



National Crime Squad

Service Authority for the National Crime Squad

Annual Report

The National Crime Squad Annual Report

Statement of Accounts for the National Crime Squad

Ordered by the House of Commons

to be printed 16 November 2006

Presented to Parliament by the Secretary of State in pursuance of
Chapter 50, Part II, paragraph 3, and Section 66A, of the Police Act 1997
(as amended by the Criminal Justice and Police Act 2001)

Service Authority for the National Crime Squad Annual Report 2005/06
The National Crime Squad Annual Report 2005/06
Statement of Accounts for the National Crime Squad 2005/06

Ordered by the House of Commons
to be printed 16 November 2006

Contents

3	Service Authority annual report 2005/06
6	Functions, strategic aims and objectives
7	National Crime Squad annual report 2005/06
9	Performance information
17	Management commentary
21	Remuneration report
23	Statement of accounts 2005/06
23	Statement of responsibilities
24	Statement on internal control
26	Certificate and report of the Comptroller and Auditor General
28	Income and expenditure account
28	Statement of total recognised gains and losses
29	Balance sheet
30	Cash flow statement
31	Notes to the accounts

© Crown Copyright 2007

The text in this document (excluding any Royal Arms and departmental logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Any queries relating to the copyright in this document should be addressed to
The Licensing Division, HMSO, St Clements House, 2-16 Colegate, Norwich, NR3 1BQ.
Fax: 01603 723000 or e-mail: licensing@cabernet-office.x.gsi.gov.uk.

National Crime Squad Service Authority annual report 2005/06

Introduction

This is the eighth and final annual report from the Service Authority for the National Crime Squad. National Crime Squad personnel have now migrated into the Serious Organised Crime Agency (SOCA), which came into being on 1 April 2006. The National Crime Squad Service Authority ceased to exist from that date. This report reviews the performance of the past year and also reflects upon the achievements of the National Crime Squad over the past eight years.

The preparatory work required to launch SOCA has had a significant impact upon the 'business as usual' operations of the National Crime Squad during 2005/06. There were significant further additional pressures placed upon the National Crime Squad following the bomb attacks in Central London during July 2005. Despite these factors, the National Crime Squad's annual performance, as set out in this annual report, has been highly commendable.

The integration of the National Crime Squad and the National Criminal Intelligence Service (NCIS) has progressed systematically throughout 2005/06, with several functions having been successfully merged and co-located. The two Service Authorities, for the National Crime Squad and NCIS have held six joint meetings during the year. These joint meetings have assisted in the facilitation of the progressive integration of the two agencies. The full list of the National Crime Squad Service Authority Members can be found elsewhere in this document.

The National Crime Squad Service Authority is required to ensure that the National Crime Squad is efficient and effective. We are responsible for setting some of the objectives and agreeing the targets that underpin them. We submit the budget statement, publish the annual Service Plan and have closely monitored the budget and performance throughout the year.

The purpose of this report is to provide a critical and balanced analysis of the National Crime Squad's performance in 2005/06. In this report, we will only make reference to some of the targets for 2005/06; full details of all the objectives and targets are discussed by the Director General in his report.

Serious Organised Crime Agency

The Serious Organised Crime Agency came into being on 1 April 2006 and received considerable endorsement from the Prime Minister and Home Secretary during its launch on Monday 3rd April 2006. This will be a step change in the containment and reduction of the activities of organised criminals, bringing together staff from the National Crime Squad and NCIS, together with investigatory staff from Her Majesty's Revenue and Customs and the Immigration and Nationality Department. The merger of these staff groups from the four precursor agencies, dovetailing operational and intelligence functions under a single strategic leadership, will create an agency that has the capacity to reduce harm effecting the very fabric of organised crime, both nationally and internationally. SOCA will seek to work collaboratively with many partner organisations. It is an initiative that has had our full support since its proposal. SOCA is well placed to develop a 360 degree approach to the increasingly complex problem of organized crime and in so doing reduce the harm to our society.

Throughout the past year Trevor Pearce – who has fulfilled the two roles of Temporary Director General of the National Crime Squad and SOCA Executive Director Designate for Enforcement – has given exceptionally strong leadership to all National Crime Squad personnel. Some staff held concerns associated with the terms and conditions to be offered by SOCA and the nature of the migration process to be used. Police Officers, particularly, were uncertain about the loss of Police status within SOCA. By having a very high and accessible profile with staff, Mr Pearce has given reassurances and calmed apprehensions, which were inevitable at a time of substantial impending change. 1,105 Police Officers, all of whom had passed a selection process, decided to join the National Crime Squad as direct recruits and therefore committed themselves to transfer to SOCA. Earlier in the year, it had been anticipated that a direct recruitment total of around 60% of this figure would have been a significant achievement. The total achieved, greatly in excess of earlier expectations, is in large part due to Mr Pearce's leadership. SOCA will, therefore, benefit from the substantial enforcement expertise that has been developed within the National Crime Squad.

Jim Gamble, who has been Temporary Deputy Director General of the National Crime Squad for the past year, has also held the position of Chief Executive Designate of the Child Exploitation and Online Protection Centre (CEOP). CEOP is being established as an independent operational unit within SOCA, focusing primarily upon the on-line exploitation of children. This is an urgently required initiative, given the recent increase in crime of this nature.

Overview of National Crime Squad achievements in 2005/06

Given the twin pressures of preparations for SOCA, together with the major operational demands in mid summer, the performance of the National Crime Squad has been exceptional. A particularly challenging schedule of targets was set for 2005/06, in that the outturns for 2004/05 were rolled forward as the targets for the following year.

There is, of course, a particular interest in the National Crime Squad's performance against its operational targets. But, firstly, I would like to focus upon the National Crime Squad's performance against one of its corporate 'health' targets, the level of sickness absence. The target for the average number of working days lost through sickness per police officer was 8 days per year, and 9 days per year for staff. The level achieved was less than 4 days for police officers and approaching 5.5 days per staff member. These are extraordinarily low levels in the public sector, particularly in a climate of organisational change. By comparison, the average number of days lost in the Civil Service was 9.1 days in 2004. Further, the CIPD suggest that the average number of days lost due to sickness in the private sector was 6.7 days. These figures, without doubt, reflect the high morale of National Crime Squad personnel and its strong leadership.

Several of the corporate health diversity targets could not be met, but this was primarily a product of the limited pool of people from whom it had been possible to recruit. Considerable efforts had been made by the National Crime Squad to attract a diverse staff and police officer workforce.

One operational target was not met, that for Class A drug disruptions. This, though, needs to be put into context. There were a high number of Class A drug dismantlements, which exceeded the target level by over 70%. Immigration crime dismantlements and disruptions exceeded their targets, the latter by 50%. Both targets in relation to Hi Tech crime have been met. This commendable level of performance had been achieved with an establishment of approximately 100 fewer officers than in post during 2004/05.

Financial performance

The National Crime Squad has reported a very satisfactory budget outturn, with an underspend of only £0.4m on the £164m resource allocation and £1.4m on the £21m capital allocation. This is a very fine tolerance in a particularly challenging year when the change agenda included direct recruitment of over 1000 police officers and a significant involvement and contribution to SOCA.

The £1.8m efficiency target for the year was fully achieved and, by careful prioritisation, some £7.2m resource and £3.1m capital expenditure was spent in supporting the Home Office project team and the shadow Board preparing for the successful launch of SOCA from 1 April 2006.

Efficiency and effectiveness

Budget economies and decisions on prioritisation of expenditure needed to meet the initial £1.8m savings target in the National Crime Squad budget and then support a £7.2m contribution to SOCA preparation whilst still achieving all major operational objectives is clear evidence that the 3% efficiency target for 2005/06 was achieved and exceeded.

Service Authority work

This has been an intensive year for the work of the National Crime Squad Service Authority. The Authority has met jointly with the NCIS Service Authority on a bi-monthly basis, rotating with joint meetings of the Audit and Risk Management Committees. These joint meetings have helped to promote the progressive integration of the two agencies, in preparation for SOCA.

Given that this has been the last year of operation, the levels of attendance at joint meetings have been consistently good. Members' vigilance and constructive questioning have remained at a high standard.

Bentley Jennison continued as the internal auditors to the Authority, as did the National Audit Office as the external auditor. Both reported regularly to the Authority's Audit and Risk Management Committee throughout the year.

In fulfilment of the statutory requirement placed upon the National Crime Squad Service Authority to engage in consultation about National Crime Squad services (Sections 85 of the Police Act 1997, as amended), Members agreed to undertake visits to a sample of National Crime Squad service users. Nine visits were undertaken, to seven Police Forces, to the Security Service and to HM Revenue and Customs. Over the nine visits 42 people were met, including: 8 ACPO rank police officers; 18 Detective Chief Superintendents or Detective Superintendents; and 12 Members or Officers of Police Authorities. For the agencies receiving National Crime Squad services, there was unanimous endorsement of the quality and professionalism of the services received. The National Crime Squad was routinely seen as a highly

committed, professional, and trusted agency. One respondent's expressed views about the National Crime Squad were typical of that generally received: *'First class, phenomenal support – support is a phone call away. National Crime Squad has unique skills and technical capacity'*. Coming at the end of the lifetime of the National Crime Squad, it was particularly pleasing to receive consistent and highly complimentary feedback.

Conclusion and a look ahead

At 31 March 2006 I was embarking upon my ninth year as a Member of the Service Authority for the National Crime Squad, having been temporary Chairman from September 2003 and then formally appointed by the Home Secretary with effect from March 2004. Throughout this period I have been extremely impressed by the commitment and determination of all those involved with the National Crime Squad to undermine and eliminate serious organised crime. While much work has been involved in direct engagement with criminals, as I learnt from my consultation visits to Police Forces during the past year, the support services provided by the National Crime Squad to local Forces are held in the highest regard. The National Crime Squad has provided many sound foundation stones upon which SOCA, in part, will develop. I have been very proud to be associated with all those who worked for the National Crime Squad. I give my best wishes to Bill Hughes and Trevor Pearce, the two former Director Generals who worked so closely with the Service Authority over recent years, in taking SOCA forward to be the world leading law enforcement agency I am sure it will become.

Paul Lever



Chairman

National Crime Squad Service Authority

Date: 9 November 2006

Functions, strategic aims and objectives

Since it was formed in April 1998, from an amalgamation of the six former regional crime squads, the National Crime Squad has worked across a number of fronts:

To bring to justice and disrupt those responsible for serious and organised crime

To work in partnership with and provide support to police forces and other law enforcement agencies in the prevention and detection of serious and organised crime

To drive forward a culture of diversity which values staff and the communities they serve

The operational expertise of the National Crime Squad' officers, combined with a wide range of specialist support staff, is the bedrock of the organisation's unique ability to target organised criminals who are sophisticated and motivated solely by profit and operate across a global perspective.

Objectives of the National Crime Squad

1. To dismantle or disrupt criminal enterprises engaged in serious and organised crime within or affecting England and Wales, where appropriate in partnership with other law enforcement agencies and authorities, by targeting those engaged in:
 - Class A drug trafficking (in support of the Government's interagency strategy for reducing the supply of Class A drugs in the United Kingdom).
 - Organised immigration crime (in support of the Government's inter-agency strategy for combating organised immigration crime (people smuggling and human trafficking) affecting the United Kingdom).
2. To dismantle or disrupt criminal enterprises engaged in other forms of serious and organised crime within or affecting England and Wales, according to agreed priorities and maximising mutual support and co-operation with law enforcement agencies at local, national and international levels.
3. To proactively seek to identify and deliver improved partnership working, networking and multi-agency organised crime-reduction strategies within or affecting the UK.
4. To provide as appropriate any specialist support or co-ordination services necessary to enable more effective law enforcement operations within or affecting the UK.
5. To collaborate fully with other constituent agencies, the SOCA Project Team and shadow board in planning for and enabling effective implementation of SOCA with effect from 1 April 2006 or such other date as determined by the Home Secretary.
6. To ensure corporate health and effective, efficient and economic service delivery through a programme of continuous improvement whilst fully embracing the principles of diversity.

