files. The BBSE series is divided into themes.

### 8.2.3 Size

There are approximately 1,270 metres of files in these three series dating from 1978 to the present.

### 8.2.4 Current appraisal policy

These series are reviewed under the Grigg system - a First Review after eight to ten years and a Second Review after 25 years. Those cases which led to the revision of legislation and those, which gave rise to considerable media coverage and public concern, are preserved.

### 8.2.5 Selection criteria <sup>11</sup>

- all files and reports relating to inspections where a report was published will be preserved
- <sup>12</sup>a 0.5% random sample of all complaint files in the BBSE Theme 2 series will be preserved

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<sup>11</sup> This paragraph was revised in April 2008

- a 5% sample of all cases in which an investigation of alleged misconduct was initiated will be preserved
- unpublished reports relating to the selected files will also be preserved
- working papers will not be selected

### 8.3 Companies investigation database of cases

#### 8.3.1 Content

A typical case record shows the case number and name, directors' names and details of any further action (disclosure to another agency or some form of legal action if applicable). It is a case logging and tracking system.

#### 8.3.2 Arrangement

The arrangement is not known but it is searchable by case name or number.

#### 8.3.3 Size

Not known.

#### 8.3.4 Current appraisal

Retention periods have not been agreed for the information on this database.

#### 8.3.5 Selection criteria

The database will not be selected.

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<sup>12</sup> Files for unpursued complaints were no longer created in Theme 1 after February 2006. A 0.5% random sample will be selected from those files created between March 2004 and February 2006. Thereafter complaint files will only be selected from Theme 2

## **Appendix 1: Minutes of the panel of experts meeting on case files and datasets generated by the Government Regulation of Companies held on 16 December 2003**

(Names of National Archives staff members have been redacted)

### **1 Present**

Business Historians: Lesley Richmond (Glasgow University Archives); Professor Jim Bamberg (Cambridge University, Chair of the Association of Business Historians); Dr Terry Gourvish (Director, Business History Unit, LSE)

Government Departments: Gina Coulson (DTI); Susan Howarth (DTI); John Gardner (DTI); David Boote (DTI); Sue Jordan (IS); Debbie Richards; (CH); Fiona Psaila (CH); Gary Hinchey (CH)

Client managers from The National Archives

### **2 Context**

The National Archives Appraisal Policy Project Manager outlined the role of the exercise as a pilot project and a possible model for the future development of The National Archives appraisal of case files and datasets held in government departments.

### **3 The Explanatory Paper**

The National Archives Client Manager for DTI, Insolvency Service and Companies House outlined the explanatory paper sent to the panel members and noted that the court prosecution of companies and competitive behaviour by companies were not included in the scope nor was the regulation of insurance companies, currently the responsibility of the Financial Services Authority and HM Treasury.

3.1 Terry Gourvish noted that historians want The National Archives to keep all the records but realize that this is unfeasible; some researchers want basic case information for aggregate studies, others will require specific cases. Researchers may be required to look at a range of materials to answer a specific issue/topic. It is difficult to anticipate what

materials will be required. Some historians might go to every case to find an answer: for example, check all cases to find the total female directors.

He also noted that case files can be used to demonstrate how a company has changed its function or activities over time, such as if Company Y was Company X ten years ago. While quantitative historical surveys would look at sampling techniques (for example one in 100 sampling), they would not want cause célèbre insolvency and CIB files that are heavily weighted by media interest that are likely to distort appraisal procedures. The National Archives' current appraisal and selection is very much a cause célèbre approach.

- 3.2 The National Archives Appraisal Policy Project Manager said that The National Archives was trying to balance all the researchers' needs and appreciates the difficulties that Terry had outlined which was the driver behind the project and the decision to use historians' expertise. There will also be a lot of other companies' sources being kept in archives other than The National Archives.

Another Client Manager added that The National Archives already has a policy on sampling records for permanent preservation (Operational Selection Policy [OSP 0: The selection of case files: Sampling techniques](#) revised October 2005, now in the Government Web Archive).

