

HM Procurator General and Treasury Solicitor

Crown's Nominee Account for the year ending 31 March 2004

Foreword

Introduction and background

1. The Solicitor for the Affairs of Her Majesty's Treasury ("the Treasury Solicitor") was incorporated as a corporation sole by the Treasury Solicitor Act 1876 ("the 1876 Act"). The Treasury Solicitor has been appointed by successive Sovereigns by Royal Warrant to be the Crown's Nominee for the purpose of collecting bona vacantia (Latin, literally "vacant goods").

The Royal Warrant

2. The provisions of the warrant may be varied from time to time to take account of modification or changes to the law. The current Royal Warrant is dated 21 August 1984. It appoints the Treasury Solicitor as the Crown's Nominee for the purposes of the administration of estates of persons who die intestate and without known kin, and for the collection of assets of dissolved companies and other miscellaneous bona vacantia, in England, Wales and Northern Ireland (except in the Duchies of Cornwall and Lancaster). In Northern Ireland the Crown Solicitor deals with these matters as the Agent for the Treasury Solicitor.

The Crown's Nominee Account

3. Section 4 of the 1876 Act provides that all money arising from the disposal of property and rights whether as income or as proceeds of the sale or disposal thereof, or otherwise, should be carried to the account directed by rules under the 1876 Act. This account is referred to as the Crown's Nominee Account and is maintained with the Paymaster General at the Bank of England.

4. The accounts of the income and expenditure arising during the year are deemed to be public accounts and the 1876 Act provides that an abstract of those accounts shall be laid annually before the House of Commons. The 1876 Act also provides that if a person satisfies the Treasury of their right to the whole or any part of unclaimed money, securities or property, the Treasury may direct that the sum paid to the Crown's Nominee Account be reimbursed to the entitled person.

Accounts Direction given by HM Treasury

5. The financial statements below have been prepared under an Accounts Direction of 21 May 2004 given by HM Treasury in accordance with Sections 4 and 5 of the 1876 Act (see Appendix), and the Treasury Solicitor (Crown's Nominee) Rules 1931 (S.R&O. 1931 No. 1097) as amended by the Treasury Solicitor (Crown's Nominee) (Amendment) Rules 1968 (S.I. 1968 No. 1521) and 1997 (S.I. 1997 No. 2870) emanating from the 1876 Act. The financial statements are to be presented to Parliament by 31 July every year for the year ending on the preceding 31 March.

Aim

6. The aim of the Treasury Solicitor, the Crown's Nominee as described above, is to provide a high quality service to stakeholders, including HM Treasury, Parliament, staff and people who will be affected by dealings with bona vacantia assets. The Treasury Solicitor's Bona Vacantia Division (a Division of the Treasury Solicitor's Department) is responsible for implementing these aims, and the objectives below.

Objectives

7. During the year the objectives of the Bona Vacantia Division were to:
- Deliver good quality casework, always looking for ways to improve it;
 - Use information technology to improve the services we offer;
 - Identify and meet the needs of stakeholders and those with whom we do business;
 - Recruit, retain and develop our staff, to ensure that they have opportunities for job satisfaction and fulfil their potential.

Principal Activities

8. The Bona Vacantia Division collects and administers property and rights that have vested in the Crown as bona vacantia in England, Wales and Northern Ireland. The two most important categories of bona vacantia are: (i) the assets of people who have died intestate with no entitled relatives; and (ii) the assets of companies which have been dissolved. The Division therefore

- Investigates the jurisdiction and the title to assets to establish whether they have passed to the Crown as bona vacantia;
- Collects and administers those that have;
- Sells bona vacantia assets so as to realise their proper value for the Crown;
- Disclaims onerous assets;
- Makes discretionary grants where appropriate.

Financial Review

9. During the year, the surplus of income over expenditure was £19.106m (2002–03: £14.990m) and £13.132m (2002-03: £12m) was surrendered to the Consolidated Fund from the Crown Share. An annual surrender is made to the Consolidated Fund out of the monies standing to the Crown's Nominee Account which remain after all payments have been made and contingent liabilities provided for. The Treasury Solicitor's Department charged the Crown's Nominee Account £2.4m (2002-03: £2.5m) for the services of the Bona Vacantia Division.