National Crime Squad annual report 2005/06

Director General foreword

Leading an organisation that essentially occupied a unique position within British policing was always going to be a tremendous privilege and heading up the National Crime Squad at a time when tackling organised crime was going through such a major step change was never going to be easy.

However throughout the National Crime Squad, within every office, operational team or support unit, 2005/06 has seen achievement across all areas of our activity. Despite the uncertainty of moving towards the Serious Organised Crime Agency (SOCA), despite the increasing complexity of tackling criminal enterprises that apply the very latest intricacies to create smokescreens, the National Crime Squad continued to achieve above target levels of success across all the key fronts of criminality.

Nearly 500 criminal enterprises involved in drugs trafficking and distribution were dismantled, significantly disrupted or fundamentally undermined and almost 80 gangs involved in human trafficking were either put out of business or are now on the verge of hitting the ropes. That is major success in any reckoning and one that will have a serious impact on reducing the harm felt on our streets from the real masterminds of organised criminal intention.

And that is only part of the picture. We continued to work at the forefront of tackling hi-tech crime, researching and leading the field in tackling internet crime and provided continuing support to both domestic and international forces as we worked across borders and within differing jurisdictions.

Now the National Crime Squad has amalgamated into SOCA and the battle against organised crime has taken that step change. It has moved on to a new level with fresh routes of opportunities opening up all the time. But with any Annual Report it is also a time to take stock of what has been achieved. I accept that still much needs to be done but feel strongly that everyone involved in the history of the National Crime Squad can be rightly proud of the contribution they made both individually and collectively in tackling the impact of serious organised crime.

Trevor Pearce

A handwritten signature in black ink that reads "Trevor Pearce". The signature is written in a cursive style with a long horizontal line underneath the name.

Director General

National Crime Squad

Date: 13 November 2006

Review of operations

The drive for the National Crime Squad has been to deliver against challenging and demanding targets that were aimed as much at tackling the new frontiers of organised crime, as the detection of more traditional areas of criminality.

A total of 604 organised criminal enterprises were dismantled, significantly undermined or seriously disrupted in 2005/06.

Of those 447 were involved in the provision or distribution of Class A drugs while 74 were linked to organised immigration crime. Twenty seven were connected with hi-tech crime and were the focus of activity driven by the National Crime Squad's National Hi-Tech Crime Unit (NHTCU). There were 56 other instances where criminal gangs were dismantled or disrupted all of whom had connections with organised criminal activity.

The National Crime Squad also provided nearly 75,000 hours of dedicated support to local police forces or other related law enforcement agencies.

Performance information 2005/06

Operations

% Ongoing operations against criminal enterprises involved in Level 3 serious and organised crime as defined in the National Intelligence Model.

Target	Achievement
95%	99%
	68 out of 69 operations were against OCEs operating at Level 3 within NIM Target achieved

Comment

The National Intelligence Model defines Level 3 criminality as serious and organised crime, usually operating on a national and international scale. This indicator ensured that the National Crime Squad's operational activity was directed at the appropriate level. The final figure was 99% - the indicator did not drop below the target of 95% throughout the year. There were 199 operations recorded on the T&C system, of which 69 were at the development or current stage (excluding NHTCU, POLIT and Co-Ord operations). 68 of these 69 operations were against OCEs operating at Level 3 within NIM and this equated to 98.55%. It should be noted that the overall number of operations recorded on T&C reduced significantly in preparation for SOCA.

1.1 % Ongoing operations undertaken by branches and the Immigration Crime Team against criminal enterprises involved in Class A drug trafficking or organised immigration crime.

Target	Achievement
75%	91%
	63 out of 69 operations were against OCEs involved in Class A drug trafficking or organised immigration crime Target achieved

Comment

This indicator reflected the priority given to these two areas by the Home Secretary. The final figure was 91.30%. The Tasking and Co-Ordinating system ensured that all targets were prioritised on the basis of harm or potential harm to the community and an assessment of National Crime Squad's ability to pursue a successful operation. No operational targets of greater priority operating in other areas of criminality were deferred to accommodate achievement of these minimum targets.

Class A drug trafficking

1.2a The number of criminal enterprises involved in Class A drug trafficking which have been dismantled.

2005/06 intention	Achievement
48	89
	89 OCEs have been fully dismantled Intention achieved

1.2b The number of occasions when criminal enterprises involved in Class A drug trafficking have been disrupted as a result of National Crime Squad driven activity.

2005/06 intention	Achievement
354	275
	275 occasions where National Crime Squad-driven activity has had an adverse effect on OCEs Intention not achieved

1.2c The number of disruptions/dismantles of organised criminal enterprises responsible for supplying substantial quantities of Class A drugs to the UK market that contribute to the CIDA target.

2005/06 intention	Achievement
69	83
	44 dismantles and 39 disruption 'A's have contributed to the CIDA national target Intention achieved

Comment

The total number of dismantled OCEs recorded on Class A drug operations during the year was 89, which was substantially in excess of last year's achievement of 48. The high total can be explained, in part, by the unusual circumstances of National Crime Squad's final year. In most cases, dismantlement is claimed at the conclusion of the judicial process, normally after the completion of financial hearings following the conviction of defendants. The final total of 89 includes 19 cases that were at the 'Court Financial' stage on the T&C, i.e. where the defendants had been convicted but a financial hearing was still pending. These were included in the total so that the figures reflected all the achievements of National Crime Squad, otherwise, these cases would have been 'lost' from the records. It should be noted, however, that the previous year's performance was substantially exceeded even without including the additional cases.

There were 275 occasions during the year where OCEs were disrupted as a result of activity on Class A drug operations, which was below last year's performance of 354 disruptions. It should be noted, however, that the relative reduction in Class A disruptive activity this year was countered by an increase in immigration crime disruptions. The breakdown of the 275 disruptions claimed was 71 Disruption A (severe adverse effect on a significant OCE), 69 Disruption B, 69 Disruption C and 66 Disruption D.

The third Class A drug trafficking measure was designed to reflect the National Crime Squad's contribution to the Concerted Inter-Agency Drug Action (CIDA) Public Service Agreement which seeks to dismantle or disrupt those criminal enterprises responsible for supplying **substantial** quantities of Class A drugs to the UK. CIDA uses the old, time-based method for defining disruption and, consequently, only dismantles and disruptions over 12 months count towards the target. To fit the CIDA criteria, National Crime Squad submitted only dismantles and disruption A's, but only one against an Organised Crime Enterprise (OCE) in any 12 month period. 83 were submitted during the year which is in excess of last year's total figure of 69.

Between April 2005 and March 2006, a total of 409kg of heroin, 1,951kg of cocaine (including 2.7Kg of crack cocaine), 2.5kg of opium and just over 1 million Class A tablets (ecstasy and LSD) were seized on National Crime Squad operations. 562 people were arrested during this period and £2.39m was seized under Proceeds of Crime Act (POCA) legislation. In addition, confiscation/forfeiture orders to the value of £17.01m were made at the financial hearings of convicted Class A drug traffickers.

Organised immigration crime

1.3a The number of criminal enterprises involved in organised immigration crime which have been dismantled.

2005/06 intention	Achievement
11	13
	13 OCEs have been fully dismantled Intention achieved

1.3b The number of occasions when criminal enterprises involved in organised immigration crime have been disrupted as a result of National Crime Squad driven activity.

2005/06 intention	Achievement
40	61
	61 occasions where National Crime Squad-driven activity has had an adverse effect on OCEs Intention achieved

Comment

The final number of dismantled OCEs recorded on organised immigration crime operations in 2005/06 was 13 which was in excess of last year's achievement of 11. The final total included 2 cases that were at the 'Court Financial' stage on the T&C. These were included as they had not come to fruition in terms of completed financial hearings by the end of National Crime Squad and would, therefore, have been 'lost' from the records. Even without these 2 cases, the previous year's total would have been equalled.

There were 61 occasions where OCEs were disrupted as a result of activity on National Crime Squad organised immigration crime operations. This was a significant increase on last year's achievement of 40. The breakdown of the 61 disruptions claimed was 14 Disruption A (severe adverse effect on a significant OCE), 11 Disruption B, 18 Disruption C and 18 Disruption D. These results were achieved by both the Immigration Crime Teams and National Crime Squad branches.

During the 12 month period, 188 people were arrested with a further 41 clandestine entrants (those not involved in facilitation) being detained and £25,000 was seized under POCA legislation. In addition confiscation/forfeiture orders to the value of £613,000 were made by courts on organised immigration crime operations.

Hi-tech crime

2.1a The number of criminal enterprises involved in hi-tech crime which have been dismantled in line with the Hi-Tech Crime Strategic Stakeholders Protocol.

2005/06 intention	Achievement
14	14
	14 OCEs have been fully dismantled Intention achieved

2.1b The number of occasions when criminal enterprises involved in hi-tech crime have been disrupted as a result of NHTCU-driven activity.

2005/06 intention	Achievement
13	13
	13 occasions where NHTCU-driven activity has had an adverse effect on OCEs Intention achieved

Comment

The total number of dismantled OCEs recorded on hi-tech crime operations during 2005/06 was 14, which equalled last year's achievement. The specialised nature of hi-tech crime means that dismantling can be achieved, in many cases, by methods other than conviction and removal of assets, mainly by technical means or the removal of computer equipment.

There were 13 occasions where OCEs were disrupted as a result of activity on NHTCU operations, which also matched last year's achievement. The breakdown of the 13 disruptions claimed was 4 Disruption A (severe adverse effect on a significant OCE, 5 Disruption B and 4 Disruption C. 45 people were arrested during this period.

During the course of 2005/06, the Unit caused over 40 websites to be taken down; mainly bogus fraud or 'phishing' sites, particularly in the banking and retails sectors. The Unit also undertook much work besides its operational activities. A strategic document was published advising financial institutions about a specific form of e-criminality. The period also saw the launch of 'Get Safe On-Line', a three-year campaign to raise public awareness and provide comprehensive but easy to understand information about online safety and security. The campaign was a joint initiative with HM Government, NHTCU and a number of private sector sponsors.

The third e-crime congress was held in April 2005, with an attendance of 500 representatives from national and international law enforcement, government and industry. Further crime reduction initiatives led to the creation of Yorkshire Forward, a regional outreach program, following the hugely successful initiative in Wales. In addition, Crime Reduction and Industry Liaison attended numerous meetings, conferences and briefings giving presentations and undertaking 'business in confidence' issues.

Other serious and organised crime

The number of criminal enterprises involved in other areas of serious and organised criminality which have been dismantled.

Target	Achievement
No target	16
	16 OCEs have been fully dismantled

The number of occasions when criminal enterprises involved in other areas of serious and organised criminality have been disrupted as a result of National Crime Squad driven activity.

Target	Achievement
No target	40
	40 occasions where National Crime Squad-driven activity has had an adverse effect on OCEs

Comment

In addition to operations against Class A drug traffickers, organised immigration crime and hi-tech crime, the National Crime Squad undertakes investigations into other forms of serious and organised criminality. The final total of dismantlements recorded for all other serious and organised crime was 16 including 2 cases that were at the 'Court Financial' stage on the T&C. These were included in the total as they had not

come to fruition in terms of completed financial hearings by the end of the National Crime Squad and would, therefore, have been 'lost' from the records. There was no target for this indicator.

There was a further 40 occasions where OCEs, involved in criminality outside the three core areas, were disrupted as a result of activity on National Crime Squad operations. Once again, there was no target set for this. The breakdown of the 40 disruptions claimed was 6 Disruption A (severe adverse effect on a significant OCE), 14 Disruption B, 9 Disruption C and 11 Disruption D. The dismantles and disruptions related to operations investigating such diverse areas as money laundering, counterfeit currency, Class B/C drug trafficking, firearms trafficking, conspiracy to rob and conspiracy to steal high value motor vehicles.

129 people were arrested and £214,000 was seized under Proceeds of Crime legislation. The courts made confiscation/forfeiture orders to the value of £1.02m. In addition, 33,193 kg (33.1 tonnes) of other controlled drugs (primarily cannabis) were seized during the period, either as additional drugs seized at the same time as Class A drugs or else as targeted seizures used to disrupt Class A drug traffickers.

