

**EXPLANATORY MEMORANDUM TO THE
THE COMPANIES (FEES) REGULATIONS 2004**

2004 No. 2621

1. This explanatory memorandum has been prepared by Companies House an Executive Agency of the Department of Trade and Industry and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Description

- 2.1 These regulations make new statutory fees to be charged by the registrar of companies for company registration and company document registration functions and for the dissemination of company information.

3. Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 These regulations revoke the existing company fee regulations that were introduced in 1991 and amended by statutory instrument eight times since. This satisfies an undertaking given to the Joint Committee on Statutory Instruments prior to the last amendment to company fee regulations being debated by the Tenth Standing Committee on Delegated Legislation on 4 December 2002.

3.2 Paper-based filing of documents is still the norm. This is very labour intensive and is allied to a substantial growth in the register (60% increase in the register since 1996). On the other hand over 95% of searches are now satisfied electronically. A comprehensive pricing review initiated by Companies House over the past year has indicated the way in which costs need to be reassessed to take the current situation into account. The instrument therefore both increases and decreases statutory fees. Four fees are increased and are increased above the rate of inflation: these relate to the fee payable on delivery of an annual return by non electronic communications (fee 5(b)), the fee payable on delivery of accounts by an oversea company (fee 6), the registration of a charge under part XII (fee 9) and the delivery by the registrar of the first 20 pages of a long list of members.(fee 19(b)(i)). The remainder of the fees either remain the same or, in the case of some information services, are substantially reduced. All fees are set on a cost recovery basis to reflect the cost of providing each service.

3.3 For the first time the regulations include statutory fees for electronic delivery of some registration activities. These fees are set at a lower level than the equivalent non electronic service, reflecting the efficiencies derived from the use of this service.

3.4 The regulations also for the first time make provision for the supply of certain company information services, fees for which were set administratively by the registrar under powers contained in the Companies Act and were not included in fees regulations.

3.5. Companies House regularly reviews the fees it charges and the next review of its fees is scheduled for 2006. Full details of the changes in individual fees will be made available on the Companies House website.

4. Legislative Background

4.1 These regulations set statutory fees under the provisions of section 708 Companies Act 1985 and reflect the full projected costs of Companies House.

4.2 The fees set by these regulations will also, where applicable, be mirrored in the Limited Liability Partnerships (Fees) Regulations 2004 and the European Economic Interest Grouping (Fees) Regulations 2004.

5. Extent

5.1 This instrument applies to England and Wales and Scotland

6. European Convention on Human Rights

Gerry Sutcliffe has made the following statement regarding Human Rights:

In my view the provisions of the Companies (Fees) Regulations 2004 are compatible with the Convention rights.

7. Policy background

7.1. As a trading fund Companies House must always recover the full costs of the services it provides from fees and charges so that it does not become a burden upon the general taxpayer

7.2 A comprehensive review of Companies House pricing policy and fees has been undertaken by a team headed by an outside expert in line with the guidance given to departments by HM Treasury's March 2004 guide on fees and charges. The review also took into account European and domestic legislation relevant to establishing costs and setting charges.

7.3 Apart from the users of the services provided by Companies House (1.9m registered companies and more than 3m users accessing company information) it is not anticipated that there will be wider public interest in the new fees.

7.4 A regulatory impact assessment has not been prepared and neither has Companies House consulted on the level of fees it charges since it must always recover the full costs for the services it provides without cross subsidising. However, Companies House will give three months notice of the new fee levels before implementation.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument.

8.2 The regulations will affect companies registered under the provisions of the Companies Act 1985. All purchasers of company information from Companies House will also be affected.

9. Contact

Ron Gwen at Companies House tel: 029 2038 0079 or e-mail:
rgwen@companieshouse.gov.uk can answer any queries regarding the instrument.