Departmental Report

10. The management arrangements governing the Bona Vacantia Division are set out in the Treasury Solicitor's Annual Report & Accounts.

Cost Recovery

11. The Treasury Solicitor's Department charges the Crown's Nominee Account for the services provided by the Bona Vacantia Division on a full cost recovery basis, including a proportion of the Department's total depreciation for fixed assets and a proportion of the Department's total cost of capital charge. The Treasury Solicitor's Department accounts for this, as part of the Department's Operating Income in the Departmental Resource Accounts audited by the Comptroller and Auditor General.

External Audit

12. The Crown's Nominee Account is audited by the National Audit Office on behalf of the Comptroller and Auditor General.

Juliet Wheldon DCB
Treasury Solicitor and Crown's Nominee
28 June 2004

Statement of the Crown's Nominee's Responsibilities

The Accounts are to be prepared under an Accounts Direction of 21 May 2004 given by HM Treasury in accordance with sections 4 and 5 of the Treasury Solicitor Act 1876 and shall be prepared under the historical cost convention on an income and expenditure basis.

In preparing the Accounts, the Treasury Solicitor is required to:

- Comply with the Accounts Direction issued by HM Treasury on 21 May 2004
- Comply with the rules of the Treasury Solicitor (Crown's Nominee) Rules 1931 (S.R&O 1931 No. 1097) as amended by the Treasury Solicitor (Crown's Nominee) (Amendment) Rules 1968 (S.I. 1968 No. 1521) and 1997 (S.I. 1997 No. 2870);
- Present to Parliament by 31 July every year the financial statements for the year preceding ending on 31 March;
- Observe the relevant accounting and disclosure requirements and to apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- Prepare the accounts on a going concern basis.

The responsibilities of the Treasury Solicitor include responsibility for the propriety and regularity of public finances.

By agreement with the Treasury, an amount is surrendered to the Consolidated Fund each year, after retaining sufficient funds within Crown Share¹ in order to meet future liabilities.

¹ For accounting purposes, Crown Share represents the sums retained by the Crown for the purposes of meeting potential kin claims, the Crown's costs, contingencies and any future payments to the Consolidated Fund. Crown Share includes any reservations deducted from the estate when a discretionary grant is made.

Statement on Internal Control

As the Crown's Nominee, a position vested in the Treasury Solicitor by the Treasury Solicitor Act 1876, I am responsible for the collection and administration of Bona Vacantia (ownerless goods) in accordance with that Act and any subsequent Rules made under it. This legislation requires me to prepare annual accounts for the Crown's Nominee Account (CNA), which is public funds, and whilst I am not appointed as the Accounting Officer, as defined by Government Accounting, I am responsible for maintaining a sound system of internal control for the collection and disposal of Bona Vacantia as if I were.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within the Agency 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.

Internal Control Framework

The system of control in BV is embodied in a number of ways. These include: -

- Published guidelines, internal practice guidance, training events, which give advice and guidance on BV matters;
- A system of delegated financial authorities for all payments made by the Division. These delegations relate to both case related payments and the payment of grants;
- Divisional Standards governing the handling and management of cases;
- Systematic identification and management of risks;
- A business plan setting out the priority areas of work and targets for each year;
- The provision of monthly accounts showing transactions, which have taken place on the CNA.

Day to day responsibility is delegated to the Head of the Division, who holds regular Team Meetings to take information from staff and also to inform them of new developments. Responsibility for financial matters including payments, receipts and the preparation of accounts rests with the Finance Director through a discrete unit within the Finance Branch and there is regular liaison between them. In addition the Head of Division is also a Director of the Treasury Solicitor's Department and Agency and a member of its Supervisory Board. As such she is subject to the Agency's wider control systems which include: -

The maintenance of a Divisional Risk Register;

- A budgeting system which feeds into the Business Planning process and matches resources to demand;
- The provision of regular reports to me as Chief Executive which are reinforced by quarterly meetings with me to discuss work priorities and the steps being taken to manage risk; and
- The provision of an annual Stewardship Report reporting on activity during the year.

The Stewardship report also requires the Head of BV to report specifically on the management of the resources allocated to her and to confirm that all risks to the achievement of objectives have been reviewed and that appropriate action to manage those risks has been, or is being, taken.