Asset recovery

The value of cash seized under the Proceeds of Crime Act on National Crime Squad operations

Target	Achievement	
No target	£2,630,207	
	Class A drugs	£2,390,110
	Organised immigration crime	£25,352
	Other serious & organised crime	£214,745

The value of Confiscation Orders made by Courts following the conviction of defendants on National Crime Squad operations

Target	Achievement	
No target	£17,573,264	
	Class A drugs	£16,159,086
	Organised immigration crime	£387,775
	Other serious & organised crime	£1,026,403

The value of Forfeiture Orders made by Courts on National Crime Squad operations

Target	Achievement	
No target	£1,080,523	
	Class A drugs	£854,699
	Organised immigration crime	£225,824

Comment

This section sets out the **combined** overall performance of the National Crime Squad for asset recovery during 2005/06. Details of performance in relation to asset recovery for the four areas of criminality have been set out earlier in the report in the narrative under each heading.

A total of £2.63m was seized under Proceeds of Crime Act legislation. This figure represents the total amount seized on National Crime Squad operations, whether by National Crime Squad officers or other agencies on our behalf. The nature of this indicator means that the total figure can be fairly fluid, as approximate figures are used at the time of seizure and these can be amended following formal counting. During the same period, courts ordered that £17.57m be confiscated and that £1.08m already seized, be forfeited.

Data in relation to the actual amount 'paid in' is not currently available to the National Crime Squad on any consistent basis. The Asset Recovery Agency and the Magistrates' Courts are responsible for enforcement.

Support to forces and other agencies/partnership working

4.1 The percentage of completely satisfied and very satisfied customers in relation to the National Crime Squad's response to requests for assistance made by forces and other agencies (based on replies received).

Target	Achievement to date
95%	100% 229 instances of assistance totalling 74,838 hours. 5 Customer satisfaction letters returned, all completely or very satisfied. Intention achieved

Comment

The National Crime Squad provided specialist support and assistance to police forces and other agencies, particularly in relation to cases of kidnap or extortion. A total of 74,838 hours were committed to assisting forces and other agencies during 2005/06 which, based on an eight-hour working day, equates to 9,355 days. The response rate to requests for assistance from forces and other agencies was 99.56% with some level of co-operation being provided in 229 out of 230 separate requests this year. 33 of the 229 instances related to cases of kidnap/extortion and a total of 11,583 hours assistance was provided in these incidents during the year.

The high figures illustrate the commitment that the National Crime Squad had to supporting forces and law enforcement agencies. After instances of assistance, a satisfaction form was forwarded to the force/agency concerned and recipients were invited to return replies centrally to the Corporate Development Department. The National Crime Squad recorded a 100% satisfaction rate with all 5 responses received being either completely or very satisfied.

During the same period, National Crime Squad staff received a total of 25 commendations from other forces and agencies and 89 letters of appreciation were received.

50 of the 117 new operations begun during the year were joint operations with other agencies which equates to 43%. The final figure for 2004/05 was 42%. The total of 50 consisted of 17 joint operations with HMC&E, 6 with NCIS, 7 with English and Welsh Police Forces and 20 with other agencies including overseas law enforcement agencies. The number of joint operations undertaken is another measure of the National Crime Squad's commitment to working in partnership.

Working towards SOCA

The 2005/06 Annual Service Plan included the objective:

'To collaborate fully with other constituent agencies, the SOCA Project Team and shadow board in planning for and enabling effective implementation of SOCA with effect from 1st April 2006 or such other date as determined by the Home Secretary.'

The Home Office SOCA Programme Team began its work to bring about the creation of the Serious Organised Crime Agency at the beginning of April 2004. The programme was broken down into individual workstreams focusing on each of the broad issues that needed to be addressed to create the agency. A member of the Home Office Programme Team co-ordinated each workstream working closely with experts from each constituent agency – including the National Crime Squad. These 'virtual' teams were to drive forward the programmes of work within each workstream.

The Programme Director, Richard Kornicki emphasised the importance of full co-operation from the constituent agencies in one of the first SOCA Newsletters circulated to all in the National Crime Squad.

"The virtual teams will be right at the heart of the programme to create SOCA. They will not simply be discussion groups, but will take forward the work in each workstream, building a future for all of us. Every member of every team will have a vital role to play, and this will be a key part of their job, not simply an add on."

The National Crime Squad had already created their own SOCA team to be a single point of contact on all SOCA related issues. All SOCA work carried out within the National Crime Squad was co-ordinated and supported through this team reporting to ACC Jim Gamble and subsequently ACC Len Hynds. The creation of this team – in particular the appointment of 'co-ordinators' – facilitated effective engagement with the Home Office Programme ensuring that those put forward to sit on the respective workstreams were best placed to assist in the development of SOCA. Understandably there were some capacity issues when work was tasked out from the workstreams as those attending – from all of the constituent agencies – were already carrying out a 'day' job delivering business for their 'parent' agency.

The Home Office SOCA Programme was eventually absorbed into 'proto-SOCA', the responsibility for the development of the new agency passing gradually to the Board and Deputy Directors as they were appointed.

The number of hours and the approximate related costs associated with the implementation of SOCA

Target	Total recorded to date
No target	11,798 hours at approximate cost of £416,478 (since November 2004)
	Travel costs £39,604
	Expenses (subsistence, accommodation) £16,257
	Staff salary costs £360,617

The figures above relate to the hours spent and the associated cost of the National Crime Squad's contribution to the implementation of SOCA. These figures are, inevitably, fairly approximate and only relate to National Crime Squad staff who were members of SOCA workstreams and sub-groups. All workstream and sub-group members were required to supply details of travel and subsistence expenses and the number of hours spent using a monthly pro-forma. The form calculated an average hourly rate dependent on the individual's rank or grade. The figures show that, since November 2004, workstream members supplied over 11,700 hours on SOCA-related activities at an approximate cost of over £416,000.

It should be noted that the overall contribution would have been significantly higher than this, as the figures shown relate only to those involved in a specific part of the project. However, the data does give a general idea of the commitment the National Crime Squad gave to the implementation of SOCA.

Corporate health & continuous improvement

6.1 To identify cashable savings including Gershon saving requirements, as placed on all NDPBs.

Target	Achievement
1.5% of core budget	Exceeded - see comment below

Comment

The initial National Crime Squad budget for 2005/06 relied on achievement of a £1.8m (ie 1.5%) saving during the year. Tight budgetary control plus careful prioritisation of expenditure enabled the National Crime Squad to not only achieve this target but also to make a significant contribution to the establishment of SOCA. Staff work plus projects completed in support of the establishment of SOCA have been valued at £7.2m resource and £3.1m capital within the accounts. This means that the total efficiency requirement of 3% arising from targets 6.1 and 6.2 were met and exceeded.

6.2 To make non-cashable efficiency gains and redirect the resultant resources to carry out core business.

Target	Achievement
1.5% of budget	Achieved

Comment

The comments at target 6.1 above report that the National Crime Squad achieved a significant contribution to SOCA implementation after also achieving an savings target of £1.8m. The £7.2m resource contribution to SOCA set-up is a combination of evaluating the costs of staff time supporting preparation for SOCA plus direct expenditure initiatives to help the preparation and implementation process. All of this was achieved alongside maintaining and achieving the wider operational objectives reported upon and discussed within this report.

6.3 The percentage of female police officers in the National Crime Squad.

Target	Achievement
15%	11.05%
	130 Female officers out of a total of 1,177 officers Target not achieved

Comment

At the end of March there were 130 female National Crime Squad police officers out of a total strength of 1,177. This represents 11.05%, which was the highest proportion recorded since April 2005. However, the target set by the Service Authority was for 15% of National Crime Squad police officers to be female by March 2006 and this was not achieved.

6.4 The percentage of visible minority ethnic police officers in the National Crime Squad to accord with the targets set by the Home Office.

Target	Achievement
4%	2.04%
	24 Visible minority ethnic officers out of a total of 1,177 officers Target not achieved

Comment

The number of officers within the National Crime Squad who defined themselves as being of a visible minority ethnic origin was 24 in March compared to an overall strength of 1,177 officers. This equates to 2.04% which was below the target of 4%, set in consultation with HMIC and the Home Office. However, the National Crime Squad was committed to developing a workforce that more accurately reflected the communities it served and much work was carried out under the National Crime Squad Race Equality Scheme to attempt to address the issue.

6.5 The percentage of visible minority ethnic police staff (junior grades) in the National Crime Squad to accord with the targets set by the Home Office.

Target	Achievement
3.5%	4.28%
	29 Visible minority ethnic police staff (junior grades) out of a total of 677 Target achieved

6.6 The percentage of visible minority ethnic police staff (senior grades) in the National Crime Squad to accord with the targets set by the Home Office.

Target	Achievement
3.5%	2.00%
	2 Visible minority ethnic police staff (senior grades) out of a total of 100 Target not achieved

Comment

Analysis of the proportion of police staff who are of visible minority ethnic origin was divided between junior grades and senior grades.

At the end of March, the number of junior grade police staff was 677 of whom 29 defined themselves as being of visible minority ethnic origin. This represents 4.28% which was comfortably above the set target of 3.5%.

The number of visibly ethnic police staff in senior grades was 2 at the end of the year whilst the overall strength was 100; a ratio of 2% which was below the target of 3.5%.

6.7 The number of working days lost through sickness per police officer per year.

Target	Achievement
Not to exceed 8 days	4.23 days
	Over a 12 month period, the average length of sickness was 4.23 days per officer Target achieved

6.8 The number of working days lost through sickness per police staff employee per year.

Target	Achievement
Not to exceed 9 days	6.02 days
	Over a 12 month period, the average length of sickness was 6.02 days per police staff member Target achieved

Comment

National Crime Squad sickness rates are calculated over a 'rolling' year. The indicators represented the total number of working days lost through sickness (self-certificated and doctor's-certificated) for all police officers/police staff for the proceeding twelve months (i.e. April 2005 to March 2006). This figure is divided by the average monthly strength from the same 12-month period to give the number of working days lost through sickness in a year per police officer and per police staff employee.

The figures show that during the 12 month period ending in March 2006, the average number of days sick taken per police officer was 4.23 days. This was comfortably within the target set for sickness levels which

was to be below 8 days. This is an area where the National Crime Squad traditionally out-performed local police forces.

The average number of days sick taken per police staff employee was 6.02 days which was also comfortably within the target set for sickness levels.

All information in the above performance figures have been derived from internally maintained systems.

Management commentary

Introduction

The National Crime Squad was established as an independent organisation on 1 April 1998 through an amalgamation of the former regional crime squads by the Police Act 1997 (the Act).

The National Crime Squad Service Authority was also created with effect from 1 April 1998, and it is the Service Authority that is the legal entity, as opposed to National Crime Squad itself. This is the same as for a Police Force with regard to its Police Authority.

Up to 31 March 2002 the National Crime Squad was principally funded by a levy on the Police Authorities of England and Wales. The Criminal Justice and Police Act 2001 amended the funding arrangements and designated the National Crime Squad as an Executive Non Departmental Public Body (NDPB). Since 1 April 2002 the National Crime Squad has been financed by a grant in aid from the Home Office together with additional funding for specific schemes from the Home Office, other government departments and similar bodies.

Section 66A of the Police Act 1997 (as amended by the Criminal Justice and Police Act 2001) requires the Service Authority to prepare a Statement of Accounts for each financial year in the form and on the basis directed by the Secretary of State, with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National Crime Squad at the year-end and of its income and expenditure, total recognised gains and losses, and cash flows for the financial year.

Serious Organised Crime Agency

The Serious Organised Crime Agency (SOCA) was established with effect from 1 April 2006 by the Serious Organised Crime and Police Act 2005, which received Royal Assent on 7 April 2005. On 1 April 2006 the National Crime Squad will cease to exist.

Principal activities

The National Crime Squad exists to combat national and trans-national serious and organised crime. Details of activities and operational performance during the year are set out in the body of the Annual Report. Performance against targets set by the Authority and the Home Office are also set out in the Annual Report.