#### **4 Records of dissolved companies; examination of background papers and records**

##### **4.1 Classified index sheets (classi sheets)**

These contain detailed administrative summary information regarding the dissolved company. The summary information concerns mainly the capital and the area of the company work. They are filed by company number order in green binders and were maintained until 1986. Generally, the types of data recorded in them remained constant over time. From 1986, computerized database systems were used to record this information: the STEM and the PUBL databases. The PUBL database view is designed for and accessed by members of the public. The PUBL database is essentially an amended view of the STEM database where all current amendments and sensitive data made and

included on the latter are masked on the former. From 1985 an index exists to all documents.

#### 4.2 BT 31 Dissolved Companies Files

These files record in greater detail the dissolution actions against specific companies and will be of value to historians who require this level of information. These documents are in paper format to the end of 1975. From 1976, CH microfilmed all papers that it received on company insolvencies and papers after this date were destroyed: the main collection post 1976 is in microform format only. Each company's records are held in a single microform envelope and since 1976 over 1,000 metres of microfiche have accrued. Collections of live and dissolved companies have been kept separately and companies keep the same company numbers regardless of their live or insolvent status. Currently, the first, last and every intervening tenth annual report is preserved.

Since 1995, CH has employed a scanning regime, whereby all documents are scanned into a very large image database: documents relating to 50 million companies and comprising some 250 million pages of company information.

#### 4.3 Expert Panel thoughts on appraisal and selection of these record series

1. If only the capital-intensive industry files are kept it will create a bias where the role of small businesses will be underplayed in future history. Therefore, sampling must be employed on these record series.
2. Although classi sheets contain very little information they do comprise the only full register of companies required for proving that the company existed: live classi sheets comprise the live register and dissolved classi sheets comprise the dissolved register.
3. If a researcher is trying to trace illegal company operations, sampling by snapshot (annual, bi-annual quinquennial, decennial and so on) risks missing cases such as Diagio/Guinness/Saunders. The key points in companies' histories will not fall neatly into decades.
4. Duplication: a copy of the Official Receivers report/statement of affairs in cases of compulsory liquidation will be found on the companies file (BT 31).

#### 4.4 Panel's conclusions on the appraisal and selection of class sheets and Dissolved Companies files

- all the class sheets should be preserved. See also 5.6 bullet point 3
- a sample of full dissolved company files should be selected for the series BT 31

#### 4.5 Issue of what size the BT 31 sample should be and how to set the criteria for the selection of these files

Public companies are generally bigger and more important than private ones. The size of company is judged in terms of its turnover. Nominal capital at the date of the dissolution of the company is the preferred criteria of the Panel experts. The National Archives' aim is to keep as much information as possible in the smallest space and to balance the records value to society against the costs of storage. To achieve these aims the options were identified as follows:

1. Keep all dissolved company files where the company capital exceeds a threshold figure set somewhere between £100K and £250K at the date of the dissolution of the company and a 1% sample of all companies below the agreed capital threshold level. This will ensure that all the larger dissolved companies will be captured and that the sample under the threshold will be large enough to be valid for historical research. The higher the nominal capital threshold is raised, the less space would be used for storage at The National Archives. The National Archives needs to pilot this measure and derive an equation linking nominal capital threshold to the storage space available at The National Archives.

The National Archives to establish how many company files would be selected according to a particular threshold level.

2. Scan and keep all the company insolvency files. The issue of maintaining digital preservation over time represents an unknown cost and there is a risk of failure of preservation. Further, bulk scanning may be difficult as different coloured inks are used on each page of the Dissolved Companies files.

3. Select and preserve certain causes célèbres (such as BCCI and Guinness) and unusual insolvencies (for example where a formerly public company is dissolved as a private company) due to their historical significance.

#### 4.6 Panel's conclusion on BT 31 sample and criteria for selection

- accept Option 1. The panel considered that the principle behind the current selection process remained valid. This methodology will be applied to the following records: pre-1976 paper files; 1976 records in microfiche formats; scanned images from 1995
- the practice of 'weeding' files to remove annual returns should be discontinued

#### 4.7 STEM database data preservation issues

This database records the totality of live and insolvent classi sheet information from 1986. It is due to be migrated to the CHIPS database in the near future by CH. It is a hierarchical database that reportedly does not lend itself to data extraction easily. However, it should be possible to extract annually dissolved company details using a search code/mechanism.

