

HM Procurator General and Treasury Solicitor

Accounts of the Crown's Nominee for the year ending 31 March 2007

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.

6. On 1 August 2006, I was appointed as Treasury Solicitor in succession to Juliet Wheldon DCB QC, who retired from the post on 31 July 2006.

Aims and Objectives

7. 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.

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 relatives entitled to inherit; 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.

9. 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.

10. In this financial year, the Division handled 11,636 new cases, an increase of 1.5 % on the previous year, with an increase in the number of assets of dissolved companies and a slight decrease in the number of estates notified.

Management Commentary

11. 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 £38.7 million (2005-06: £36 million). During the year the surplus of income over expenditure was £18.53 million (2005-06: £20.26 million). £37 million which included a payment of £30 million to reduce a surplus balance, (2005-06: £17 million) 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.

12. The Division handled a record number of new cases this year. Most of the increase was in referrals of the cash balance assets of dissolved companies, which had been sought out by the Division. The number of new intestate estates notified to BV dropped slightly but this area of the business tends to remain fairly static. Improvements in case management processes and more effective resourcing have enabled us to increase substantially our turnover of cases.

13. 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.

14. The Treasury Solicitor's Department charged the Crown's Nominee Account £3.50 million (2005-06: £3.42 million) for the services of the Bona Vacantia Division.

Looking Forward

15. In the next financial year, the Division will be delivering the year one recommendations of the landscape-type review commissioned by HM Treasury. This will include developing a more commercial, risk based approach to dealing with the assets of dissolved companies, reviewing and revising the charges for dealing with assets and the sale costs of assets. We will also seek to work more effectively with Local Authorities to secure assets and get cases referred quickly, and with banks and solicitors to increase the number of dissolved company bank balances referred.

External Audit

16. 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 £42,000 in 2006-07 (£41,000 in 2005-06) and no further assurance or other advisory service has been provided by the NAO.

Provision of Information to Auditors

17. As Accounting Officer, so far as I am aware there is no relevant audit information of which the auditor is unaware. I have taken all the steps necessary to make myself aware of any relevant audit information and to establish that the BV's auditors are aware of that information.

A handwritten signature in black ink, appearing to read 'Paul Jenkins', written over a horizontal line.

Paul Jenkins
Treasury Solicitor and Crown's Nominee
06 July 2007

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 using a modified accruals basis. For further information see statement of accounting policies.

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 (BV) 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 2007 and up to the date of the approval of the accounts for that year and accords with Treasury guidance.

Capacity to Handle Risk

Risks in BV are related to the key targets and priority work set out in the BV Business Plan. Risk is managed by identifying and evaluating risks and appropriate control measures, which are set out in the BV risk register. A complete root and branch review of the risk register was undertaken this year, and a new risk register developed. All staff have access to the risk register, which is contained on the shared network. As fraud is BV's major risk we have focused this year on additional measures to counter fraud, with our Fraud Working Group reviewing 12 areas of BV business, and its recommendations are being implemented. Risk management is embedded in process controls, and risk awareness is covered in the induction programme for new staff and addressed at a recent event for all BV staff.

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 2006/07 identified the main risks as fraud, loss of building or IT, under capacity or overburdened staff and failure to manage resources adequately, 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 taking forward a programme of work to counter fraud, covering 12 areas of BV business;
- Following the disclaimer policy and maintaining an Undisclaimed Assets Register;
- Reviewing the Business Continuity Plan following the loss of One Kemble Street for a day and a half in February 2007;
- Providing a series of courses for administrators who are responsible for drafting replies to FOI requests. The course gave an overview of the FOI Act, the exemptions used by the Division and a chance to practise drafting replies.

During the year the internal control mechanism identified a small number of possible fraud cases, which are being investigated.

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 (which became the Senior Leadership Team part way through the year) 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 examinations in TSoI and relevant recommendations will be applied in BV as appropriate. In addition, Internal Audit looked specifically at anti-money laundering, discretionary grants, kin claims, mail opening and end-stage handling of valuables, and made some minor recommendations which have been implemented.

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 2006 identified some minor issues. The audit findings were accepted and the recommendations implemented.

Conclusion

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

A handwritten signature in black ink, appearing to read 'Paul Jenkins', written over a horizontal line.

Paul Jenkins
Treasury Solicitor and Crown's Nominee
06 July 2007

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 for the year ended 31st March 2007 under the Treasury Solicitor Act 1876. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the Notes to the account. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Crown's Nominee and auditor

The Crown's Nominee is responsible for preparing the Foreword and 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. These responsibilities are set out in the Statement of the Crown's Nominee's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Treasury Solicitor Act 1876 and HM Treasury directions made thereunder. I report to you whether, in my opinion, certain information given in the Foreword, which comprises the Introduction and Background, Aims and Objectives and Management Commentary, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you the Crown's Nominee has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury is not disclosed.

I review whether the Statement on Internal Control reflects the Crown's Nominee compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Crown's Nominee's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Foreword 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. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Crown's Nominee in the preparation of the financial statements, and of whether the accounting policies are most 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 fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinions

Audit 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 HM Treasury, of the state of the Crown's Nominee's affairs as at 31 March 2007 and of its 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 HM Treasury directions made thereunder;
and
- the information given within the Foreword, which comprises the Introduction and Background, Aims and Objectives and Management Commentary, is consistent with the financial statements.