Financial review

Review of the 2005/06 year

In delivering the operational performance, set out in the Annual Report, the National Crime Squad incurred operating expenditure for the year of £160.9m plus an additional exceptional cost for the transition to SOCA of £7.2m. Total income for the year was £191.4m of which £189.3m was grant in aid received from the Home Office and other government grants. After allowing for interest, surplus on disposal of fixed assets and movements in reserves, the surplus for the year amounted to £17.1m.

It is made up as follows:

	£'m
Grant drawdown in excess of actual net cash payments	(7.1)
Increase in net Debtors	(0.4)
Increase in Net Creditors	4.1
Decrease in Provisions	(14.6)
Decrease in Deferred Income	(0.3)
Additional FRS17 pension liabilities	1.2
Surplus for the year	(17.1)

Total capital expenditure in the year was £20.0m, financed by Home Office grant. The majority of the expenditure was incurred on a communications project, and the replacement of vehicles and additional equipment used by operational officers and staff.

Financial position as at 31 March 2006

The Balance Sheet as at 31 March 2006 shows an increase in net liabilities of £355.8m (from £17.5m at 31 March 05 to £373.3m at 31 March 2006). Although the value of fixed assets increased by £14.0m (after depreciation and disposals), this was more than offset by the FRS17 pension liabilities resulting from direct recruitment, creating a large increase in actuarial losses as shown in the Statement of Recognised Gains and Losses.

Outturn against budget 2005/06

Under the government's RAB regime the Home Office allocated a resource and capital spending limit to the National Crime Squad for 2005/06. These spending limits (DEL allocations) were revised during the year and the final allocations representing the overall resource and capital budgets totalled £164.3m and £21.0m respectively. A summary of these movements and the outturn position is shown below:

Resource DEL	£'000	£'000
Allocation from Home Office		
- GIA	158,520	
- Reflex	5,785	
Original allocation		164,305
Net Expenditure		
Operating costs per I & E Account	160,900	
Exceptional item (FRS3 - SOCA)	7,226	
Less income, including interest	(2,852)	
Loss on disposal of assets	73	
Net transfers from reserve	(58)	
Total resource costs for 2005/06	165,289	
Less funded by Home Office grant outside GIA:		
- Recovered assets Incentivisation Fund/Additional reflex	(4,013)	
- Net release of Pension Deficit Provision	2,659	
		163,935
Underspend against resource DEL		370
<hr/>		
Capital DEL	£'000	£'000
Allocation from Home Office		
- GIA		21,000
Net expenditure		
Gross capital spend		20,026
Underspend against budget		974
Add Net book value of disposed assets	635	
Less Asset revaluation	(224)	
		411
Total underspend against Capital DEL		1,385

During the year the detailed budgets were reviewed on a regular basis. Spending plans were revised to utilise expected underspends resulting mainly from difficulties in recruiting and retaining officers and slippage on a major communication project. The transfer of police staff membership from the Local Government Pension Scheme (LGPS) to the Principal Civil Service Pension Scheme (PCSPS) was completed in December 2005.

Much of the direct recruitment originally budgeted to take place in the early autumn was delayed until the spring. As at 31 March 2006 1,105 Police Officers have been directly recruited to the National Crime Squad.

Going concern

The activities of the National Crime Squad were transferred to the Serious Organised Crime Agency on 1 April 2006. Therefore, in accordance with financial reporting standards National Crime Squad accounts have been prepared on a going concern basis.

The accounts for the year end report a cumulative balance sheet deficit at 31 March 2006 on the Income and Expenditure Reserve of £26.3m. This has arisen principally through the inclusion in these accounts of future pension liabilities of £399.4m (note 7.4) and the requirement, in accordance with HM Treasury rules, to maintain cash balances at the lowest level necessary for operational purposes.

Audit services and costs

The National Audit Office is appointed under section 66A (3) of the Police Act 1997 (as amended by the Criminal Justice and Police Act 2001) to audit the accounts of the National Crime Squad. The estimated cost of the statutory audit for 2005/06 is £65k.

Assurance statement on financial results for the year

The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information. So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware.

Compliance with Public Sector Payment Policy

National Crime Squad policy, in line with Government requirements, is to pay all invoices within 30 days of receipt, unless a longer payment period has been agreed or the amount billed is in dispute. In 2005/06, the National Crime Squad improved its performance and in line with the target set for 2005/06 paid 95% of invoices within 30 days of receipt.

During 2005/06 the National Crime Squad paid £4,275 interest to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

Environmental policy

The National Crime Squad is committed to reducing its impact on the environment by improving the environmental performance of its operations and its properties and endeavours to ensure that such improvement is continuous. The National Crime Squad also aims to educate, train and motivate staff to work in an environmentally responsible manner and to play a full part in developing new ideas and initiatives.

The National Crime Squad continues to improve its environmental performance and raise staff awareness of environmental issues.

Equality, disability and diversity policy

The National Crime Squad is committed to the development and promotion of equality of opportunity for all. This means attracting more women and ethnic minority officers as well as staff from other under-represented groups including the disabled. Disability itself is not a bar to recruitment or to advancement in the National Crime Squad. Creating a diverse workforce will enhance our ability to achieve our core business of combating serious and organised crime.

Within the organisation, embracing diversity is a key element of how the National Crime Squad improves its business by increasing staff loyalty, morale and enhancing its role as an Equal Opportunities employer. In 2004/05 a report by Her Majesty's Inspectorate of Constabulary (HMIC) praised the National Crime Squad for its comprehensive Diversity Training Programme and the positive action it takes to achieve a good recruitment mix and encourage more applicants from minority groups.

Staff involvement and development

The National Crime Squad has a range of formal and informal methods of communicating and consulting with staff. Seminars and briefings provide for staff to be informed about developments in particular aspects of National Crime Squad activities. The monthly staff internal magazine 'The National's News' contains regular features on National Crime Squad staff and the variety of projects in which they are involved. The Intranet provides staff with daily news updates, policy documents, bulletin boards and social pages. Health, safety and security issues are communicated as part of the staff induction programme and via publications on the Intranet.

Leadership Development Programme

The Leadership Development Programme commenced in 2004. A bespoke programme, developed and delivered by management and business change consultants Axon, the programme aimed to build a corporate leadership style which emphasized the culture, standards and processes of the National Crime Squad. Through this the National Crime Squad sought to attract and retain the best people; drive efficiency and develop creative solutions to problems and provide a role model in terms of behaviours, skills and performance.

Between June 2004 and March 2006 seven hundred staff took part in the programme. Feedback was overwhelmingly positive. During 2005 the programme was accredited by the University of Central Lancashire and over 200 staff have voluntarily taken on additional work to gain a University Certificate in Leadership.

Post balance sheet events

On 7 April 2005 the Serious Organised Crime and Police Act 2005 received Royal Assent. This is part of the Government's strategy for tackling organised crime as set out in the White Paper 'One Step Ahead – a 21st Century Strategy to Defeat Organised Crime' published on 29 March 2004. The bill establishes a new national crime agency, to be known as the Serious and Organised Crime Agency (SOCA). It also provides for the abolition of the National Crime Squad and the National Criminal Intelligence Service.

On the 14 February 2006, the Secretary of State, after a full consultation process with all relevant parties, in exercise of the powers conferred on him by Schedule 3 to the Serious Organised Crime Police Act 2005 agreed the terms of the Transfers to SOCA Scheme 2006, with effect from the 15 February 2006. The scheme enabled the two agencies' assets, liabilities, structures and roles to be absorbed into SOCA, together with those staff from HM Revenue and Customs which tackle drug trafficking and money laundering and the part of the UK Immigration Service which deals with organised immigration crime.

During the year, the pre-cursor organisations made various changes to their structures and incurred costs (reported as exceptional items under FRS3) to enable the smooth transition to SOCA.

SOCA comprises of approximately 4200 staff, and will have as its core objective the reduction of harm done to the UK by organised crime, including the trafficking of drugs and people.

Way forward

From 1 April 2006 the National Crime Squad ceases to exist with its assets, liabilities and staff transferring to the Serious Organised Crime Agency.

Trevor Pearce

Director General and Accounting Officer

National Crime Squad

Date: 13 November 2006



Remuneration report

Service Authority members

Service Authority members are appointed under the Act for periods of up to 4 years. During the year ended 31 March 2006 the Authority members were:

Member	Position	Appointed by	Date of changes
Core members			
Paul Lever	Chairman, Independent member	Home Secretary	From 1 April 2004
Caroline Burton	Independent member	Home Secretary	From 1 April 2004
Jennifer Harvey	Independent member	Home Secretary	From 1 April 2004
Peter Storr	Director, Organised Crime, Home Office	Home Secretary	From 1 April 2004
Mike Elland	Director Law Enforcement, HM Revenue and Customs	Commissioners for HM Revenue & Customs	From 1 October 2004
James Hart QPM	City of London Police	ACPO	
Councillor Bob Jones	Association of Police Authorities	Association of Police Authorities	
John Christensen	Association of Police Authorities	Association of Police Authorities	From 25 January 2005
Tarique Ghaffur QPM	Assistant Commissioner, Metropolitan Police	ACPO	From 1 April 2003

All members were appointed on 1 April 2002 unless otherwise specified.

Mr Paul Lever was Vice Chairman until 31 October 2003 and Acting Chairman from 1 November 2003. He was appointed as full Chairman from 1 April 2004.

The annual allowances received by Service Authority members during the year were as follows:

	2005/06	2004/05
	£'000	£'000
Core Members		
Paul Lever – Chairman*	30	29
Caroline Burton*	6	5
Jennifer Harvey*	6	5
Peter Storr*	0	0
Mike Elland*	0	0
James Hart QPM*	0	0
Councillor Bob Jones*	6	5
John Christensen*	6	7
Tarique Ghaffur QPM	0	0

The above core members indicated with an * are also members of the National Criminal Intelligence Service Authority. As part of the preparation for SOCA the Service Authority has met as a Joint Authority for the National Crime Squad and the NCIS for the whole of 2005/06.

The allowances disclosed above cover duties for the National Crime Squad Service Authority only.

In addition to the above annual allowances, members are reimbursed business expenses relating to Service Authority matters.

No pension or other benefits are provided for members.

Directors of the National Crime Squad

During the year ended 31 March 2006 the Directors were:

Name	Current Position	Date of Appointments/retirements in year
Trevor Pearce	Director General (Temporary)	
ACC Jim Gamble	Deputy Director General (Temporary)	
ACC Len Hynds	Director Business Change (Temporary)	
ACC Patricia Gallan	Director Intelligence and Operations Support	To 12 February 2006
ACC Gary Chatfield	Director Operations (Temporary)	
Malcolm Cornberg	Director of Finance	
Mike Lanning	Director of Business Support (Temporary)	

Directors are appointed through open and fair competition; such appointments are sometimes filled by means of fixed term secondments from other organisations.

In the interest of security all the Directors of the National Crime Squad have withheld consent to publish details of their age, remuneration or pension entitlement. Details of Pension schemes available to all National Crime Squad staff are disclosed under note 7 of the accounts.

During the year ended 31 March 2006 none of the Directors or Authority members, or parties related to them, entered into any transactions with National Crime Squad.

Trevor Pearce

Director General and Accounting Officer

National Crime Squad

Date: 13 November 2006



Annual Statement of accounts 2005/06

Statement of the National Crime Squad Service Authority's and Accounting Officer's responsibilities

National Crime Squad Service Authority's responsibilities

Under the Cabinet Office's guidance on Codes of Best Practice for Board Members of Public Bodies, the Service Authority is responsible for ensuring propriety in its use of public funds and for the proper accounting for their use. Under Section 66A of the Police Act 1997 (as amended by the Criminal Justice and Police Act 2001), the Service Authority is required to prepare annually a statement of accounts in the form and on the basis determined by the Secretary of State, with the consent of the Treasury. The accounts are to be prepared on an accruals basis and must give a true and fair view of the state of affairs of National Crime Squad at the year-end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Service Authority is required to:

- observe the Accounts Direction issued by the Secretary of State with the approval of the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that National Crime Squad will continue in operation.

