

HM Procurator General and Treasury Solicitor

Accounts of the Crown's Nominee for the year ending 31 March 2005

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").
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.
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 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.
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 Accounts of the Crown's Nominee are to be presented to Parliament by 31 July every year for the year ending on the preceding 31 March.

Aims and Objectives

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.
7. 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.

8. During the year the objectives of the Bona Vacantia Division were to:

- Recruit, retain and develop our staff, to ensure that they have opportunities for job satisfaction and to fulfill their potential;
- Deliver good quality casework, always looking for ways to improve it;
- Use information technology to improve the services we deliver to the public;
- Identify and meet the needs of our client, HM Treasury, and others who interact with us.

9. In this financial year, the Division handled 9,400 new cases, an increase of 8.4% on the previous year, all the increase coming from the assets of dissolved companies.

Financial Review

10. The income generated during the year amounted to £36.805m, an increase of £1.188m on 2003-04. The Division achieved this, in part, by being more proactive in seeking out cash assets of dissolved companies and by seeking to collect assets more swiftly wherever possible. During the year, the surplus of income over expenditure was £20.222m (2003-04: £19.106m) and £15.500m (2003-04: £13.132m) was transferred to the Consolidated Fund out of the monies remaining in the Crown's Nominee Account after all payments have been made and contingent liabilities provided for.

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.

12. The Treasury Solicitor's Department charged the Crown's Nominee Account £3.070m (2003-04: £2.406m) for the services of the Bona Vacantia Division. This increase is mainly accounted for by differences between planned and actual costs, which is adjusted in the following year's accounts, increases in staff and staff costs and increases in central costs in Treasury Solicitor's Department associated mainly with the impending move from Queen Anne's Chambers to new accommodation.

Departmental Report

13. Bona Vacantia Division is part of the Treasury Solicitor's Department and Executive Agency. As such its staff are employed under the terms and conditions that apply to all the Department's staff. These are reported on in the financial statements contained in TSoI's Annual Report and Accounts, which will be published in July as a House of Commons Paper. This also contains further information on management arrangements and the activity of the Bona Vacantia Division.

External Audit

14. The Crown's Nominee Account is audited by the National Audit Office on behalf of the Comptroller and Auditor General. The notional audit fee is £40,000 (£36,200 in 2003-04) and no further assurance or other advisory services have been provided by the NAO.

Juliet Wheldon *DCB*
Treasury Solicitor and Crown's Nominee
28 June 2005

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 transferred to the Consolidated Fund each year, after retaining sufficient funds within Crown Share¹ in order to meet future liabilities.

The Treasury Solicitor's Department is responsible for putting in place reasonable controls to protect the integrity of the Bona Vacantia's website. This responsibility includes accurate reproduction and maintenance of the annual audited Accounts that are made available to users of the website.

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

Scope of responsibility

As the Crown's Nominee, a position vested in the Treasury Solicitor by the Treasury Solicitor Act 1876, I am responsible for the collection, administration, and disposal 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 made up of 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 purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve 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 and prioritise the risks to the achievement of the Bona Vacantia Division's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them effectively and economically. The system of internal control has been in place for the Division for the year ended 31 March 2005 and up to the date of the approval of the accounts for that year and accords with Treasury guidance.

The risk and control framework

The system of control underpinning the Crown's Nominee Account is based on: -

- Systematic identification and management of risks;
- A budget and business plan setting out the resources, the priority areas of work and targets for each year, and a Risk Register related to these priorities and targets;
- Standardised processes and procedures set out in published guidelines, practice guides and internal instructions, supplemented by training events, which give advice and guidance on BV matters;
- Divisional Standards governing the handling and management of bona vacantia cases, underpinned by an electronic case management system;
- Management arrangements including 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;
- The provision of monthly accounts showing transactions that have taken place on the CNA.

The Risk Register for 2004/05 identified the main risks as fraud, and potential liabilities arising from undisclaimed assets. These risks were addressed during the year and the action included:

- keeping under review measures to counter fraud, including arrangements to prevent and combat money laundering, and changing procedures accordingly. This work will continue into the next financial year; and

- more work to map undisclaimed assets and reduce the exposure of the Crown to potential liability.