Internal Audit

The Bona Vacantia Division is also covered by the Treasury Solicitor's Department Agency (TSDA) Internal Audit service, which was provided by the External Business Unit of the Department for Education and Skills, up until 31 March 2004. This provides me with an independent assurance as to the effectiveness of internal control arrangements in the Division.

Following three reviews of the Division over the two previous financial years by Internal Audit, the recommendations of which have been implemented, BV Division was not subject to specific review in 2003/04. A visit was made to follow up auditors' management letters for the Crown's Nominee Account for 2001-02 and 2002-03. BV activity has however been covered in wider internal audit examination of risk management and business continuity processes and systems in TSDA. The recommendations arising from these will be applied in BV as appropriate.

Audit Committee scrutiny

The Department's Audit Committee scrutinizes and tests the Department's control, risk and corporate governance systems, including those that operate in BV Division, and assists me in preparing the assurances that I deliver to Parliament and Ministers.

Other Issues

There are three other control issues to which I should draw attention: -

- My Statement on Internal Control (published in the Crown's Nominee Accounts for 2002/03) referred to a thorough and progressive review of processes, systems and management structure being undertaken by the newly appointed Head of Division. This work resulted in improved arrangements for the management and control of casework.
- A Fraud Working Group was set up in the Division to advise on minimizing the risk of fraud in what could be a vulnerable area of TSD business. The Group reported in 2003/04 and its recommendations are being acted upon. It is planned that the Group will continue its work to review BV processes to ensure that the measures being taken to minimize the risk of fraud remain relevant.
- The BV Division has considered the implications of the 2003 Money Laundering Regulations (MLR) that came in to force on 1 March 2004 and their relevance to the Division's financial transactions. We intend to ensure that we apply best practice to reduce the risk of money laundering and to assist the fight against financial crime. The Division is therefore reviewing its procedures to combat money laundering.

Conclusion

I believe that the changes that have already taken place in Bona Vacantia Division, together with the action that is being taken in the light of current reviews and the implementation of all internal audit's recommendations, will establish a sound system of management control.

Juliet Wheldon DCB

Treasury Solicitor and Crown's Nominee

28 June 2004

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the Crown's Nominee under the Treasury Solicitor Act 1876. These financial statements comprise an Income and Expenditure Account, Balance Sheet, Cash Flow Statement and Notes to the Accounts, and have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the Crown's Nominee and Auditor

As described in the Statement of Responsibilities for the Crown's Nominee, the Crown's Nominee is responsible for the preparation of the financial statements in accordance with an Accounts Direction of 21 May 2004 and rules emanating from the Treasury Solicitor Act 1876, and for ensuring the regularity of financial transactions. The Crown's Nominee is also responsible for the preparation of the other contents of the financial statements. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view of the Crown's Nominee Accounts and the balances held at the year end and are properly prepared in accordance with the Treasury Solicitor Act 1876 and Treasury directions made thereunder, and whether in all material respects, the income and expenditure have been applied to the purposes intended by Parliament and the financial transactions conform to all applicable Royal Warrants and rules emanating from the Treasury Solicitor Act 1876. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Crown's Nominee has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Accounts and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the Statement on Internal Control reflects compliance by the Crown's Nominee with Treasury's guidance 'Corporate Governance: Statement on Internal Control'. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Crown's Nominee's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the entity's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Crown's Nominee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Crown's Nominee'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 necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the income and expenditure have been applied to the purposes intended by Parliament and the financial transactions conform to all applicable Royal Warrants and rules emanating from the Treasury Solicitor Act 1876. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- The financial statements give a true and fair view of the Accounts of the Crown's Nominee for the year ended 31 March 2004 and the balances held at the year end, and have been properly prepared in accordance with the Treasury Solicitor Act 1876 and directions made thereunder by the Treasury; and
- In all material respects, the income and expenditure have been applied to the purposes intended by Parliament and the financial transactions conform to all applicable Royal Warrants and rules emanating from the Treasury Solicitor Act 1876.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General
30 June 2004

