

HM Procurator General and Treasury Solicitor



Accounts of the Crown's Nominee for the year ending 31 March 2006

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 Bona Vacantia Division were to:

- Recruit, retain and develop our staff, to ensure they have opportunities for job satisfaction and to fulfil 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 11,461 new cases, an increase of 21.5% on the previous year, with an increase both in the number of estates notified and in the number of assets of dissolved Companies.

Management Commentary

10. The Division has this year been more proactive in seeking out cash assets of dissolved companies and in seeking to collect assets more swiftly wherever possible. The income generated during the year amounted to £36m (2004-05: £36.8). During the year the surplus of income over expenditure was £20.26m (2004-05: £20.22m) and £17m (2004-05: £15.5m) was transferred to the Consolidated Fund out of the monies remaining in the Crown's Nominee Account with the resulting balance being retained by the Crown for the purpose of meeting any contingent liabilities.

11. The Division handled a record number of new cases in the year. Most of the increase was in referrals of the assets of dissolved companies. Some of these - cash balances in bank accounts in particular – had been sought out by the Division, but there was also an increase in the number of land assets referred, many as a result of members of the public seeking to tidy up titles when selling or buying. The number of new intestate estates notified to BV also rose a little but this area of the business tends to remain fairly static. Improvements in case management processes and better resourcing have enabled us to close down a lot of old cases.

12. 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.

13. The Treasury Solicitor's Department charged the Crown's Nominee Account £3.42m (2004-05: £3.07m) for the services of the Bona Vacantia Division. This increase is mainly accounted for by an overcharge by TSol, which is adjusted in the following year's accounts, increases in staff and staff costs to deal with the increase in cases, and increases in central

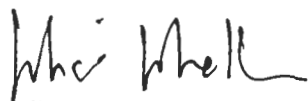
costs in the Treasury Solicitor's Department arising from the move to new premises at One Kemble Street, London.

Looking Forward

14. In the next financial year the Division will be carrying out a review of the strategic fit between its high level objectives and its detailed processes and procedures, and it is likely that some further streamlining of business processes will emerge from this. We expect levels of business to remain broadly the same over the next year, although the Company Law Reform Bill may impact on some areas of the business.

External Audit

15. 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 £41,000 in 2005-06 (£40,000 in 2004-05) and no further assurance or other advisory services has been provided by the NAO.



Juliet Wheldon *DCB*
Treasury Solicitor and Crown's Nominee
30 June 2006



National Audit Office

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.



National Audit Office

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 efficiently, effectively and economically. The system of internal control has been in place for the Division for the year ended 31 March 2006 and up to the date of the approval of the accounts for that year and accords with Treasury guidance.

Capacity to Handle Risk

MAO
Annual
Statement
2006
BV senior management regularly review the Divisional Risk Register, which was drawn up after full consultation with all staff in BV. All staff have access to the risk register, which is contained on the shared network. The management of risk, of which the main risk is fraud, is embedded in BV's induction process for new staff and desk instructions. A Fraud Working Group, consisting of staff from all Groups in BV, reviews risks to the Division annually and makes recommendations to reduce risks by changes to working practices.

The risk and control framework

The system of control underpinning the CNA is based on:

- A budget and business plan setting out the resources, the priority areas of work and targets for each year, and regular review of performance;
- Systematic identification and management of risks through a Divisional Risk Register linked to the Division's Business Plan;
- Standardised processes and procedures set out in published guidelines, practice guides and internal instructions, supplemented by training events, to keep knowledge and skills up to date;
- Divisional Standards on 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 provision of monthly management information showing volumes of cases, case turnover, and performance against published correspondence targets.