Review of effectiveness

I am responsible for reviewing the effectiveness of the system of internal control in Bona Vacantia Division. My review of such effectiveness is informed by the work of the executive managers in the Division, Internal Audit, the views of the Audit Committee and any comments made by external auditors in their management letter and other reports. These are commented on below.

Internal Management

Day to day responsibility for the system of internal control is delegated to the Head of the Division. She is assisted by team leaders and the Finance Director who manages a discrete unit within the Finance Branch, which is responsible for payments, receipts and the preparation of accounts. Systems are in place for regular communication with all staff including consultation on policy, operational and financial matters and for informing them of new developments.

In addition the Head of Division is a Director of the Treasury Solicitor's Department and a member of TSol's Supervisory Board and as such she is subject to the Agency's wider control system. She provides regular reports to me as Chief Executive which are reinforced by quarterly meetings with me to discuss work priorities, progress against business plan targets and the steps being taken to manage risk. She is also required to provide an annual Stewardship Report reporting on activity during the year, the management of the resources allocated to her and confirming 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 Internal Audit service, provided by Baker Tilly, provides me with an independent assurance as to the effectiveness of internal control arrangements in the Division. Following three Internal Audit reviews of the Division in previous financial years, the recommendations of which have been implemented, BV Division was not subject to specific review in 2004/05. BV has however been covered in wider internal audit examination of risk management and business continuity processes and systems in TSol and the recommendations arising from these will be applied in BV as appropriate.

Audit Committee

The Department's Audit Committee scrutinizes and challenges 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.

External Audit

Audit scrutiny of the Crown's Nominee Account for the year ended 31 March 2004 did not identify any major control weaknesses warranting a formal management letter. Some minor issues were raised in the course of that audit and have been addressed.

Conclusion

I believe that the above measures have led to a sound system of management control.

Juliet Wheldon *DCB*
Treasury Solicitor and Crown's Nominee
28 June 2005

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 2005 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.

Steven Ardron
Director, Parliament & Justice
For the Comptroller and Auditor General
30 June 2005

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

INCOME AND EXPENDITURE ACCOUNT
For the Year Ended 31 March 2005

	Note	2004-05 £	2003-04 £
Income	2	36,805,538	35,617,194
Expenditure			
Expenditure from Crown Share	9	(3,466,586)	(2,741,389)
Expenditure in respect of estates under administration	9	(9,414,576)	(8,269,450)
Expenditure in respect of companies	9	(3,702,504)	(5,499,888)
Surplus of income over expenditure before transfer to the Consolidated Fund		20,221,872	19,106,467
Transfer to the Consolidated Fund	9	(15,500,000)	(13,132,000)
Surplus after transfer to the Consolidated Fund	9	4,721,872	5,974,467

All income and expenditure is derived from continuing operations. There are no recognised gains or losses other than those shown in the income and expenditure account for the period.

BALANCE SHEET
as at 31 March 2005

	Note	2004-05 £	2003-04 £
Current Assets			
Debtors	5	103,270	-
Cash at bank	4	36,008,560	31,286,688
		<u>36,111,830</u>	<u>31,286,688</u>
Creditors: amounts falling due within one year	6	(267,767)	(394,048)
		<u>35,844,063</u>	<u>30,892,640</u>
 Represented By:			
Crown Share	7	15,148,779	6,706,624
Estates and Companies	8	20,695,284	24,186,016
		<u>35,844,063</u>	<u>30,892,640</u>

Juliet Wheldon *DCB*
Treasury Solicitor and Crown's Nominee
28 June 2005

CASH FLOW STATEMENT
For The Year Ended 31 March 2005

	Note	2004-05 £	2003-04 £
Surplus of income over expenditure before transfer to the Consolidated Fund		<u>20,221,872</u>	<u>19,106,467</u>
Net cash inflow from operating activities		20,221,872	19,106,467
Transfer to the Consolidated Fund	9	(15,500,000)	(13,132,000)
Increase in cash	4	<u>4,721,872</u>	<u>5,974,467</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 and in accordance with applicable accounting standards.