The Accounting Officer's responsibilities

The Accounting Officer for the Home Office has appointed the Director General as the Accounting Officer for the National Crime Squad Service Authority. His relevant responsibilities as Accounting Officer, including his responsibilities for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the **Non-Departmental Public Bodies' Accounting Officer Memorandum** issued by the Treasury and published in **Government Accounting**.

Trevor Pearce

Director General and Accounting Officer

National Crime Squad

Date: 13 November 2006



Statement on internal control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control across the National Crime Squad. This system is designed to support the delivery of policies, aims and objectives set by Ministers and the National Crime Squad Service Authority, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to deliver policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the key strategic risks to the achievement of our policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. For the period covered by these accounts and up to the date of approval of the Annual Report and accounts I am satisfied that overall adequate arrangements for internal control were in place and accord with Treasury guidance, although I acknowledge some weaknesses identified by internal audit.

Senior management

As Director General, I have 6 Directors (or equivalents) reporting to me. I have established a formal Management Board at which all Directors and I meet to consider a wide range of operational and strategic issues. These include strategic planning and resource allocation, corporate governance, risk management and review of performance and the budget. The Board was established in January 2005 and meets every month. Other officers and representatives from both internal and external audit also attend to give advice on specific matters.

Audit committee

The Service Authority Audit and Risk Management Committee (ARMC) meets every quarter, oversees our internal control and risk management framework, advises me on the effectiveness of our risk management strategy and on a range of internal and external audit issues. This includes providing some assurance about the quality of our internal audit work. The Committee is comprised exclusively of non-executive members of the Service Authority and complies fully with HM Treasury guidance. The Committee reports regularly to the full Service Authority.

Risk management

There are a range of policies and procedures in place within the organisation for managing operational risks and project risks. These are managed as part of our project management methodology.

The key strategic risks to the National Crime Squad were identified in a strategic register. This register was accepted by the Service Authority in May 2003.

Under the Deputy Director General the Risk Management Steering Group met to review the strategic risk register and to identify mitigation and control measures. Full information was also made available as reported to the Audit Committee.

Inspection and review

A range of inspection and assurance regimes were independently carried out during the course of the year by Inspection and Review Department. In addition managers and local commanders also carried out internal assurance process. I would particularly like to mention the role of the Assistant Chief Constable Operations in carrying out OCU inspections of operational branches.

Internal audit

The National Crime Squad Service Authority uses fair and open competition to secure best value internal audit services. Bentley Jennison have been the Internal Audit Service provider since 1998/99 and, after a full tendering exercise, were re-appointed to provide an internal audit service for the period April 2005 to March 2006. They operate in accordance with Government Internal Audit Standards (GIAS) and submit regular reports, which provide an independent opinion on the adequacy and effectiveness of our system of internal control together with recommendations for improvement. The work of internal audit is informed by an analysis of the risks to which the organisation is exposed and their annual audit plans are based on

this analysis. The analysis of risk and the subsequent internal audit plans are endorsed by the Audit and Risk Management Committee and approved by me.

Review and assurance

As Accounting Officer I have responsibilities for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the Risk Management Steering Group, the Audit and Risk Management Committee, senior managers within the National Crime Squad who have responsibility for the development and maintenance of the internal control framework and comments made by the external auditors in their management letter and other reports. Other sources of assurance include in-house inspection and review reports, the annual Statements of Assurance from each director, external consultancy report. Inspections by the Office of Surveillance Commissioners and Home Office Reviews.

In their annual report for 2005/06, Bentley Jennison reported that based upon the audit work finalised during the year, in their opinion the National Crime Squad has adequate and effective risk management, and corporate governance processes to manage the achievement of the organisation's objectives. In relation to internal control they were content with the standards achieved regarding the control framework and compliance with the exception of four areas covered by limited assurance reports. The main area of weakness identified was around the Purchasing and Procurement controls, notwithstanding the undoubted pressures on the National Crime Squad to have everything fit for SOCA it was found that there were certain failures in the application of procedures which led to a limited assurance report. These issues are being addressed for SOCA.

Transition to Serious Organised Crime Agency (SOCA)

Under the Serious Organised Crime and Police Act 2005, SOCA came into being on 1 April 2006. The formation of SOCA comprised the merger of National Crime Squad, the National Criminal Intelligence Service and elements of Her Majesty's Customs and Revenue (HMRC) and the Immigration Service.

My staff, together with colleagues from the other pre cursor agencies, provided significant input into the development of the new organisation. The SOCA Board met in December 2005 to set a clear strategy for the most effective way of implementing proto-SOCA to ensure all pre-cursor agencies were fully prepared for the launch of SOCA on 1 April. To achieve this proto-SOCA ran from 1 April to 31 March and allowed resources and powers from the pre cursor agencies to commence the transition into SOCA.

Proto-SOCA allowed for essential work to be undertaken including the appointment of Executive and Deputy Directors ahead of the 1 April and where these appointments were staff from pre cursor agencies they were released as much as possible to allow the full development of SOCA ready for operational capacity to be available from that date. Several projects were also undertaken to ensure systems and services were as advanced as possible ready for the launch date. During this period all National Crime Squad commitments were delivered with no negative impact on the delivery of core services.

Costs for the year in relation to transition work have been reported in our accounts under Financial Reporting Standard 3 (FRS3).

Trevor Pearce

Director General and Accounting Officer

National Crime Squad

Date: 13 November 2006



The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the National Crime Squad for the year ended 31 March 2006 under Section 66A of the Police Act 1997 (as amended by the Criminal Justice and Police Act 2001). These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and Statement of Recognised Gains and Losses and the related notes. These Financial Statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the National Crime Squad Service Authority, the Accounting Officer and Auditor

The Service Authority of the National Crime Squad and the Accounting Officer are responsible for the preparing the Annual Report, the Remuneration Report and the financial statements in accordance with Section 66A of the Police Act 1997 (as amended by the Criminal Justice and Police Act 2001) and directions made thereunder by the Secretary of State, with the consent of the Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Service Authority's and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Section 66A of the Police Act 1997 (as amended by the Criminal Justice and Police Act 2001) and directions made thereunder by the Secretary of State, with the consent of the Treasury, and whether in all material respects the expenditure and income have been applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Annual report and management commentary are not consistent with the financial statements, if the National Crime Squad has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 24 and 25 reflects the National Crime Squad's compliance with HM Treasury guidance on the Statement on Internal Control and I report if it does not. I am not required to consider whether the Accounting Officer's Statement on Internal Control covers all risks and controls or form an opinion on the effectiveness of the National Crime Squad corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only National Crime Squad Functions and Aims, Review of Operations and Performance Information. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Service Authority of the National Crime Squad and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the organisation's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered to be necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

In my opinion:

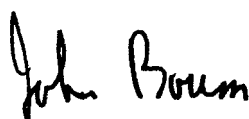
- the financial statements give a true and fair view, in accordance with Section 66A of the Police Act 1997 (as amended by the Criminal Justice and Police Act 2001) and directions made thereunder by the Secretary of State, with the consent of the Treasury, of the National Crime Squads affairs as at 31 March 2006 and of its surplus for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Section 66A of the Police Act 1997 (as amended by the Criminal Justice and Police Act 2001) and directions made thereunder by the Secretary of State, with the consent of the Treasury, and
- In all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations on these financial statements.

John Bourn

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP



Date: November 2006

Income and expenditure account

For the period ended 31 March 2006

	Note	2005/06 £000's	2004/05 £000's
Income			
Grant - in - aid and other funding	4	189,271	165,174
Other income		2,123	1,704
		191,394	166,878
Expenditure			
Employment costs	6.a	89,814	93,183
Other operating costs	8	70,990	72,413
Depreciation	10.1	6,942	6,834
Notional cost of capital		(6,846)	(548)
		160,900	171,882
Operating surplus/(deficit)			
		30,494	(5,004)
Exceptional item	9	(7,226)	0
Interest and investment income	5	729	409
Surplus/(loss) on disposal of fixed assets		(73)	60
Notional cost of capital reversal		(6,846)	(548)
Net transfers (to)/from reserves	17	58	0
Retained surplus/(deficit) for year			
		17,136	(5,083)
Tax provision	15	0	587
Retained surplus/(deficit) for year			
		17,136	(4,496)
Income and expenditure account b/fwd		(43,413)	(38,917)
Income and expenditure reserve c/fwd			
		(26,277)	(43,413)

All results are derived from continuing operations

Statement of total recognised gains and losses

For the period ended 31 March 2006

		2005/06 £000's	2004/05 £000's
Retained surplus/(deficit) for the year		17,136	(4,496)
Revaluation of fixed assets	10.1/17	1,573	855
Actuarial loss on pension liabilities	7.4	(385,090)	(2,672)
Overnight increases in liabilities (change in real return)	7.4	(1,700)	
Total recognised gains and losses relating to the year			
		(368,081)	(6,313)
Total gains and losses since last annual report			
		(368,081)	(6,313)

The notes on pages 31 to 49 form part of these accounts.

Balance sheet

For the period ended 31 March 2006

		31 March 2006	31 March 2005
	Note	£000	£000
Fixed assets			
Tangible fixed assets	10.1	41,396	27,432
Current assets			
Short term deposits and investments	19	0	7,963
Debtors and prepayments and accrued income	11/13	2,880	2,506
Cash at bank and in hand	12	10,180	0
		13,060	10,469
Current liabilities			
Creditors: amounts due within one year	14	(27,542)	(23,366)
Cash and bank overdrawn	12	0	(4,903)
		(27,542)	(28,269)
Net current assets		(14,482)	(17,800)
Total assets less current liabilities		26,914	9,632
Provisions for liabilities and charges	15	(804)	(15,385)
Deferred income	16	(56)	(343)
FRS17 pension liability	7.3	(401,361)	(12,411)
FRS17 pension asset	7.2	1,988	1,017
Total assets less liabilities		(373,319)	(17,490)
Capital and reserves			
Income and expenditure account	17	(26,277)	(43,413)
Government grant reserve	17	41,225	27,187
Donated asset reserve	17	171	246
Pension reserve	17	(393,159)	(6,369)
Other reserves	17	4,721	4,859
Government funds		(373,319)	(17,490)

The notes on pages 31 to 49 form part of these accounts.

Trevor Pearce

Director General and Accounting Officer

National Crime Squad

Date: 13 November 2006



Cash flow statement

For the period ended 31 March 2006

	Note	2005/06 £000	2004/05 £000
Net cash flow from operating activities	18	5,830	(255)
Returns on investments and servicing of finance			
Interest received		729	409
Capital expenditure and financial investments			
Purchase of fixed assets		(20,026)	(9,321)
Sale proceeds of fixed assets		561	731
Net cash (outflow)/inflow before use of liquid resources and financing		(12,906)	(8,436)
Financing			
Net (increase)/decrease in short term deposits		7,963	(3,472)
Grant - in - aid and other capital financing		20,026	9,321
Increase/(decrease) in cash		15,083	(2,587)
Cash balance as at 1 April		(4,903)	(2,316)
Cash balance as at 30 March		10,180	(4,903)

The notes on pages 31 to 49 form part of these accounts.

Notes to the accounts

For the year ended 31 March 2006

1 Accounting policies

Basis of preparation

The statement of accounts set out on pages 28 to 30, together with the notes on pages 31 to 49, have been prepared under the Accounts Direction given by the Secretary of State for the Home Office with the approval of the Treasury, under Section 66A of the Police Act 1997 (as amended by the Criminal Justice and Police Act 2001)

Accordingly, the Accounts have been prepared in accordance with applicable accounting standards and in the form directed in the Financial Reporting Manual and Accounts Guidance distributed by HM Treasury.

Grant - in - aid and income recognition

In accordance with government accounting rules, Grant -in - aid is accounted for in the year in which it is received. Any surplus or deficit relating to specific grants is transferred to a deferred income account. Grant - in - aid for capital expenditure is credited to a Government Grant Reserve. Each year an amount equal to the depreciation/amortisation charge on fixed assets acquired through Grant - in - aid, and any deficit on their revaluation in excess of the balance on any Revaluation Reserve, is released to the Income and Expenditure account.