The Risk Register for 2005/06 identified the main risks as fraud, disruption from the move to One Kemble Street (OKS), mishandling loss of building or IT, under capacity or overburdened staff, mishandling Freedom of Information (FOI) requests 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 implementing arrangements to prevent and combat money laundering. Running workshops on anti-money laundering procedures for all staff
- Following the disclaimer policy and maintaining an Undisclaimed Assets Register
- Ensuring the Business Continuity Plan is reviewed throughout the year, and updated where necessary
- Devising and implementing a Communications plan to deal with the move to OKS
- Providing FOI Awareness training to all staff, and included in the Induction programme for all new staff; widening the pool of staff drafting replies and developing standardised replies

National Audit Office

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. Team leaders, and the Finance Director, who manages a discrete unit within the Finance Branch that is responsible for payments, receipts and the preparation of accounts, assist her. 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 Director's Assurance 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 independent assurance on the effectiveness of internal control arrangements in the Division. BV has been covered in wider internal audit examination of risk management and business continuity processes and systems in TSol and the recommendations arising from this will be applied in BV as appropriate. In addition, Internal Audit looked specifically at fraud policies and procedures (including anti-money laundering), sale of properties, fraudulent Wills and house searches, and onerous assets in BV, and made some relatively minor recommendations which will be implemented by the end of June 2006.

Audit Committee

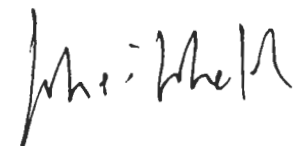
The Department's Audit Committee scrutinises and challenges the Department's control, risk and corporate governance systems, including those that operate in BV Division, and assists me in preparing the assurances that I deliver to Parliament and Ministers. In addition the Audit Committee also consider the Crown's Nominee Account.

External Audit

Audit scrutiny of the Crown's Nominee Account for the year ended 31 March 2005 did not identify any major control weaknesses. Some minor issues such as file retention periods not always adhered to and the timeliness of bank reconciliations were raised in the course of that audit and set out in a formal management letter. The audit findings have been accepted and the recommendations implemented.

Conclusion

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



Juliet Wheldon *DCB QC*
Treasury Solicitor and Crown's Nominee
30 June 2006



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.

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 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.



National Audit Office

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. 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, in accordance with the Treasury Solicitor Act 1876 and directions made thereunder by the Treasury, of the state of affairs of the Accounts of the Crown's Nominee at 31 March 2006 and of surplus of income over expenditure for the year then ended;
- the financial statements 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.



Paul Keane
Director, Parliament & Justice
For the Comptroller and Auditor General
3 July 2006

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

INCOME AND EXPENDITURE ACCOUNT
For the Year Ended 31 March 2006

	Note	2005-06 £	2004-05 £
Income	2	36,053,648	36,805,538
Expenditure			
Expenditure from Crown Share	9	(3,769,444)	(3,466,586)
Expenditure in respect of estates under administration	9	(8,144,659)	(9,414,576)
Expenditure in respect of companies	9	<u>(3,879,982)</u>	<u>(3,702,504)</u>
Surplus of income over expenditure before transfer to the Consolidated Fund		20,259,563	20,221,872
Transfer to the Consolidated Fund	9	<u>(17,000,000)</u>	<u>(15,500,000)</u>
Surplus after transfer to the Consolidated Fund	9	<u>3,259,563</u>	<u>4,721,872</u>

The notes on pages 13 to 20 form part of these accounts.

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 2006

	Note	2005-06 £	2004-05 £
Current Assets			
Debtors	5	208,831	103,270
Cash at bank	4	39,268,123	36,008,560
		<u>39,476,954</u>	<u>36,111,830</u>
Creditors: amounts falling due within one year	6	(261,903)	(267,767)
		<u>39,215,051</u>	<u>35,844,063</u>

Represented By:

Crown Share	7	27,155,017	15,148,779
Estates and Companies	8	12,060,034	20,695,284
		<u>39,215,051</u>	<u>35,844,063</u>

The notes on pages 13 to 20 form part of these accounts.