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 and includes:

- 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. The Administration of Estates Act 1925 provides for discretionary payments from estates to be made to dependents and other people for whom the deceased might reasonably have been expected to make provision. 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 transfers 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 income over expenditure 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	Note	2004-05	2003-04
		£	£
Estates passing to the Crown under the Administration of Estates Act 1925	8	23,487,691	23,069,970
Sums arising from the realisation of property which belonged to dissolved companies and trusts which have failed or determined	8	12,720,813	12,074,886
		36,208,504	35,144,856
Recovery of Crown costs	7	430,771	343,959
Disbursement income (Estates)	8	111,425	93,576
Disbursement income (Companies)	8	54,838	34,803
		<u>36,805,538</u>	<u>35,617,194</u>

Bona vacantia income is variable by nature, and will be influenced by the size and nature of the assets being disposed, for example, land and buildings, bank and building society accounts, shares, life assurance policies, etc.

3. Segmental information

Analysis by geographical location:

<u>Income</u>	2004-05	2003-04
	£	£
England and Wales (excluding the duchies of Cornwall and Lancaster)	36,678,007	35,350,704
Northern Ireland	127,531	266,490
As per Note 2 - Income	<u>36,805,538</u>	<u>35,617,194</u>

Surplus

England and Wales (excluding the duchies of Cornwall and Lancaster)	4,644,370	5,861,383
Northern Ireland	77,502	113,084
As per Income and Expenditure Account	<u>4,721,872</u>	<u>5,974,467</u>

Net Assets

England and Wales (excluding the duchies of Cornwall and Lancaster)	34,786,706	29,902,079
Northern Ireland	1,057,357	990,561
As per Balance Sheet	<u>35,844,063</u>	<u>30,892,640</u>

4. Cash at bank

	Note	2004-05 £	2003-04 £
Balance at 1 April		31,286,688	25,312,221
Net cash inflow	9	<u>4,721,872</u>	<u>5,974,467</u>
Balance at 31 March		<u>36,008,560</u>	<u>31,286,688</u>
Balance held at Office of HM Paymaster General		<u>36,008,560</u>	<u>31,286,688</u>

5. Debtors: amounts falling due within one year

	2004-05 £	2003-04 £
Administration costs (Treasury Solicitor's Department)	<u>103,270</u>	<u>-</u>
	<u>103,270</u>	<u>-</u>

6. Creditors: amounts falling due within one year

	2004-05 £	2003-04 £
VAT	19,920	29,929
Income tax	173,072	214,927
Administration costs (Treasury Solicitor's Department)	-	87,000
Administration costs (Crown Solicitor's Office)	<u>74,775</u>	<u>62,192</u>
	<u>267,767</u>	<u>394,048</u>

7. Crown Share

	Note	2004-05 £	2003-04 £
Expenditure from Crown Share	9	(3,466,586)	(2,741,389)
Transfer to the Consolidated Fund	9	(15,500,000)	(13,132,000)
Recovery of Crown costs	9	430,771	343,959
Movement in reserves	10	26,748,419	16,780,415
Movement in working capital	11	<u>229,551</u>	<u>(122,246)</u>
		8,442,155	1,128,739
Opening balance at 1 April		<u>6,706,624</u>	<u>5,577,885</u>
Closing balance at 31 March		<u><u>15,148,779</u></u>	<u><u>6,706,624</u></u>

8. Estates and Companies

	Note	2004-05 £	2003-04 £
A) Estates under administration			
Expenditure	9	(9,414,576)	(8,269,450)
Income collected	9	23,487,691	23,069,970
Disbursement income	9	<u>111,425</u>	<u>93,576</u>
		<u>14,184,540</u>	<u>14,894,096</u>
B) Companies			
Expenditure	9	(3,702,504)	(5,499,888)
Income collected	9	12,720,813	12,074,886
Disbursement income	9	<u>54,838</u>	<u>34,803</u>
		<u>9,073,147</u>	<u>6,609,801</u>
Movement in Reserves	10	(26,748,419)	(16,780,415)
Opening balance in at 1 April		<u>24,186,016</u>	<u>19,462,534</u>
Closing balance at 31 March		<u><u>20,695,284</u></u>	<u><u>24,186,016</u></u>