Fixed assets

Expenditure on the acquisition or improvement of tangible fixed assets of £10,000 or more is capitalised where the asset will give access to economic benefits for a period of time in excess of one year. Capitalised fixed assets are included in the balance sheet at their current cost value less accumulated depreciation where the comparison with historic values shows a material difference. The current cost value is reviewed annually through either a professional valuation or the application of an appropriate price index, dependant on the nature of the asset. Land and buildings are subject to a professional external valuation at intervals of not more than five years. Revaluation of fixed assets other than impairments are credited or debited to a Revaluation Reserve. In the current year assets have been revalued in accordance with FRS 15.

Depreciation

Depreciation is provided for all fixed assets, except freehold land, on a straight-line basis over the period of their estimated useful life, as follows:

Buildings	To their estimated residual value over the remainder of their estimated economic lives
Cars and vans	4 to 7 years
Motor cycles	3 years
Technical and communications equipment	5 years
Leasehold building improvements	the lesser of the remaining term of the lease or 10 years

The lives of fixed assets are reviewed regularly and, where necessary, revised. For 2005/06 cars and vans are assumed to have an average residual value of £2,000 on disposal after 5 years and motor cycles £1,400 on disposal after 3 years (unchanged from 2004/05). Assets under construction are not depreciated. A full year's depreciation is charged on assets purchased during the year and no depreciation is charged on disposals.

Notional costs

The Financial Reporting Manual 2005/06 and accounts guidance, issued by HM Treasury, directs that Accounts should disclose the full cost of NDPB activities. This requires the inclusion of the following notional costs:

Cost of capital employed.

The cost of capital employed is included in total expenditure in the income and expenditure account at a rate of 3.5% (2004/05 - 3.5%). The charge is levied on the average value during the year of total assets funded by government grant less all liabilities. The amount of the charge is reversed out of the income and expenditure account before total surplus or deficit for the year is arrived at.

Liquid resources

Comprise short-term cash deposits and investments managed through a professional fund manager. The amounts are included in the Accounts at historic cost.

Operating leases

Payments made under operating leases for land and buildings and equipment are charged to expenditure on a straight line basis over the lease term.

Foreign currency

Transactions denominated in a foreign currency are translated into sterling at the rate of exchange ruling on the date of each transaction, except where rates do not fluctuate significantly, where an average rate for the period is used. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the rate ruling at that date, or if appropriate, at the contracted rate. Any translation differences arising are dealt with in the income and expenditure account.

Retirement benefits

All the requirements of FRS17 retirement benefits as adapted to the public sector have been applied for 2005/06.

Employer contributions to the Principal Civil Service Pension Scheme and the Local Government Pension Scheme are charged to the Income and Expenditure Account as incurred at the relevant percentage of employees' pensionable pay as specified by the pension scheme administrators.

The cost of providing unfunded pension benefits for senior officers of ACPO grade and other directly recruited police officers is charged to the Income and Expenditure Account. The qualifying service for these pension benefits includes prior service with a police force in addition to service with the National Crime Squad, although no funding is received from the officers previous employer in relation to this past service.

Bad debt provision

All outstanding debts are assessed as to the potential risk of the debt not being recovered and a provision made where deemed necessary.

Value Added Tax

The National Crime Squad is registered for VAT but can only recover tax on purchases where those purchases relate to taxable business supplies. Income is shown net of any VAT and expenditure, including on fixed asset additions, is shown inclusive of any irrecoverable input tax.

2 Prior year adjustment

No Prior Year Adjustments have been made in 2005/06.

3 Financial targets

The National Crime Squad has no formal agreed financial targets for the year ended 31 March 2006 (2005 = nil).

4 Grant – in - aid and other funding

	Received 2005/06	Transfer (to)/from deferred /accrued income	Total 2005/06	2004/05
	£'000	£'000	£'000	£'000
Home Office				
- General Grant – in - aid	188,958	0	188,958	163,494
- Reflex additional funds	1,726	0	1,726	1,200
Total drawn down in 2005/06	190,684	0	190,684	164,694
Other Government grants				
- Recovered assets and incentivisation fund	1,924	339	2,263	2,322
- AME monies re pension fund	8,741	0	8,741	0
- Strategy for a healthy police force	58	(11)	47	16
	10,723	328	11,051	2,338
Net release to Govt. grant reserve (note 17)			(12,464)	(1,858)
			189,271	165,174

5 Interest and investment income

	2005/06	2004/05
	£'000	£'000
Bank interest	330	283
Tilneys - income from short term deposits	399	126
Total interest and investment income receivable	729	409

6 Employment costs

(6a) Analysis	2005/06	2004/05
	£'000	£'000
Salaries and allowances - directly recruited staff and officers	28,164	20,771
Salaries and allowances - seconded officers	44,672	53,146
Agency/temporary staff	1,001	1,175
Social Security costs	6,722	6,721
Other taxes	482	0
Other pension costs	1,023	2,468
Inc. in provision for pension liabilities (ACPO/directly recruited officers)	2,495	837
Increase/ reduction in provision for pension liabilities (LGPS)	243	(120)
Increase in provision for deficit on transfer from LGPS to PCPS	0	4,000
Indirect employee costs	5,012	4,185
	89,814	93,183

(6b) Staff numbers	2005/06	2004/05
	FTE	FTE
Directors	6	6
Seconded police officers	558	1,089
Directly recruited officers and staff	1,268	643
Contract and temporary staff	24	25
Average full time equivalent for the year	1,856	1,763

At the beginning of 2005/06 the majority of Police Officers, with the exception of those officers who are also directors, were seconded to the National Crime Squad from police forces for periods of between three and five years. During the last fourteen months the National Crime Squad began to directly recruit officers. A total of 1,105 officers had been recruited by the end of 2005/06 with the majority recruited in the last quarter of the year.

(6c) Directors' remuneration and service contracts

Directors may be appointed, or seconded in, for a term of 3-5 years through open and fair competition. Contracts may be renewed for a further term.

In the interest of security all directors have withheld permission for their ages, remuneration or pension details to be disclosed. In aggregate the remuneration of the directors including pension lump sum payments during the year ended 31 March 2006 was £1,304,375 (£737,220 2004/05).

(6d) Service Authority members allowances	2005/06	2004/05
	£'000	£'000
Mr Paul Lever, Chairman *	30	29
Ms Caroline Burton, Independent Member *	6	5
Mrs Jennifer Harvey, Independent Member *	6	5
Councillor Bob Jones, APA Core Member *	6	5
Mr John Christensen, APA National Crime Squad Member *	6	7
Mr Peter Storr, Org. & Int'l Crime Directorate *	0	0
Mr Mike Eland, HM Customs & Excise Core Member	0	0
Mr James Hart QPM, ACPO Core Member	0	0
Mr Tarique Ghaffur QPM, Assistant Commissioner, Metropolitan Police	0	0

In addition to the allowance, members are reimbursed business expenses relating to their Service Authority duties. No pension or other benefits are provided for members. Members indicated with a * receive a similar payment from the National Criminal Intelligence Service.

7 Pensions and retirement benefits

7.1 Principal Civil Service Pension Scheme (PCSPS)

Prior to 1 April 2002 all except a small handful of police staff were members of the Local Government Pension Scheme. As a result of the change to NDPB status, the staff were given the opportunity to transfer to the PCSPS and the vast majority opted for this transfer, which was effected on 19 September 2002, and the financial settlement finalised in December 2005. The transfer resulted in a one off payment of £8.74m by the National Crime Squad against which a provision made in 2004/05 of £11.4m was released.

The PCSPS is an unfunded multi-employer defined benefit scheme but the National Crime Squad is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2005/06 employer contributions of £3.95m (2004/05 £2.47m) were payable to the PCSPS at one of four rates in the range 16.2% to 24.6% (2004/05: 12% to 18%) of employee's pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. Rates will increase in 2006/07 to be within the range 17.10% to 25.50% of pensionable pay. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions for partnership pensions are payable to one or more of a panel of four appointed stakeholder pension providers. These contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. During 2005/06 the National Crime Squad did not pay any employer contributions to stakeholder pension providers.

In addition, employer contributions of 0.8% of pensionable pay are payable to PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of employees within the scheme. For 2005/06 no contributions were payable to PCSPS in respect of these benefits.

7.2 Local Government Pension Scheme (LGPS)

As mentioned above, the vast majority of National Crime Squad police staff who were members of the LGPS transferred to the PCSPS on 19 September 2002. Five members of staff did not exercise the option to transfer to the PCSPS and remained with the LGPS. This is a funded multi-employer defined benefit scheme and the remaining National Crime Squad members participate in a scheme administered by the London Pensions Fund Authority (LPFA).

In order to comply with HM Treasury's Finance Reporting Manual guidance the National Crime Squad is required to provide in these accounts for the full value of the expected future pension liabilities of the Staff. The LPFA have provided a valuation of the scheme liabilities as at 31 March 2006 and full provision for the pension liability of £3.095m is reflected on the balance sheet offset by the value of assets held at 31 March 2006 of £5.083m, ie a net pension asset of £1.988m.

The net scheme assets at 31 March:	2006	2005
	£'000s	£'000s
Present value of liabilities	(3,095)	(3,806)
Present value of assets	<u>5,083</u>	<u>4,823</u>
Net pension assets	<u>1,988</u>	<u>1,017</u>
Balance sheet pension reserve		
Pension reserve (gain/(loss))	1,200	(634)
Surplus/loss in balance sheet	<u>788</u>	<u>1,651</u>

The main assumptions used by the actuaries Hymans Robertson employed by LPFA were as follows:

	2005/06	2004/05	2003/04
	%	%	%
Inflation assumption	3.1	2.9	2.9
Rate of salaries increase	4.6	4.4	4.4
Rate of pensions increase	3.1	2.9	2.9
Discount rate	6.0	5.4	6.5

The value of assets vesting in the staff who transferred to the PCSPS has been agreed between the LPFA, PCSPS and the Government Actuary (GAD) and this, along with the additional monies of £8.74m that was required to match the pension benefits in the PCSPS to which the transferred staff are entitled, was paid over. The amount of the shortfall was estimated at £11.4m at the end of 2004/05, and the surplus provision has been released in 2005/06 (note 15).

During 2005/06 employer contributions totaling £22k were paid by the National Crime Squad to the LPFA based on 14.9% of pensionable pay (2004/05 £20k 12.1%). The Fund regulations require contribution rates to be set to meet overall liabilities and there are no increases in contribution agreed for future years. The last full actuarial valuation was carried out at 31 March 2006.

The fair value of assets held by the scheme relating to the employer at the end of the years are as follows:

Asset type	31 March 2006		Asset type	31 March 2005		31 March 2004	
	Assets £'000s	Long term return % pa		Assets £'000s	Long term return % pa	Assets £'000s	Long term return % pa
Equities	3,204	7.3%	Equities	3,798	7.7%	3,059	7.7%
Target return funds	968	6.0%	Bonds	520	4.8%	450	5.1%
Alternative assets	599	6.5%	Property	343	5.7%	217	6.5%
Cash	312	4.6%	Cash	162	4.8%	64	4.0%
Total	5,083	6.8%		4,823	7.1%	3,790	7.3%

Details of the movement in liabilities are shown in matrix 7.4 below.

7.3 Association of Chief Police Officers (ACPO) scheme and other directly recruited officers

ACPO scheme

The Authority maintains an unfunded defined benefit scheme for directors or former National Crime Squad director of ACPO rank. The benefits provided are identical to those the officers would have received had they remained with a police force. As part of the scheme, the National Crime Squad accepts liability for payment of the pension benefits in respect of the officers past service with a police force, although no transfer values are payable from a former employer in respect of this liability, as well as their pensionable service whilst employed by the National Crime Squad.

Other directly recruited officers

As at 31 March 2006 the National Crime Squad had directly recruited 1,105 police officers, a number of whom are seconded to other Government bodies. These officers are members of the national police pension scheme, which is a multi-employer unfunded defined benefits scheme. As with the ACPO scheme, the National Crime Squad accepts liability for payment of the pension benefits in respect of the officers' past service with the police, although no transfer values are payable from their former employers in respect of this liability, as well as their pensionable service whilst employed by the National Crime Squad.