##### 4.7.1 The Expert Panel agreed the following:

The National Archives to take STEM downloads of companies dissolved each year. The technical method of how to achieve this can be arranged at a later date.

#### 4.8 Post-1995 Scanned images database containing identical data to BT 31 Dissolved Companies records

Since 1995, CH has employed a scanning regime, whereby all documents are scanned into a very large image database. The option to provide access via an online link to this database from The National Archives for researchers was considered. However, such an approach does not consider The National Archives' needs to identify records worthy of permanent preservation and their continued safeguarding. There is no guarantee that the Scanned images database will permanently exist at CH. See 5.6 (first bullet point) for Panel conclusion.

## 5 **Records of Official Receivers: Statements of affairs**

5.1 The statement of affairs was considered to be valuable but selection criteria were needed which enabled regional and industrial sectoral variations to be captured. The existing cause célèbre selection criteria needs to be more crisply defined: for example if director occupation is deemed a selection criteria most historians would be more interested in those that were typical rather than novel or unusual. Whatever definition is agreed, a business that was significant at the time of winding up should be selected for permanent preservation.

5.1.1 The Panel agreed the following:

- files which meet one or more of the criteria below will be selected for preservation at The National Archives:
  1. concerned with famous or infamous individuals/companies or received substantial media interest
  2. set a precedent
  3. have been referred to in an annual report
- an annual random selection of 1% of Official Receivers case files will be offered to places of deposit in the area where the case was dealt with. In 2002-2003, for example, this would result in the preservation of 185 files

## 6 **Selection of director disqualification case files**

The explanatory paper proposed a sliding scale for retention, namely the selection of case files as follows:

<b>Period of disqualification</b>	<b>Random selection</b>
2 - 5 years	1 in 200 cases
6 - 10 years	1 in 100 cases
11 - 15 years	1 in 50 cases

For example, there were 1,594 disqualifications in total during 2002-03. The proposal would result in the selection of 11 case files for this period.

6.1 The Panel agreed the following:

The members preferred a 1% illustrative sample of the process involved in disqualifying directors.

7 **Prosecution files**

The explanatory paper proposed the selection of files annually which are representative of the offences for which convictions have been obtained under insolvency legislation.

7.1 The Panel agreed the following:

- a random sample of 1% of prosecution case files will be selected annually

8 **Public Interest Unit files**

The Panel did not have the numbers of cases which go to the Public Interest Unit.

8.1 The Panel agreed the following:

- an illustrative sample of cases from the Public Interest Unit will be preserved - suggest two cases annually (80 companies were wound up in the public interest in 2002-2003)

9 **LOIS database**

This comprises a large number of screens containing information such as petition details, asset recording, investigations, and IP appointment. It produces reports for the paper file. Each Official Receiver's office has LOIS and cannot access cases on LOIS in another office. Each Official Receiver's Office LOIS feeds into a Central Index, which draws all company case information from the LOIS databases into one main index.

9.1 The Panel agreed the following:

- the LOIS database would not be selected for permanent preservation

10 **Company Investigations Branch case files**

10.1 These investigation files contain the prosecution working papers (not the evidence working papers) of the documents collected in the course of an inquiry. They may include

some links and duplication with the Prosecution Branch files. Some case files are high profile and cause célèbre in nature and will appear in published reports: available from the British Library. 350 files are generated from a total of 4,000-5,000 complaints per annum. Many are statute barred to public access. Since January 2005, access to these files has been subject to FOI public interest tests; therefore internal discussion is needed as to how the FOI exemptions apply. Case files are given consecutive numbers regardless of whether they are chosen for investigation or not. Roughly 7% of cases are prosecuted.

10.1.1 The company papers used for evidence that form the basis of conclusions made in the case files can be very voluminous: Guinness company papers comprised truckloads of records.