Audit Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Paul Keane
Director, Parliament and Justice
For and on behalf of the Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

12 July 2007

INCOME AND EXPENDITURE ACCOUNT
For the Year Ended 31 March 2007

	Note	2006-07 £	2005-06 £
Income	2	38,719,654	36,053,648
Expenditure			
Expenditure from Crown Share	4	(3,858,961)	(3,769,444)
Expenditure in respect of estates under administration	4	(9,784,151)	(8,144,659)
Expenditure in respect of companies	4	<u>(6,548,805)</u>	<u>(3,879,982)</u>
Surplus of income over expenditure before transfer to the Consolidated Fund		18,527,737	20,259,563
Transfer to the Consolidated Fund	4	<u>(37,000,000)</u>	<u>(17,000,000)</u>
Surplus after transfer to the Consolidated Fund	4	<u>(18,472,263)</u>	<u>3,259,563</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 2007

	Note	2006-07 £	2005-06 £
Current Assets			
Debtors	5	149,205	208,831
Cash at bank	6	20,795,860	39,268,123
		<u>20,945,065</u>	<u>39,476,954</u>
Creditors: amounts falling due within one year	7	(285,635)	(261,903)
Net Current Assets		<u>20,659,430</u>	<u>39,215,051</u>
 Represented By:			
Crown Share	8	4,890,071	27,155,017
Estates and Companies	9	15,769,359	12,060,034
		<u>20,659,430</u>	<u>39,215,051</u>

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



Paul Jenkins
Treasury Solicitor and Crown's Nominee
06 July 2007

CASH FLOW STATEMENT
For The Year Ended 31 March 2007

	Note	2006-07 £	2005-06 £
Surplus of income over expenditure before transfer to the Consolidated Fund		<u>18,527,737</u>	<u>20,259,563</u>
Net cash inflow from operating activities		18,527,737	20,259,563
Transfer to the Consolidated Fund	4	(37,000,000)	(17,000,000)
(Decrease)/Increase in Cash	6	<u>(18,472,263)</u>	<u>3,259,563</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 as outlined in these Accounting Policies.

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.

It 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. Income and Expenditure is recorded on cash basis. The year end liability is included in the Balance Sheet as a creditor and an element in Crown Share.

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 £2 million being retained in the Crown Share (Completed Cases) account for Contingencies and Creditors. During 2006-07 a one-off payment of £30 million was paid to the Consolidated Fund to reduce the surplus held on account. A further £7 million was paid over for the annual transfer, which was approximately 85% of the balance held in Crown Share at the end of February 2007 and not from the whole surplus as in previous years. The divergence from policy was agreed with HM Treasury in addition to a review of the policy for future years.

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 his 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	2006-07	2005-06
		£	£
Estates passing to the Crown under the Administration of Estates Act 1925	9	18,307,229	18,279,286
Sums arising from the realisation of property, which belonged to dissolved companies and trusts, which have failed or are no longer existing.	9	19,640,422	17,086,817
		<u>37,947,651</u>	<u>35,366,103</u>
Recovery of Crown costs	8	545,988	501,657
Disbursement income (Estates)	9	130,835	120,359
Disbursement income (Companies)	9	95,180	65,529
		<u>38,719,654</u>	<u>36,053,648</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>	2006-07	2005-06
	£	£
England and Wales (excluding the Duchies of Cornwall and Lancaster)	38,590,571	35,712,135
Northern Ireland	129,083	341,513
As per Note 2 - Income	<u>38,719,654</u>	<u>36,053,648</u>

Surplus

England and Wales (excluding the Duchies of Cornwall and Lancaster)	(18,565,485)	3,112,164
Northern Ireland	93,222	147,399
As per Income and Expenditure Account	<u>(18,472,263)</u>	<u>3,259,563</u>

Cash Balance

England and Wales (excluding the Duchies of Cornwall and Lancaster)	20,322,640	37,988,126
Northern Ireland	473,220	1,279,997
As per Balance Sheet	<u>20,795,860</u>	<u>39,268,123</u>