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

INCOME AND EXPENDITURE ACCOUNT
For the Year Ended 31 March 2004

		2003-04	2002-03
	Note	£	£
Income	2	35,617,194	27,920,803
Expenditure			
Expenditure from Crown Share	7	(2,741,389)	(2,752,749)
Expenditure in respect of estates under administration	8	(8,269,450)	(7,937,043)
Expenditure in respect of companies	8	<u>(5,499,888)</u>	<u>(2,240,843)</u>
Surplus of income over expenditure before transfer to the Consolidated Fund		19,106,467	14,990,168
Transfer to the Consolidated Fund	7	<u>(13,132,000)</u>	<u>(12,000,000)</u>
Surplus/(Deficit) after transfer to the Consolidated Fund	9	<u>5,974,467</u>	<u>2,990,168</u>

BALANCE SHEET
as at 31 March 2004

		2003-04	2002-03
	Note	£	£
CURRENT ASSETS			
Cash at bank	4	31,286,688	25,312,221
Debtors	5	<u>-</u>	<u>7,044</u>
		31,286,688	25,319,265
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	6	(394,048)	(278,846)
		<u>30,892,640</u>	<u>25,040,419</u>
REPRESENTED BY:			
Crown Share	7	6,706,624	5,577,885
Estates and Companies	8	<u>24,186,016</u>	<u>19,462,534</u>
		<u>30,892,640</u>	<u>25,040,419</u>

Juliet Wheldon DCB
Treasury Solicitor and Crown's Nominee

28 June 2004

CASH FLOW STATEMENT
For The Year Ended 31 March 2004

	Note	2003-04 £	2002-03 £
Surplus of income over expenditure before transfer to the Consolidated Fund		<u>19,106,467</u>	<u>14,990,168</u>
Net Cash Inflow from Operating Activities		19,106,467	14,990,168
Payments to the Consolidated Fund	7	-13,132,000	-12,000,000
Increase in Cash	4	<u>5,974,467</u>	<u>2,990,168</u>

Notes To The Accounts

1. Statement of Accounting Policies

In exercise of the powers conferred by sections 4 and 5 of the Treasury Solicitor Act 1876, the Treasury have made an Accounts Direction for the preparation of the Crown's Nominee Accounts. The financial statements have been prepared in accordance with the Direction and Rules (Treasury Solicitor (Crown's Nominee) Rules 1931 (SR&O 1931 No 1097) as amended by the Treasury Solicitor (Crown's Nominee) (Amendment) Rules 1968 (SI 1968 No 1521) and 1997 (SI 1997 No 2870)) emanating from the Act.

1.1 Accounting convention

The accounts have been prepared under the historical cost convention on a modified accruals basis.

1.2 Income

Income is accounted for on a cash basis. Receipts in the period cover the following:

- a) Sums arising from the realisation of estates of deceased persons passing to the Crown under the Administration of Estates Act 1925;
- b) Sums arising from the realisation of property and rights, which belonged to dissolved companies, and trusts, which have failed, and sums arising from the sale of miscellaneous bona vacantia;
- c) The recovery of costs and disbursements incurred by the Crown.

1.3 Administration expenditure

Administration expenditure mainly reflects the charge made by the Treasury Solicitor's Department for running the Bona Vacantia Division. The charge is calculated on a full cost recovery basis.

1.4 Discretionary grants

Although all bona vacantia assets belong to the Crown, the Crown has the power to make discretionary payments. Discretionary payments from estates may be made to dependants and other people for whom the deceased might reasonably have been expected to make provision. This power is contained in the Administration of Estates Act 1925. Discretionary payments are not recovered from people to whom they have already been paid, even in the event that entitled kin come forward after a discretionary payment has been made.

Section 651 of the Companies Act 1985, provides that a company that was liquidated may be restored to the Register within two years of liquidation; section 653 provides that a dissolved company may be restored within twenty years of dissolution. The effect of restoration is that the company is regarded as having continued in existence.

Where a company can still be restored, restoration to the Register is the appropriate remedy to enable its property and rights to be reclaimed. However, it is recognized that restoration is not always an economic proposition. The Crown may therefore make discretionary payments of up to £3,000 to former members or former liquidators of dissolved companies from cash balances received from banks and other financial institutions.

Where a dissolved company cannot be restored to the Register, the Crown may make discretionary payments, but payments over £50,000 require HM Treasury consent to waive the usual Crown retention. All cases involving novel or contentious issues are referred to HM Treasury.