10.1.2 IBIS database is used to track the investigation work in CIB

- number of the case
- date of complaint
- summary complaint
- company name
- take forward date
- who directed prosecution (if proceeded with)?
- what happened? Why the case was/was not taken forward

10.2 The Expert Panel agreed and noted the following:

- cause célèbre CIB files to be permanently preserved. To include all cases touching such areas of corporate governance, corporate law and significant malpractice. These will be the subject of published reports
- a 10% random sample of all cases in which an investigation of alleged misconduct was initiated will be preserved. In 2002-03, 415 cases were initiated. 41 cases would therefore be selected for that year
- CIB are reviewing their record disposal schedule to ensure that such a random sample can take place
- working papers used in the course of the investigations are not to be preserved

IBIS database not to be preserved.

## **Appendix 2: Appraisal history of records of dissolved companies: the files**

### **Pre-1986-1987**

All records of dissolved companies registered between 1856 and 1931 and dissolved before 1932 have been preserved.

Records of companies incorporated between 1856 and 1900 and dissolved between 1933 and 1948 have been preserved as follows (1950 Destruction Schedule):

- 1% illustrative sample of complete files of dissolved companies
- all other files with the removal of the annual returns except the first, last and every intermediate fifth annual return

The policy was modified to reflect the distinction between public and exempt and non-exempt private companies (Particular Instance Paper Committee 1960).

The following have been preserved:

- 1% sample of complete files of dissolved exempt private companies
- all dissolved public companies
- all dissolved non-exempt private companies

Of the annual returns for the latter two categories the first, last and every intermediate tenth return have been preserved.

The policy was further modified in 1977 by the reduction of the sample of exempt private companies to 0.5%.

## **Post 1986-1987**

The policy was revised again in 1986/1987 and this is the current practice:

### **Records of all companies registered before 1975 and dissolved before 1980**

#### Public companies

Files of all dissolved public companies to be permanently preserved after the stripping of certain papers (all share allotments and all annual returns except for the first and last full annual return and intermediate full annual returns for every tenth year)

#### Private companies

Files of all private companies, where the nominal capital in the year of dissolution equals or exceeds (£100,000 in 1963 as a fraction of GDP using £100,000 in 1963 as a base and uprating the figure annually). The files to be stripped as above.

A sample of 1% or 250 (whichever is the greater) of files of all private companies where the nominal capital in the year of dissolution is less than the figures used above. The files to be stripped in the same manner.

### **Files of companies registered before 1975 and dissolved during or after 1980**

Paper records to be preserved in accordance with the criteria above and, in addition, a complete set of jacketed microfiche and a sepia microfiche copy for all dissolved companies to be permanently preserved.

### **Records of companies registered after 1974**

A complete set of microfilm and a sepia microfiche copy for all dissolved companies to be permanently preserved.

The duplicate sepia microfiche was sold to ICC Information in 1999.

### **The classi sheets**

The selection policy for the classi sheets has not changed during this period:

All classi sheets are to be preserved.

### **Retention policy**

Paper documents are retained by the Registrar for 10 years under Section 707A(2) of the [Companies Act 1985](#) before destruction.

It is proposed to reduce the retention period to three years in forthcoming companies legislation.

## **Appendix 3: Draft 13/1/87: Records of dissolved companies, 1987 selection criteria**

### **Introduction**

Since 1844, as part of his duties, the Registrar of (Joint Stock) Companies has been responsible for the acceptance and registration of documents required from companies on their formation or registration and from time to time during their existence and for the filing and preservation of all such documents in order that they may be available for public inspection.

However Section 427 of the [Companies Act 1948](#) and Section 712 of the [Companies Act 1985](#) provide that where a company has been dissolved the Registrar may at any time after the expiration of two years from the date of dissolution, direct that any documents in his custody relating to that company may be removed to the Public Record Office, and documents in respect of which any such direction is given shall be disposed of in accordance with the provisions of the [Public Records Acts](#).

The initial arrangements made were detailed in a disposal schedule approved in July 1950. Following the introduction of the [Public Records Act 1958](#) these arrangements were revised in 1959/1960. There have been a number of minor amendments since then.