National Audit Office

Juliet Wheldon

Juliet Wheldon DCB
Treasury Solicitor and Crown's Nominee
30 June 2006

CASH FLOW STATEMENT
For The Year Ended 31 March 2006

	Note	2005-06 £	2004-05 £
Surplus of income over expenditure before transfer to the Consolidated Fund		<u>20,259,563</u>	<u>20,221,872</u>
Net cash inflow from operating activities		20,259,563	20,221,872
Transfer to the Consolidated Fund	9	(17,000,000)	(15,500,000)
Increase in cash	4	<u>3,259,563</u>	<u>4,721,872</u>

The notes on pages 13 to 20 form part of these accounts.

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;

does not include assets and property held by BV and third parties, which are not yet converted to cash. These assets and property are not included in the accounts.

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. With effect from 6 April 2005 the rate of interest paid for a kin claim within 12 years from the date of

death was calculated using the Bank of England's Base Rates minus 10 points. The Court Funds Office's Special Funds Rates are used for kin claim admitted before the 6 April 2005. 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 is 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.



National Audit Office

2. Income

Note	2005-06 £	2004-05 £	
Estates passing to the Crown under the Administration of Estates Act 1925	8	18,279,286	23,487,691
Sums arising from the realisation of property, which belonged to dissolved companies and trusts, which have failed or are no longer existing.	8	17,086,817	12,720,813
		35,366,103	36,208,504
Recovery of Crown costs	7	501,657	430,771
Disbursement income (Estates)	8	120,359	111,425
Disbursement income (Companies)	8	65,529	54,838
		36,053,648	36,805,538

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.

Segmental information

Analysis by geographical location:

Income	2005-06 £	2004-05 £
England and Wales (excluding the Duchies of Cornwall and Lancaster)	35,712,135	36,678,007
Northern Ireland	341,513	127,531
As per Note 2 - Income	36,053,648	36,805,538

Surplus

England and Wales (excluding the Duchies of Cornwall and Lancaster)	3,112,164	4,644,370
Northern Ireland	147,399	77,502
As per Income and Expenditure Account	3,259,563	4,721,872

Cash Balance

England and Wales (excluding the Duchies of Cornwall and Lancaster)	37,988,126	34,786,706
Northern Ireland	1,279,997	1,057,357
As per Balance Sheet	39,268,123	35,844,063

4. Cash at bank

	Note	2005-06 £	2004-05 £
Balance at 1 April		36,008,560	31,286,688
Net cash inflow	9	<u>3,259,563</u>	<u>4,721,872</u>
Balance at 31 March		<u>39,268,123</u>	<u>36,008,560</u>
Balance held at Office of HM Paymaster General		<u>39,268,123</u>	<u>36,008,560</u>

5. Debtors: amounts falling due within one year

	2005-06 £	2004-05 £
Administration costs (Treasury Solicitor's Department)	<u>208,831</u>	<u>103,270</u>
	<u>208,831</u>	<u>103,270</u>

6. Creditors: amounts falling due within one year

	2005-06 £	2004-05 £
VAT	21,037	19,920
Income tax	164,823	173,072
Administration costs (Crown Solicitor's Office)	<u>76,043</u>	<u>74,775</u>
	<u>261,903</u>	<u>267,767</u>

7. Crown Share

	Note	2005-06 £	2004-05 £
Expenditure from Crown Share	9	(3,769,444)	(3,466,586)
Transfer to the Consolidated Fund	9	(17,000,000)	(15,500,000)
Recovery of Crown costs	9	501,657	430,771
Movement in reserves	10	32,162,600	26,748,419
Movement in working capital	11	111,425	229,551
		<u>12,006,238</u>	<u>8,442,155</u>
Opening balance at 1 April		<u>15,148,779</u>	<u>6,706,624</u>
Closing balance at 31 March		<u><u>27,155,017</u></u>	<u><u>15,148,779</u></u>