1.5 Payments to kin

An action by kin to claim an estate is barred under the provisions of the Limitation Act 1980 after 12 years from the date of death. During the period covered by these financial statements, the rate of interest paid for a kin claim within 12 years from the date of death was calculated using the Court Funds Office's Special Funds Rate and predecessor interest rates. Interest is paid net of income tax, currently set at 20%. Claims received after the 12-year period but within 30 years of death are dealt with on a discretionary basis subject to kin agreeing not to claim interest.

1.6 Crown Share

For accounting purposes, Crown Share represents the sums retained by the Crown for the purposes of meeting potential kin claims, the Crown's costs, contingencies and any future payments to the Consolidated Fund. Crown Share includes any reservations deducted from the estate when a discretionary grant is made. This reservation, currently calculated as five per cent of the net value of the estate, is a form of insurance to protect the Crown in the event that kin come forward after a discretionary grant has been made.

Once the administration of an estate is complete, and no kin has come forward, then the residue of the estate, after deduction of the reservation and discretionary grant, if any, is transferred to Crown Share.

1.7 Transfer to the Consolidated Fund

By agreement with the Treasury, on a date after the last day of February but no later than 14 March, there shall be transferred to the Consolidated Fund from the Crown's Nominee Account an amount of 85% of the surplus of receipts over payments at the end of January subject always to a balance of at least £2million being retained in the Crown Share (Completed Cases) account for Contingencies and Creditors. The transfer shall be made by one single payment.

1.8 Contingencies

Under section 656(1) of the Companies Act 1985 the Treasury Solicitor, as the Crown's Nominee, may disclaim property vested in the Crown under Section 654 of the Act. Some of this property is potentially onerous. The Treasury Solicitor has twelve months to disclaim but there is a small risk that some property retained by the Treasury Solicitor, in her capacity as Crown's Nominee, could give rise to third party claims. The risk arises primarily for previously undisclaimed land, which it would be uneconomical to identify or evaluate. For this reason the amount of any contingent liability is unquantifiable.

2. Income		2003-04	2002-03
		£	£
	Note		
Estates passing to the Crown under the Administration of Estates Act 1925	8	23,069,970	15,520,735
Sums arising from the realisation of property which belonged to dissolved companies and trusts which have failed or determined	8	12,074,886	11,924,562
		35,144,856	27,445,297
Recovery of Crown costs	7	343,959	305,138
Disbursement income (Estates)	8	93,576	138,371
Disbursement income (Companies)	8	34,803	31,997
		<u>35,617,194</u>	<u>27,920,803</u>

Bona vacantia receipts are variable by nature, and will be influenced by the size and nature of the assets being disposed, eg. Land and buildings, bank and building society accounts, shares, life assurance policies, etc.

3. Segmental information

Analysis by geographical location:

<u>Income</u>		2003-04	2002-03
		£	£
England and Wales (excluding the duchies of Cornwall and Lancaster)		35,350,704	27,671,846
Northern Ireland		266,490	248,957
As per Note 2 - Income		<u>35,617,194</u>	<u>27,920,803</u>

Surplus

England and Wales (excluding the duchies of Cornwall and Lancaster)	5,861,383	2,800,528
Northern Ireland	113,084	189,640
As per Income and Expenditure Account	<u>5,974,467</u>	<u>2,990,168</u>

Net Assets

England and Wales (excluding the duchies of Cornwall and Lancaster)	29,902,079	24,149,385
Northern Ireland	990,561	891,034
As per Balance Sheet	<u>30,892,640</u>	<u>25,040,419</u>

4. Cash at bank

	2003-04	2002-03
	£	£
Balance at 1 April	25,312,221	22,322,053
Net cash inflow	<u>5,974,467</u>	<u>2,990,168</u>
Balance at 31 March	<u><u>31,286,688</u></u>	<u><u>25,312,221</u></u>
Balance with Office of HM Paymaster General	<u><u>31,286,688</u></u>	<u><u>25,312,221</u></u>

5. Debtors: amounts falling due within one year

	2003-04	2002-03
	£	£
Administration Costs (Treasury Solicitor's Department)	<u>-</u>	<u>7,044</u>
	<u><u>-</u></u>	<u><u>7,044</u></u>