Following a further review of the selection criteria in 1986 the following arrangements are agreed.

pp Department of Trade  
and Industry

pp Registrar of  
Companies

pp Keeper of Public Records

## **A. Series of Records**

There are two related series of paper records of dissolved companies:

- the files containing the submitted documents
- the classi(fied index) sheets that record administrative information regarding the company

From 1974 all documents received by the Registrar of Companies were microfilmed and jacketed microfiche created; the records of a particular company are kept on three categories of fiche: one, the A fiche, for annual returns and accounts, another, the G fiche, for general papers, and the third, the M fiche, for mortgage documents.

## **B. Records of dissolved companies: selection criteria**

### 1. Classi sheets (classified index sheets)

All classi sheets relating to dissolved companies shall be permanently preserved. There may be more than one classi sheet for a company.

### 2. Files of Dissolved Companies registered before 1975 and dissolved before 1980

Dissolved companies can be either public companies or private companies. The selection criteria for each type are different.

#### (i) Public Companies

Files of all dissolved public companies to be preserved permanently after the stripping of papers in accordance with the instruction contained in Appendix B to this paper.

#### (ii) Private Companies

- a) Files of all private companies, where the nominal capital in the year of dissolution equals or exceeds the figure given in column B of Appendix A to this paper, to be permanently preserved after the stripping of papers in accordance with the instructions contained in Appendix B to this paper.

b) Files of all private companies, where the nominal capital in the year of dissolution is less than the figure given in column B of Appendix A to this paper, to be sampled in a random manner to select for permanent preservation a sample of 1% of their number or 250 companies whichever is greater after the stripping of papers in accordance with the instructions contained in Appendix B to this paper.

3. Files of companies registered before 1975 and dissolved during or after 1980

Paper records to be preserved in accordance with the criteria detailed in B 2 above and in addition, a complete set of jacketed microfilm (master fiche) and a sepia microfiche copy for all dissolved companies to be permanently preserved.

4. Microfiche of companies registered after 1974

A complete set of the jacketed microfilm (master fiche) and a sepia microfiche copy for all dissolved companies to be permanently preserved.<sup>13</sup>

### **C. Transfer to the Public Record Office**

All records selected for permanent preservation shall be transferred to the Public Record Office twenty years after the dissolution of the company to which they relate.

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<sup>13</sup> The current policy is no longer to preserve all microfiche. Only microfiche records of dissolved companies selected under criteria described in 6.2.6 will be preserved (Note inserted May 2012)

**Appendix A (B.2 (ii) (b) above)** Records of dissolved companies: selection criteria

Level of capitalisation to be used in selecting those dissolved private companies whose records are to be permanently preserved

YEAR (x) [of dissolution]	Gross National Product (£'000 million) [A]	GNP (x)/GNP (1963) x £100,000 [B]
1963	27	£100,000
1964	30	£110,000
1965	32	£120,000
1966	33	£120,000
1967	35	£130,000
1968	38	£140,000
1969	40	£150,000
1970	44	£160,000
1971	49	£180,000
1972	55	£200,000
1973	67	£250,000
1974	77	£290,000
1975	97	£360,000
1976	115	£430,000
1977	129	£480,000
1978	149	£550,000
1979	172	£640,000
1980	199	£740,000
1981	219	£810,000
1982	237	£880,000
1983	259	£960,000

[A] =Gross National Product at factor cost: CSO Annual Abstract of Statistics rounded to nearest £'000 million

[B] = GNP from [A] divided by GNP for 1963 (£27,000 million) multiplied by £100,000 and rounded to nearest £10,000

**Appendix B (B.2 above)** Records of dissolved companies: selection criteria

Instructions for the stripping of papers from the files of dissolved companies

1. all share allotments shall be removed from the files and destroyed
2. all annual returns, except for the first and last full annual return and intermediate full annual returns for every tenth year (or nearest year for which they are available), shall be removed from the files and destroyed

## **Appendix 4: Records of dissolved companies: revised capitalisation levels**

Table of capitalisation levels for private companies dissolved since 1991

<b>YEAR</b>	<b>NOMINAL CAPITAL</b>
1991	£995,556
1992	£1,032,391
1993	£1,048,909
1994	£1,074,082
1995	£1,111,674
1996	£1,138,354
1997	£1,173,642
1998	£1,213,545
1999	£1,231,748
2000	£1,268,700
2001	£1,291,536
2002	£1,313,492
2003	£1,351,583