For both schemes no employer contributions are payable, but pensions benefits are paid as they fall due from National Crime Squad resources. In 2005/06 £0.9m was paid to five pensioners (ACPO scheme (2004/05 £0.1m), and £1.7m was paid to 14 pensioners (Direct Recruitment) (2004/05 nil). Pensions paid in the year are charged against the Pension Provision (note 7.4).

In order to comply with HM Treasury's Financial Reporting Manual and Accounts Guidance, the National Crime Squad is required to provide in these accounts for the full value of the expected future pension liabilities of the officers. The National Crime Squad commissioned the Government Actuary (GAD) to value the scheme liabilities as at 31 March 2006 and full provision for the liability £401.4m (31 March 2005, £12.4m) is reflected in the balance sheet.

The scheme liabilities at 31 March were:

	2,006 £'000	2005 £'000
Present value of liabilities - ACPO scheme	(8,014)	(7,574)
Present value of liabilities - other directly recruited officers	<u>(393,347)</u>	<u>(4,837)</u>
Net pension liabilities	<u>(401,361)</u>	<u>(12,411)</u>

There were no pension scheme assets at 31 March 2006 (31 March 2005 = nil)

The main assumptions used by the actuary were as follows:

	2005/06	2004/05	2003/04
	%	%	%
Inflation assumption	2.5	2.5	2.5
Rate of salaries increase	4.0	4.0	4.0
Rate of pensions increase	2.5	2.5	2.5
Discount rate	5.4	5.4	6.1

In compliance with advice from the Home Office, the change in the pension liabilities resulting from operating and finance costs has been charged to the income and expenditure account. This charge is reduced by the contributions receivable in the year from the active members. The actuarial loss calculated by GAD has been reflected in the balance sheet (pension reserve).

7.4 Changes in pension liabilities for the year by scheme

	2005/06			2004/05	
	ACPO	Other	LGPS	Total	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Operating cost:					
Current service cost	160	2,680	12	2,852	366
Active member contributions*	(42)	(695)	0	(737)	(92)
Impact of settlements & curtailments	0	0	360	360	0
Finance cost:					
Interest on pension liabilities	440	330	212	982	715
Expected return on employer assets	0	0	(341)	(341)	(272)
Amount charged in the I+E account					
	558	2,315	243	3,116	717
Actuarial loss:					
Experience loss/gain on pension liabilities	(220)	384,070	(167)	383,683	1,711
Actuarial return less expected return on scheme assets	0	0	(777)	(777)	(135)
Changes in demographic & financial assumptions	10	2,430	(256)	2,184	1,096
Total actuarial loss charged to pension reserve					
	(210)	386,500	(1,200)	385,090	2,672

*Both the ACPO and Directly Recruited Officers schemes are unfunded and therefore the active member contributions are not reflected in the movements in the provision but reduce the cost in the Income and Expenditure account.

Movement in the provision during the year:

	2005/06			2004/05	
	ACPO £'000s	Other Officers £'000s	LGPS £'000s	Total £'000s	Total £'000s
Net liabilities at start of year	7,574	4,837	(1,017)	11,394	8,085
Current service cost	160	2,680	12	2,852	366
Pensions paid in the year	(940)	(1,710)	0	(2,650)	(149)
Overnight incr in liabilities (change in real return)	990	710	0	1,700	0
Employers contribution	0	0	(14)	(14)	(23)
Impacts of settlements and curtailments	0	0	360	360	0
Net finance charge	440	330	(129)	641	443
Actuarial loss	(210)	386,500	(1,200)	385,090	2,672
Net liabilities at end of year	8,014	393,347	(1,988)	399,373	11,394

7.5 History of experience gains and losses

Local Government Pension Scheme	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets	£'000s	£'000s	£'000s	£'000s
Amount	777	135	492	(3,417)
Percentage of assets	15.3%	2.8%	13.0%	-112.0%

Experience gains/(losses) on liabilities

Amount	167	34	(26)	571
Percentage of total present value of liabilities	54%	0.9%	-1.1%	26.6%

Total amount recognised in statement of total recognised gains and losses:

Amount	1,200	(634)	466	(2,846)
Percentage of total present value of liabilities	38.8%	-16.7%	20.3%	-132.8%

Association of Chief Police Officers scheme

	2006	2005	2004	2003
	£'000s	£'000s	£'000s	£'000s

Experience gains/(losses) on liabilities

Amount	220	150	(1,209)	(108)
Percentage of total present value of liabilities	2.7%	3.6%	-2.3%	-2.0%

Total amount recognised in statement of total recognised gains and losses:

Amount	210	150	(1,209)	(108)
Percentage of total present value of liabilities	2.6%	2.0%	-16.6%	-2.0%

Directly recruited officers scheme	2006	2005	2004
(New scheme from March 2003/04)	£'000s	£'000s	£'000s

Experience gains/(losses) on liabilities

Amount	(384,070)	(2,019)	0
Percentage of total present value of liabilities	-97.6%	-41.7%	0.0%

Total amount recognised in statement of total recognised gains and losses

Amount	(386,500)	(2,188)	0
Percentage of total present value of liabilities	-98.3%	-45.2	0.0%

7.6 Other police officers

All other police officers are currently seconded to National Crime Squad and their home forces remain responsible for their pension benefits. No charge or provision is included in these accounts in respect of these officers.

8 Other operating costs

	2005/06	2004/05
	£'000	£'000
Information management	20,457	20,835
Operational and communications costs	12,059	12,197
Premises costs	13,097	14,061
Vat recovery	(229)	(64)
Transport costs	5,595	5,139
Accommodation and subsistence	3,507	3,159
Grants to forces & other organisations	4,916	4,571
Professional services and fees	3,957	4,676
Forensic fees	3,308	3,281
Office equipment and repairs	409	955
External audit fees	65	57
Revaluation losses	59	34
Other supplies and services	3,790	3,512
	70,990	72,413

9 Exceptional items

Income and expenditure costs in preparation for SOCA	2005/06
---	----------------

£'000

Employment costs

Salaries of staff and officers	1,630
Agency staff costs	276
Pension provision	378
Indirect employee costs training	482
	<u>2,766</u>

Other operating costs

Information management	2,994
Operational and communications costs	827
Premises costs	213
Transport costs	4
Accommodation and subsistence	96
Professional services and fees	134
Office equipment and repairs	95
Other supplies and services	104
	<u>4,467</u>

Other income

Miscellaneous income	(7)
	<u>(7)</u>

Total exceptional items

7,226

During the year the National Crime Squad incurred costs totaling £7.2m as a result of work relating to the formation of the Serious Organised Crime Agency. This expenditure in accordance with accounting standard FRS3 is reported as an exceptional item.

Balance sheet assets included in preparation for SOCA	2005/06
--	----------------

£'000

Fixed assets

Fixed assets and assets under construction	3,111
	<u>3,111</u>

During the year the National Crime Squad acquired £3.1m of assets for the formation of SOCA including vehicles, leasehold improvements and operational equipment.

10.1 Tangible fixed assets

	PoA/ assets under construction	Freehold property	Vehicles	Operational equipment	Leasehold building improvement	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
31 March 2005	2,075	10,313	20,335	8,682	8,152	49,557
Additions	12,064	190	4,026	2,075	1,671	20,026
Transfer	(1,411)	0	0	0	1,411	0
Disposals	0	0	(2,698)	(1,553)	0	(4,251)
Revaluation in the year gains	91	1,458	223	55	166	1,993
Revaluation in the year losses	0	0	0	(58)	0	(58)
31 March 2006	12,819	11,961	21,886	9,201	11,400	67,267
Depreciation						
31 March 2005	0	581	11,972	5,809	3,763	22,125
Charge for the year	0	351	3,920	1,437	1,174	6,882
Disposals	0	0	(2,172)	(1,444)	0	(3,616)
Revaluation Cur yr/I&E	0	0	45	(6)	21	60
Revaluation back yr/BS	0	227	114	27	52	420
31 March 2006	0	1,159	13,879	5,823	5,010	25,871
Net book value						
As at 31 March 2005	2,075	9,732	8,363	2,873	4,389	27,432
As at 31 March 2006	12,819	10,802	8,007	3,378	6,390	41,396

All assets other than and payments on account have been indexed during the year.

10.2 Revaluation of tangible fixed assets

	PoA/ Assets under construction	Freehold property	Vehicles	Operational equipment	Leasehold building improvement	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Historic cost						
Value	12,712	10,503	21,398	9,224	10,674	64,511
Depreciation	0	932	13,564	5,802	4,773	25,071
Historic cost net book value	12,712	9,571	7,834	3,422	5,901	39,440
Revaluation						
Cost-gains	107	1,458	488	69	726	2,848
Cost losses	0	0	0	(92)	0	(92)
Depreciation in yr	0	0	(201)	6	(185)	(380)
Depreciation back yr	0	(227)	(114)	(27)	(52)	(420)
Net revaluation	107	1,231	173	(44)	489	1,956
Fixed assets as at 31 March 2006	12,819	10,802	8,007	3,378	6,390	41,396

Payments on account have not been indexed as at 31 March 2006. All other assets have been indexed as per the applicable Price Index Numbers for Current Cost Accounting (MM17) as published by the National Statistics Office with the exception of leasehold buildings improvements and work in progress, which have been indexed using the output index for new construction work produced by the Department of Trade and Industry and freehold property which has been indexed using a Government offices rateable value index.

11 Debtors and prepayments

	31 March 2006	31 March 2005
	£'000	£'000
11.1 Amounts due within one year:		(restated)
Deposits and advances	55	42
Other debtors	1,427	1,167
Prepayments and accrued income	<u>1,398</u>	<u>1,297</u>
	<u>2,880</u>	<u>2,506</u>

	31 March 2006	31 March 2005
	£'000	£'000
11.2 Intra-Government balances:		
Balances with police forces	449	66
Balances with other central Government bodies	819	559
Balances with local authorities	0	12
Balances with bodies external to Government	<u>1,612</u>	<u>1,869</u>
	<u>2,880</u>	<u>2,506</u>

Long term debtors totalling £33,000 (2004/05 £8,000) are included within Other Debtors. This amount is not considered material and is not separately disclosed in the balance sheet.

12 Cash at bank and in hand

	31 March 2006	31 March 2005
	£'000	£'000
Cash at bank and in hand opening balance	(4,903)	(2,316)
Net change in cash balances in year	<u>15,083</u>	<u>(2,587)</u>
Closing balance	<u>10,180</u>	<u>(4,903)</u>

The National Crime Squad operates a number of bank accounts. At any one time some will be in credit, whilst others will be overdrawn. For cash flow management and reporting purposes the balances of all accounts are combined. As at 31 March 2006 the total value of unpresented cheques included in the above figures was £7.5m (2004/05 £8.3m)

13 Accrued income

	1 April 2005 b/fwd £'000	2005/06 transfer £'000	2005/06 Receipts £'000	2005/06 spend £'000	31 March 2006 c/fwd £'000
Other Government grant (not received 2005/06)					
- Recovered assets and incentivisation fund	0	(301)	(1,925)	2,264	38
Other income accrued					
- Rent to be recharged in April	0	0	0	115	115
	0	(301)	(1,925)	2,379	153

14 Creditors

	31 March 2006 £'000	31 March 2005 £'000
14.1 Amounts falling due in within one year:		
Trade creditors	9,557	3,416
Police force and other creditors	1,318	2,878
Police force and other accruals	14,644	16,403
Vat	71	22
Taxation and social security	1,952	647
	27,542	23,366
Overdrawn bank accounts and cash (net)	0	4,903
	27,542	28,269
	31 March 2006 £'000	31 March 2005 £'000
14.2 Intra-Government balances:		
Balances with police forces	3,288	9,940
Balances with other central Government bodies	3,760	2,153
Balances with local authorities	25	189
Balances with bodies external to Government	20,469	11,084
	27,542	23,366

Deferred income of £56k (2004/05 £301k) reported in note 16 is an additional balance with other central Government bodies which is not included in the above figures.