6. Creditors: amounts falling due within one year

	2003-04	2002-03
	£	£
VAT due to HM Customs & Excise	29,929	10,607
Income tax	214,927	217,260
Administration Costs (Treasury Solicitor's Department)	87,000	-
Administration Costs (Crown Solicitor's Office)	<u>62,192</u>	<u>50,979</u>
	<u><u>394,048</u></u>	<u><u>278,846</u></u>

7. Crown Share

	Note	2003-04 £	2002-03 £
Expenditure from Crown Share	9	(2,741,389)	(2,752,749)
Transfer to the Consolidated Fund	9	(13,132,000)	(12,000,000)
Recovery of Crown costs	2	343,959	305,138
Movement in reserves	10	16,780,415	15,579,442
Movement in working capital	11	<u>(122,246)</u>	<u>451,682</u>
		1,128,739	1,583,513
Opening balance at 1 April		<u>5,577,885</u>	<u>3,994,372</u>
Closing balance at 31 March		<u><u>6,706,624</u></u>	<u><u>5,577,885</u></u>

8. Estates and Companies

A) Estates under administration

	Note	2003-04 £	2002-03 £
Expenditure	9	(8,269,450)	(7,937,043)
Income collected	2	23,069,970	15,520,735
Disbursement income	2	<u>93,576</u>	<u>138,371</u>
		<u>14,894,096</u>	<u>7,722,063</u>

B) Companies

Expenditure	9	(5,499,888)	(2,240,843)
Income Collected	2	12,074,886	11,924,562
Disbursement Income	2	<u>34,803</u>	<u>31,997</u>
		<u>6,609,801</u>	<u>9,715,716</u>

Movement in Reserves	10	(16,780,415)	(15,579,442)
-----------------------------	----	--------------	--------------

Opening balance in at 1 April		<u>19,462,534</u>	<u>17,604,197</u>
Closing balance at 31 March		<u><u>24,186,016</u></u>	<u><u>19,462,534</u></u>

9. Analysis of Income and Expenditure

	Note	2003-04 £	2002-03 £
Crown Share			
VAT payments to Customs		(67,773)	(54,785)
Administration costs - Note (a)		(2,405,772)	(2,534,232)
Bank charges		(3,390)	(3,684)
Audit fees		-	(12,338)
Bona Vacantia Website maintenance		(9,127)	-
Bona Vacantia IT administration		(17,163)	-
General expenses		(20,903)	(4,004)
Payments to Inland Revenue		<u>(217,261)</u>	<u>(143,706)</u>
	7	(2,741,389)	(2,752,749)
Transfer to the Consolidated Fund	7	(13,132,000)	(12,000,000)
Recovery of Crown Costs	2	<u>343,959</u>	<u>305,138</u>
		<u>(15,529,430)</u>	<u>(14,447,611)</u>
Estates under administration			
Legal liabilities and debts of estates		(2,571,140)	(2,587,844)
Discretionary grants		(198,376)	(489,263)
Payments to kin		(4,280,077)	(3,800,969)
Net interest on payments to kin		(832,509)	(840,928)
Disbursement expenditure		<u>(387,348)</u>	<u>(218,039)</u>
	8	(8,269,450)	(7,937,043)
Income collected	2	23,069,970	15,520,735
Disbursement income	2	<u>93,576</u>	<u>138,371</u>
		<u>14,894,096</u>	<u>7,722,063</u>
Companies			
Legal Liabilities		(2,857,383)	(1,960,605)
Discretionary grants		(2,499,451)	(173,595)
Disbursement expenditure		<u>(143,054)</u>	<u>(106,643)</u>
	8	(5,499,888)	(2,240,843)
Income collected	2	12,074,886	11,924,562
Disbursement income	2	<u>34,803</u>	<u>31,997</u>
		<u>6,609,801</u>	<u>9,715,716</u>
Surplus/(Deficit) after transfer to the Consolidated Fund			
		<u>5,974,467</u>	<u>2,990,168</u>

(a) Administration costs recovered by the Treasury Solicitor's Department include the notional audit fee for 2003-04, which amounts to £36,200. These costs are recorded as operating income within the Treasury Solicitor's Department Agency and Resource Accounts.