9. Analysis of Income and Expenditure

	2004-05	2003-04
	£	£
Crown Share		
VAT	(127,082)	(67,773)
Administration costs *	(3,069,940)	(2,405,772)
Bank charges	(3,270)	(3,390)
Bona Vacantia Website maintenance	(11,358)	(9,127)
Bona Vacantia IT administration	(8,262)	(17,163)
General expenses	(31,748)	(20,903)
Income tax	<u>(214,926)</u>	<u>(217,261)</u>
	(3,466,586)	(2,741,389)
Transfer to the Consolidated Fund	(15,500,000)	(13,132,000)
Recovery of Crown costs	<u>430,771</u>	<u>343,959</u>
	<u>(18,535,815)</u>	<u>(15,529,430)</u>
Estates under administration		
Legal liabilities and debts of estates	(3,862,455)	(2,571,140)
Discretionary grants	(713,560)	(198,376)
Payments to kin	(3,810,385)	(4,280,077)
Net interest on payments to kin	(653,377)	(832,509)
Disbursement expenditure	<u>(374,799)</u>	<u>(387,348)</u>
	(9,414,576)	(8,269,450)
Income collected	23,487,691	23,069,970
Disbursement income	<u>111,425</u>	<u>93,576</u>
	<u>14,184,540</u>	<u>14,894,096</u>
Companies		
Legal liabilities	(2,817,611)	(2,857,383)
Discretionary grants	(726,994)	(2,499,451)
Disbursement expenditure	<u>(157,899)</u>	<u>(143,054)</u>
	(3,702,504)	(5,499,888)
Income collected	12,720,813	12,074,886
Disbursement income	<u>54,838</u>	<u>34,803</u>
	<u>9,073,147</u>	<u>6,609,801</u>
Surplus after transfer to the Consolidated Fund	<u><u>4,721,872</u></u>	<u><u>5,974,467</u></u>

* Administration costs recovered by the Treasury Solicitor's Department include the notional audit fee for 2004-05, which amounts to £40,000 (2003-4: £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	2004-05	2003-04
		£	£
Net transfer from Estates & Companies		26,136,206	16,309,998
Costs recovered from monies held on account		346,137	215,553
Reservations in respect of estates		78,656	27,518
Reservations in respect of companies		14,348	12,419
Income tax deducted from interest paid to kin		173,072	214,927
		<u>26,748,419</u>	<u>16,780,415</u>

11. Movement In Working Capital	Note	2004-05	2003-04
		£	£
Decrease / (Increase) in VAT creditor	6	10,009	(19,322)
Decrease in income tax creditor	6	41,855	2,333
Decrease / (Increase) in Treasury Solicitor's Department administration costs creditor	5-6	190,270	(94,044)
(Increase) in Crown Solicitor's Office administration costs creditor	6	<u>(12,583)</u>	<u>(11,213)</u>
		<u>229,551</u>	<u>(122,246)</u>

12. 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 of Companies for England and Wales or the Companies Register for Northern Ireland, or a personal injury claim. Retaining sufficient funds within Crown Share covers such liabilities.

13. Related party transactions

The Treasury Solicitor is also the Crown's Nominee. The Crown's Nominee Account is administered by the Bona Vacantia Division of the Treasury Solicitor's Department in England and Wales, and by the Crown's Solicitor's Office in Northern Ireland. The Crown's Nominee Account pays administration costs each year to the Treasury Solicitor's Department and the Crown's Solicitor's Office. None of the board members, key managerial staff or other related parties has undertaken any material transactions with the Crown's Nominee Account during the year.

14. Post balance sheet events

There were no post balance sheet events.

15. Property

During the year property to the value of £765 was granted direct to holders by the Treasury Solicitor.

	2004-05	2003-04
	£	£
Estates under administration	765	1,484
	<u>765</u>	<u>1,484</u>

16. Compensation Payments

Included within the Income and Expenditure Account is £689 relating to reimbursement or compensation payments made to those who incurred a loss during the administration of bona vacantia. 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.

	2004-05	2003-04
	£	£
Estates under administration	189	54,265
Companies	500	-
	<u>689</u>	<u>54,265</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