8. Estates and Companies

	Note	2005-06 £	2004-05 £
A) Estates under administration			
Expenditure	9	(8,144,659)	(9,414,576)
Income collected	9	18,279,286	23,487,691
Disbursement income	9	120,359	111,425
		<u>10,254,986</u>	<u>14,184,540</u>
B) Companies			
Expenditure	9	(3,879,982)	(3,702,504)
Income collected	9	17,086,817	12,720,813
Disbursement income	9	65,529	54,838
		<u>13,272,364</u>	<u>9,073,147</u>
Movement in Reserves	10	(32,162,600)	(26,748,419)
Opening balance at 1 April		<u>20,695,284</u>	<u>24,186,016</u>
Closing balance at 31 March		<u><u>12,060,034</u></u>	<u><u>20,695,284</u></u>

9. Analysis of Income and Expenditure

	2005-06 £	2004-05 £
Crown Share		
VAT	(118,016)	(127,082)
Administration costs *	(3,423,691)	(3,069,940)
Bank charges	(3,252)	(3,270)
Bona Vacantia Website maintenance	(9,800)	(11,358)
Bona Vacantia IT administration	(10,044)	(8,262)
General expenses	(31,569)	(31,748)
Income tax	<u>(173,072)</u>	<u>(214,926)</u>
	(3,769,444)	(3,466,586)
Transfer to the Consolidated Fund	(17,000,000)	(15,500,000)
Recovery of Crown costs	<u>501,657</u>	<u>430,771</u>
	<u>(20,267,787)</u>	<u>(18,535,815)</u>
Estates under administration		
Legal liabilities and debts of estates	(1,324,661)	(3,862,455)
Discretionary grants	(838,064)	(713,560)
Payments to kin	(4,857,334)	(3,810,385)
Net interest on payments to kin	(646,872)	(653,377)
Disbursement expenditure	<u>(477,728)</u>	<u>(374,799)</u>
	(8,144,659)	(9,414,576)
Income collected	18,279,286	23,487,691
Disbursement income	<u>120,359</u>	<u>111,425</u>
	<u>10,254,986</u>	<u>14,184,540</u>
Companies		
Legal liabilities	(3,101,957)	(2,817,611)
Discretionary grants	(539,352)	(726,994)
Disbursement expenditure	<u>(238,673)</u>	<u>(157,899)</u>
	(3,879,982)	(3,702,504)
Income collected	17,086,817	12,720,813
Disbursement income	<u>65,529</u>	<u>54,838</u>
	<u>13,272,364</u>	<u>9,073,147</u>
Surplus after transfer to the Consolidated Fund	<u><u>3,259,563</u></u>	<u><u>4,721,872</u></u>

* Administration costs recovered by the Treasury Solicitor's Department include the notional audit fee for 2005-06, which amounts to £41,000 (2004-5: £40,000). These costs are recorded as operating income within the Treasury Solicitor's Department Agency and Resource Accounts.

10. Analysis of movement in reserves	Note	2005-06	2004-05
		£	£
Net transfer from Estates & Companies		31,536,674	26,136,206
Costs recovered from monies held on account		331,358	346,137
Reservations in respect of estates		117,630	78,656
Reservations in respect of companies		11,648	14,348
Income tax deducted from interest paid to kin		165,290	173,072
		<u>32,162,600</u>	<u>26,748,419</u>

11. Movement In Working Capital	Note	2005-06	2004-05
		£	£
Decrease / (Increase) in VAT creditor	6	(1,117)	10,009
Decrease in income tax creditor	6	8,249	41,855
Increase in administration costs debtor (Treasury Solicitor's Department)	5	105,561	190,270
(Increase) in administration costs creditor (Crown Solicitor's Office)	6	<u>(1,268)</u>	<u>(12,583)</u>
		<u>111,425</u>	<u>229,551</u>

12. Contingent Liabilities

Liabilities may crystallise 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 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 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 £9,952 was granted direct to holders by the Treasury Solicitor.

	2005-06	2004-05
	£	£
Estates under administration	<u>9,952</u>	<u>765</u>
	<u>9,952</u>	<u>765</u>

16. Compensation Payments

Included within the Income and Expenditure Account is £500 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.

	2005-06	2004-05
	£	£
Estates under administration	500	189
Companies	<u>-</u>	<u>500</u>
	<u>500</u>	<u>689</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.
- 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