10. Analysis of movement in reserves	Note	2003-04	2002-03
		£	£
Net transfer from Estates & Companies		16,309,998	15,072,780
Disbursements recovered from monies in hand		215,553	235,888
Reservations in respect of deceased persons		27,518	45,291
Reservations in respect of dissolved companies		12,419	8,222
Tax deducted from interest paid to kin		214,927	217,261
	7-8	<u>16,780,415</u>	<u>15,579,442</u>

11. Movement In Working Capital	Note	2003-04	2002-03
		£	£
Decrease in income tax creditor	6	2,333	(73,554)
Increase in VAT creditor	6	(19,322)	(17,829)
Increase in Treasury Solicitor's Department administration costs creditor	5-6	(94,044)	584,044
Increase in Crown Solicitor's Office admin costs creditor	6	(11,213)	(50,979)
Decrease in audit fees creditor		-	10,000
	7	<u>(122,246)</u>	<u>451,682</u>

12. Potential for Contingent Liabilities

Liabilities may crystallize at any time, for example, because of a successful claim from kin, the restoration of a company to the Register, or a personal injury claim. Such liabilities are covered by retaining sufficient funds within reserves.

13. Related party transactions

The Crown's Nominee is also the Head of the Treasury Solicitor's Department, which provides administrative support to the Bona Vacantia Division. The Head of the Bona Vacantia Division is also a member of the Supervisory Board of the Treasury Solicitor's Department. The Crown Solicitor's Office is responsible for administering and collecting bona vacantia in Northern Ireland on behalf of the Crown's Nominee.

14. Post balance sheet events

There were no post balance sheet events.

15. Property

During 2003/04 property to the value of £1,484 was granted direct to holders by the Treasury Solicitor.

	2003-04 £	2002-03 £
Estates	1,484	373
Dissolved Companies	-	858
	<u>1,484</u>	<u>1,231</u>

16. Compensation Payments

Included within the Income and Expenditure Account are:

£54,265 relating to reimbursement or compensation payments made to those who incurred a loss in the course of handling bona vacantia matters. The Treasury Solicitor has delegated authority from the Treasury to make such payments up to £20,000 except in novel or contentious cases. Authorisation was received from the Treasury, as appropriate.

	2003-04 £	2002-03 £
Estates	<u>54,265</u>	<u>300</u>
	<u>54,265</u>	<u>300</u>

APPENDIX CROWN'S NOMINEE ACCOUNTS

ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTIONS 4 AND 5 OF THE TREASURY SOLICITOR'S ACT 1876.

1. The Treasury Solicitor shall prepare accounts for the Crown's Nominee Accounts for the financial year ended 31 March 2004 and each subsequent financial year comprising:
 - (a) A Foreword to the Accounts to include but not exclusively:
 - i. a description of the origins and purpose of the Crown's Nominee Accounts;
 - ii. the aim and objectives of the Crown's Nominee;
 - iii. the principal activities reflected within the accounts;
 - iv. particulars of any important events affecting the accounts which have occurred within and since the financial year-end;
 - v. the name of the Treasury Solicitor;
 - vi. the name of the account's appointed external auditor; and
 - vii. the foreword should state that the accounts have been prepared in accordance with a direction given by the Treasury in accordance with Sections 4 and 5 of the Treasury Solicitor's Act 1876.
 - (b) a Statement of the Crown's Nominee's responsibilities;
 - (c) a Statement of Internal Control;
 - (d) an Income and Expenditure account;
 - (e) a Balance Sheet;
 - (f) a Cashflow Statement;
 - (g) a set of accounting policies and any additional notes required to support the financial statements;
 - (h) any other notes as appropriate.
2. The accounts shall be prepared so as to:
 - (a) give a true and fair view of the Crown's Nominee Accounts for the financial year and the balances held at the year end; and
 - (b) ensure that, in all material respects, the income and expenditure have been applied in line with all applicable Royal Warrants and rules emanating from the Treasury Solicitor's Act 1876.
3. Subject to this requirement, the accounts shall be prepared in accordance with:
 - (b) relevant accounting standards;
 - (c) the accounting and disclosure requirements of Government Accounting; and
 - (d) other guidance issued by the Treasury, applicable to these accounts.
4. The accounts shall be prepared under the historical cost convention.
5. HM Treasury would not expect to be consulted on minor changes to the above.

**DAVID A CRUDEN FCA
HEAD OF THE CENTRAL ACCOUNTANCY TEAM
HER MAJESTY'S TREASURY**

21 May 2004