4. Analysis of Income and Expenditure

	2006-07	2005-06
	£	£
Crown Share		
VAT	(130,482)	(118,016)
Administration costs *	(3,503,089)	(3,423,691)
Bank charges	(2,938)	(3,252)
Bona Vacantia Website maintenance	(8,656)	(9,800)
Bona Vacantia IT administration	(11,372)	(10,044)
General expenses	(28,000)	(31,569)
Compensation Payment	(9,134)	-
Income tax	(165,290)	(173,072)
	<u>(3,858,961)</u>	<u>(3,769,444)</u>
Transfer to the Consolidated Fund	(37,000,000)	(17,000,000)
Recovery of Crown costs	545,988	501,657
	<u>(40,312,973)</u>	<u>(20,267,787)</u>
Estates under administration		
Legal liabilities and debts of estates	(1,651,922)	(1,324,661)
Discretionary grants	(673,047)	(838,064)
Payments to kin	(6,278,475)	(4,857,334)
Net interest on payments to kin	(738,009)	(646,872)
Disbursement expenditure	(442,698)	(477,728)
	<u>(9,784,151)</u>	<u>(8,144,659)</u>
Income collected	18,307,229	18,279,286
Disbursement income	130,835	120,359
	<u>8,653,913</u>	<u>10,254,986</u>
Companies		
Legal liabilities	(5,630,407)	(3,101,957)
Discretionary grants	(706,818)	(539,352)
Disbursement expenditure	(211,580)	(238,673)
	<u>(6,548,805)</u>	<u>(3,879,982)</u>
Income collected	19,640,422	17,086,817
Disbursement income	95,180	65,529
	<u>13,186,797</u>	<u>13,272,364</u>
(Deficit)/Surplus after transfer to the Consolidated Fund	<u><u>(18,472,263)</u></u>	<u><u>3,259,563</u></u>

* Administration costs recovered by the Treasury Solicitor's Department include the notional audit fee for 2006-07, which amounts to £42,000 (2005-06: £41,000). These costs are recorded as operating income within the Treasury Solicitor's Department Agency and Resource Accounts.

5. Debtors: amounts falling due within one year

	2006-07 £	2005-06 £
Administration costs (Treasury Solicitor's Department)	<u>149,205</u>	<u>208,831</u>
	<u>149,205</u>	<u>208,831</u>

6. Cash at bank

	Note	2006-07 £	2005-06 £
Balance at 1 April		39,268,123	36,008,560
Net cash (outflow)/inflow	4	<u>(18,472,263)</u>	<u>3,259,563</u>
Balance at 31 March		<u>20,795,860</u>	<u>39,268,123</u>
Balance held at Office of HM Paymaster General		<u>20,795,860</u>	<u>39,268,123</u>

7. Creditors: amounts falling due within one year

	2006-07 £	2005-06 £
VAT	16,020	21,037
Income tax	189,179	164,823
Administration costs (Crown Solicitor's Office)	<u>80,436</u>	<u>76,043</u>
	<u>285,635</u>	<u>261,903</u>

8. Crown Share

	Note	2006-07 £	2005-06 £
Expenditure from Crown Share	4	(3,858,961)	(3,769,444)
Transfer to the Consolidated Fund	4	(37,000,000)	(17,000,000)
Recovery of Crown costs	4	545,988	501,657
Movement in reserves	10	18,131,385	32,162,600
Movement in working capital	11	(83,358)	111,425
		<u>(22,264,946)</u>	<u>12,006,238</u>
Opening balance at 1 April		<u>27,155,017</u>	<u>15,148,779</u>
Closing balance at 31 March		<u><u>4,890,071</u></u>	<u><u>27,155,017</u></u>

9. Estates and Companies

	Note	2006-07 £	2005-06 £
A) Estates under administration			
Expenditure	4	(9,784,151)	(8,144,659)
Income collected	4	18,307,229	18,279,286
Disbursement income	4	130,835	120,359
		<u>8,653,913</u>	<u>10,254,986</u>
B) Companies			
Expenditure	4	(6,548,805)	(3,879,982)
Income collected	4	19,640,422	17,086,817
Disbursement income	4	95,180	65,529
		<u>13,186,797</u>	<u>13,272,364</u>
Movement in Reserves	10	(18,131,385)	(32,162,600)
Opening balance at 1 April		<u>12,060,034</u>	<u>20,695,284</u>
Closing balance at 31 March		<u><u>15,769,359</u></u>	<u><u>12,060,034</u></u>

10. Analysis of movement in reserves

	2006-07	2005-06
	£	£
Net transfer from Estates & Companies	17,546,592	31,536,674
Costs recovered from monies held on account	339,122	331,358
Reservations in respect of estates	41,584	117,630
Reservations in respect of companies	16,030	11,648
Income tax deducted from interest paid to kin	188,057	165,290
	<u>18,131,385</u>	<u>32,162,600</u>

11. Movement In working capital

	Note	2006-07	2005-06
		£	£
Decrease/(Increase) in VAT creditor	7	5,017	(1,117)
(Increase)/Decrease in income tax creditor	7	(24,356)	8,249
(Decrease)/Increase in admin costs debtor (Treasury Solicitor's Department)	5	(59,626)	105,561
(Increase)/Decrease in admin costs creditor (Crown Solicitor's Office)	7	<u>(4,393)</u>	<u>(1,268)</u>
		<u>(83,358)</u>	<u>111,425</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. There are no known contingent liabilities at the balance sheet date.

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. The accounts were laid in parliament on the 16th July.

15. Property

During the year property to the value of £9,137 was granted direct to holders by the Treasury Solicitor.

	2006-07	2005-06
	£	£
Estates under administration	9,137	9,952
	<u>9,137</u>	<u>9,952</u>

16. Compensation payments

Included within the Income and Expenditure Account is £9,134 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. It was not necessary to obtain Treasury approval for any payments made during 2006-07.

	2006-07	2005-06
	£	£
Estates under administration	9,134	500
	<u>9,134</u>	<u>500</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 on 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