15 Provisions for liabilities and charges

	Balance 31 March 05 £'000	Increase in the year £'000	Reversal in the year £'000	Use of provision £'000	Balance 31 March 06 £'000
LGPS to PCSPS transfer	11,400	0	(2,659)	(8,741)	0
Legal provisions	2,890	250	(229)	(2,661)	250
Tax provision	657	0	0	(657)	0
Other provisions	438	189	(36)	(37)	554
	15,385	439	(2,924)	(12,096)	804

The LGPS to PCSPS transfer was finalised in 2005/06; further information is included in note 7.

Legal provisions

The provisions are made on the most reliable estimates of cost at present however exact costs to the organisation will not be known until agreements have been reached. It is anticipated that all legal provisions will be settled in 2006/07.

Other provisions

These relate to various staff relocations, rent deposits and dilapidation provisions for two offices for which the leases expire in 2006/07.

16 Deferred income

	1 April 2005 b/fwd £'000	2005/06 Receipts £'000	2005/06 Spend £'000	2005/06 Transfer £'000	31 March 2006 c/fwd £'000
Other Government grant (received 2005/06)					
- Recovered assets and incentivisation fund	301	0	0	301	0
- Strategy for a healthy police force	42	58	44	0	56
	343	58	44	301	56

17 Reserves

	As at 31 March 2005	Income	Expenditure	Transfers	As at 31 March 2006
	£'000	£'000	£'000	£'000	£'000
Income and expenditure account	(43,413)	192,123	(175,045)	58	(26,277)
Gov't grant reserve & fixed asset reval reserve	27,187	20,026	(7,561)	1,573	41,225
Donated asset reserve	246	0	(75)	0	171
Pension reserve incl o/night adj	(6,369)	0	0	(386,790)	(393,159)
Other reserves:					
- Radio replacement reserve	4,581	0	0	0	4,581
- Forfeiture fund	278	48	(128)	(58)	140
	<u>(17,490)</u>	<u>212,197</u>	<u>(182,809)</u>	<u>(385,217)</u>	<u>(373,319)</u>

Income and expenditure account (I+E A/c)

The balance of accumulated surpluses or deficits in operating income over operating expenditure.

Government Grant Reserve (GGR) & fixed asset revaluation reserve

Grant is received as a contribution towards expenditure on fixed assets. The amount of the year's depreciation for grant financed assets is transferred from the GGR to the Income and Expenditure Account. The balance of the GGR represents the current cost value, less accumulated depreciation, for fixed assets financed through grants. During the year the National Crime Squad received £20.0m of grant for the purchase of fixed assets and £6.9m was released from the GGR to the I+E A/c in respect of depreciation. The net book value of grant financed assets disposed of during the year, £0.7m was also released from the GGR to the I+E Account. The revaluation of Fixed Assets is shown in the statement of total recognised gains and losses.

Donated asset reserve

Contributions totalling £460,000 were received from two of the former regional crime squads and a developer in 1998/99 and utilised in 1998/99 and 1999/2000 to meet capital expenditure. In 2003/04 a further contribution of £155,000 was received towards the cost of improvements to a leasehold property. The Reserve is written down each year to the I + E Account to offset the annual depreciation charge.

Radio replacement reserve

The National Crime Squad is required to replace all its police radios during 2006 to meet a change in wavelengths and to upgrade its communications technology. This is part of the National Airwave Project.

Forfeiture fund

Cash, including the proceeds from the sale of assets, seized from convicted criminals and forfeited to the National Crime Squad by the courts. The fund is applied for operational purposes only, as specified by the courts.

18 Notes to the cash flow statement

	2005/06	2004/05
	£'000	£'000
Reconciliation of operating surplus for the year to net cash inflow from operating activities		
Surplus/(deficit) for the year before exceptional item	24,362	(5,083)
Exceptional item	<u>(7,226)</u>	<u>0</u>
Net surplus/(deficit) for the year	17,136	(5,083)
Add back depreciation	6,942	6,834
Less net interest receivable	(729)	(409)
Less releases from Government Grant Reserve	(7,577)	(7,504)
Less surplus on disposal of fixed assets	73	(60)
Add increase in forfeiture fund	(138)	278
Decrease/(increase) in debtors and prepayments	(374)	(58)
Decrease/increase in FRS 17 asset	(971)	491
(Decrease)/increase in creditors	4,176	(2,899)
(Decrease)/increase in deferred income	(287)	24
(Decrease)/increase in provisions for liabilities and charges	<u>(12,421)</u>	<u>8,131</u>
Net cash inflow from operating activities	<u>5,830</u>	<u>(255)</u>

19 Financial instruments

Accounting standard FRS13, derivatives and other financial instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which it is financed the National Crime Squad is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS13 mainly applies. Financial assets and liabilities are generated by day to day operation activities and are not held to change the risks facing the National Crime Squad in undertaking its activities.

Liquidity risk:

The net revenue resource requirement of the National Crime Squad is financed by grant in aid from the Home Office, as is its capital expenditure. The grant in aid is drawdown monthly based on forecast cashflow and the National Crime Squad is therefore exposed to a liquidity risk which requires active management. This is particularly important as NDPBs are required to keep cash balances to a minimum level consistent with operational requirements to ensure that government funds are not drawdown in advance of need.

Interest rate risk:

Cash balances held by the National Crime Squad are kept at a minimum level consistent with operational need. During the year cash balances have been invested on a short term basis at prevailing market rates.

Currency rate risk:

All financial assets and financial liabilities held by the National Crime Squad are based in sterling avoiding any currency rate risk.

Investment risk:

Please refer to note 21

20 Financial liabilities

	31 March	31 March
	2006	2005
	£'000	£'000
Bank overdraft	0	4,903
Financial liabilities as defined by FRS13	0	4,903

The book value and the fair value of financial liabilities are not materially different. As permitted by FRS13 short-term creditors are excluded from the above analysis.

21 Financial assets

	31 March	31 March
	2006	2005
	£'000	£'000
Cash at bank and in hand	10,180	0
Short-term deposits and investments	0	7,963
Financial assets as defined by FRS13	10,180	7,963

Cash earns market rates of interest. Short term deposits and investments were invested for National Crime Squad by an Investment Management Company, which is a member of the London Stock Exchange and regulated by the Financial Services Authority. The investments made by the Investment management Company, through a nominee company, consisted of cash deposits and other secure readily realisable investments as stipulated in the National Crime Squad's contract with the investment company. The National Crime Squad was exposed to gains and losses arising from changes in interest rates and the market value of investments. The National Crime Squad also bore the risk of default by any institutions in which the investment management company invested National Crime Squad funds. If the nominee company defaulted, the investment management company were responsible for making up any losses, to the extent that its assets were not subject to claims from other entities. The portfolio was monitored via monthly valuation reports prepared by the investment management company and meetings with the investment manager as required. The book value and the fair value of financial assets were not considered to be materially different. As permitted by FRS13 short term debtors are excluded from the above analysis.

22 Capital commitments

	31 March	31 March
	2006	2005
	£'000	£'000
Capital expenditure contracted but not provided for in these accounts	5,045	1,380
Capital expenditure authorised but not contracted for	0	2,870
	5,045	4,250

All capital commitments incurred are for the new organisation SOCA .

23 Other commitments

Other commitments includes a ten-year contract which the National Crime Squad have awarded to a private sector company, to provide the Squad with information technology and communications services. The service provided is central to the successful delivery of the National Crime Squad IT strategy. Payments made under the contract in 2005/06 were £14.3m (2004/05 £13.88m). The contract ends on 31 August 2010.

	31 March 2006	31 March 2005
	£'000	£'000
Within 1 year	17,060	15,893
Between 2 and 5 years	57,822	63,978
Over 5 years	1,336	8,795
	<u>76,218</u>	<u>88,666</u>

24 Operating leases

Expenditure on operating leases for office buildings and operational equipment in 2005/06 was £7.0m (2004/05 £7.20m). During the next financial year the National Crime Squad is committed to the following annual rental amounts on operating leases expiring:

	31 March 2006	31 March 2005
	£'000	£'000
Within 1 year	3,337	1,343
Between 2 and 5 years	1,800	2,950
Over 5 years	2,443	2,424
	<u>7,580</u>	<u>6,717</u>

25 Related party transactions

The Home Office and its related bodies are related parties and provided the National Crime Squad with Grant in aid (see note 4) and other services during the year. There were no other transactions with directors, senior management or other related parties in the year.

26 Losses and special payments

There have been no material losses or special payments made during the year that require to be reported.

27 Donated services and goods

In the year to 31 March 2006 various goods and services with an estimated value of £1.6m have been received from various private companies and charities which have been used to enable the formation of a department within SOCA.

28 Third party assets

Seized property is that which is appropriated by law enforcement bodies such as National Crime Squad but which may still be liable to be returned. Seized property held by the National Crime Squad at 31 March 2006 included £9.5m (2004/05 £10.2m) in cash, motor vehicles and other valuables suspected of being derived from criminal activity. The value of this property is not included in these accounts.

29 Contingent liabilities

The National Crime Squad occupies leasehold premises at various locations across England and Wales, and many of these premises have been modified by the National Crime Squad to meet specific operational or administration requirements. Common to the leases is the requirement to hand-back the premises at the end of the lease period in a good condition. In substance this often obligates National Crime Squad to incur future expenditure on returning the premises to their pre-occupation condition.

The cost to the National Crime Squad on vacation of leased premises has been estimated on a charge per square foot basis as £10.719m. This allows for the reversal of any changes made to the building and the costs of redecoration. The potential liability, assuming that all annual rolling leases fall due in 2007, is currently estimated to fall due as follows:

	31 March 2006
	£'000
Year ended 31 March:	
2007	1,109
2008	1,224
2010	1,001
2011	352
2012	600
2013	367
2015	591
2016	2,022
2019	722
2020	358
2022	560
2023	461
2024	309
2025	<u>1,043</u>
	<u>10,719</u>

There are no other contingent liabilities.

30 Post balance sheet events

On 7 April 2005 the Serious Organised Crime and Police Act 2005 received Royal Assent. The bill established the Serious Organised Crime Agency (SOCA) from 1 April 2006 and also abolished the National Crime Squad and the National Crime Intelligence Service from a date to be agreed by the Secretary of State. On 14 February 2006, the Secretary of State, after a full consultation process with all relevant parties, in exercise of the powers conferred on him by Schedule 3 to the Serious Organised Crime and Police Act 2005 agreed the terms of the Transfer to SOCA Scheme 2006, with effect from 15 February 2006. The scheme enabled the two agencies assets, liabilities, structures and roles to be absorbed into SOCA together with various staff from HM Revenue and Customs and the UK Immigration Service. During the year the precursor organisations made changes to their structures and incurred costs, reported as exceptional items under FRS3, to enable the smooth transition to SOCA. SOCA comprises approximately 4,500 staff and has as its core objective the reduction of harm caused to the UK by organised crime.

Presented to Parliament by the Secretary of State in pursuance of Chapter 50, Part II, Section 51 paragraph 3, and Section 66A, of the Police Act 1997 (as amended by the Criminal Justice and Police Act 2001).

Ordered by the House of Commons to be printed on 16 November 2006. HC 16

The Service Authority Annual Report, the National Crime Squad Annual Report and the Statement of Accounts are published on behalf of the National Crime Squad Service Authority and the Director General by the National Crime Squad Corporate Communications Department.

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office
ID5508881 01/07 358603 19585

Printed on Paper containing 75% fibre content minimum.

Published by TSO (The Stationery Office) and available from:

Online

www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Fax orders: 0870 600 5533

Order through the Parliamentary Hotline *Lo-call* 0845 7 023474

Email: bookorders@tso.co.uk

Textphone: 0870 240 3701

TSO Shops

123 Kingsway, London WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop

12 Bridge Street, Parliament Square

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

General enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: bookshop@parliament.uk

Internet: bookshop.parliament.uk

TSO@Blackwell and other Accredited Agents

ISBN 978-0-10-294429-7



9 780102 944297