
HM Procurator General and Treasury Solicitor

Accounts for the Crown's Nominee for the year ended 31 March 2011

Presented to Parliament pursuant to sections 4 and 5 of the Treasury Solicitor Act 1876

Ordered by the House of Commons
to be printed on 07 June 2011

HM Procurator General and Treasury Solicitor

Accounts for the Crown's Nominee for the year ended 31 March 2011

Presented to Parliament pursuant to sections 4 and 5 of the Treasury Solicitor Act 1876

Ordered by the House of Commons
to be printed on 07 June 2011

© Crown copyright 2011

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or e-mail: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is also available for download at www.official-documents.gov.uk.

ISBN: 9780102972085

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID 2431495 06/11 12313 19585

Printed on paper containing 75% recycled fibre content minimum.

Contents

Foreword	2
Statement of the Crown's Nominee's Responsibilities	6
Statement on Internal Control	7
Independent Auditor's report to the Crown's Nominee	10
The Accounting Schedules	
Statement of Net Income	12
Statement of Financial Position	13
Statement of Cash Flows	14
Statement of Changes in Reserves	15
Note to the Accounts	16
1. Statement of Accounting Policies	
2. Income	
3. Staff numbers and costs	
4. Analysis of non-staff expenditure	
5. Inventory	
6. Trade receivables and other current assets	
7. Cash and cash equivalents	
8. Trade payables and other current liabilities	
9. Provisions for liabilities and charges	
10. Contingent liabilities	
11. Related party transactions	
12. Compensation payments	
13. Financial instruments	
14. Impending application of newly issued accounting standards not yet effective	
15. Events after the reporting period	

Foreword

Introduction and Background

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 Warrants to be the Crown's Nominee for the purpose of collecting and disposing of bona vacantia (Latin, literally "vacant goods").

The provisions of the Royal Warrants may be varied from time to time to take account of modification or changes to the law. The current Royal Warrants are dated 21 August 1984. They appoint 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 entitled to inherit, and for the collection and disposal 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 Agent for the Treasury Solicitor.

Section 4 of the 1876 Act provides that all money arising from the disposal of bona vacantia 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 by the Government Banking Services with the accounts being held at the Royal Bank of Scotland and Citibank.

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 HM Treasury of their right to the whole or any part of unclaimed money, securities or property, HM Treasury may direct that the sum paid to the Crown's Nominee Account be reimbursed to the entitled person.

Presentation and format of the Account

The financial statements below have been prepared under an Accounts Direction of 17 April 2009 given by HM Treasury in accordance with Sections 4 and 5 of the 1876 Act and the Treasury Solicitor (Crown's Nominee) Rules 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.

Assets and liabilities at 31 March 2011 are the result of a review of all bona vacantia cases held by the Treasury Solicitor that remained open at that date.

Aims and Objectives

The aim of the Treasury Solicitor, the Crown's Nominee as described above, is to provide a high quality service to its client, HM Treasury, and stakeholders including Parliament, staff and people who will be affected by dealing 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.

The Bona Vacantia Division collects and administers property and rights that have vested in the Crown as bona vacantia in England (except in the Duchies of Cornwall and Lancaster), Wales and Northern Ireland. The two main 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 Bona Vacantia 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; and
- makes discretionary grants where appropriate.

During the year, the additional objectives of the Bona Vacantia Division were to:

- deliver satisfying and challenging jobs, and embed the Treasury Solicitor's values;
- deliver good quality casework, generate income quickly and effectively and increase efficiency;
- provide improved services on-line through its website and DirectGov; and
- meet the expectations of its client, HM Treasury, and to work more effectively with its delivery partners.

Against the background of an uncertain economic climate, the Bona Vacantia Division handled 26,481 new cases, an increase of 5,497 (26.2%) on the previous year, with the largest proportion of the increase coming in companies cases. There has also been an increase in the number of kin claims on historic estates cases.

Management Commentary

The income generated during the year amounted to £55.2 million (2009-10: £78.4 million). By agreement with HM Treasury, there is an annual transfer from the Crown's Nominee Account to the Consolidated Fund. The amount to be transferred is 85% of the net Crown's Nominee bank balance on the last working day of January subject always to a balance of at least £5 million being retained in bank for administrative costs and creditors. The transfer in February 2011 was £25 million (£40 million in 2010).

Despite handling more new cases, the income generated this year is less than last year. The key reason for this is the lower average amount of monies held in bank accounts of dissolved companies cases referred to the Bona Vacantia Division this year. However, the income still exceeds levels prior to 2010. This may be because of the increased awareness within banks to refer cases to the Bona Vacantia Division in light of the Dormant Bank Account legislation. It is anticipated that the income levels next year will be similar to this year.

Payments made to entitled kin have increased significantly this year. This appears to coincide with the publication of a full list of unclaimed estates on the Bona Vacantia website.

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. The Treasury Solicitor's Department charged the Crown's Nominee Account £3.8 million (2009-10: £3.9 million) for the services of the Bona Vacantia Division.

Personal data related incidents are reported in detail within the Treasury Solicitor's Annual Report and Accounts. There have been no incidents arising from the work of the Bona Vacantia Division.

Key Operational Processes

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 latest of one of the following dates: (i) one year after the date of death or (ii) the date that letters of administration were issued or (iii) the date that the administration of the estate is substantially completed or (iv) the date that the estate acquires a vested interest in a further asset. The rate of interest paid for a kin claim within the limitation period is calculated using the Bank of England's Base Rates minus 10 points. Interest is paid net of income tax, currently set at 20%. Claims received after the Limitation Act period but within 30 years of death are currently dealt with on a discretionary basis subject to kin agreeing not to claim interest.

Payments to Companies on Restoration

Under Section 1024 (for administrative restorations) and section 1029 (for court restorations) of the Companies Act 2006, a company that has been dissolved may be restored to the Register within six years from the date of dissolution.

When a company is restored under section 1034 of the Companies Act 2006, the Bona Vacantia Division is required to pay to the restored company the amount of the value of the consideration received or, if no consideration was received, an amount equal to the value of the asset at the date of disposal.

Disclaimed Assets

Under section 1013 of the Companies Act 2006, the Treasury Solicitor, as the Crown's Nominee, may disclaim property vested in the Crown under section 1012 of the Act. Assets that are likely to be onerous are, generally, disclaimed. The Treasury Solicitor has three years to disclaim the property, which is reduced to one year on receipt of a specific request to disclaim from a member of the public. The effect of the disclaimer is that any assets are deemed, in law, never to have vested in the Crown's Nominee.

Vesting Orders

The most important exclusion from section 1012 is property held by a dissolved company on trust. Property held by a dissolved company on trust is not bona vacantia at all. The legal title may well vest in the Crown but not as bona vacantia. The result is that the Bona Vacantia Division cannot deal with it. If it can be shown that immediately before a company was dissolved it held property on trust, then it can be recovered by obtaining a Vesting Order under the Trustee Act 1925.

A company can hold property on trust because it has contracted to sell property but failed to execute a transfer or conveyance before dissolution. A trust may also arise when a company agrees to distribute its assets to its members but fails to do so prior to dissolution.

Discretionary Payments

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 those people for whom the deceased might reasonably have been expected to make provision. Discretionary payments are not recovered once paid, even in the event that entitled kin come forward after a discretionary payment has been made.

Where a company can be restored, restoration to the Register is the appropriate remedy to enable its property and rights to be reclaimed. However, it is recognised that restoration is not always an economic proposition. The Crown, therefore, currently makes 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 under different criteria.

All cases involving novel or contentious issues are referred to HM Treasury for approval.

Prompt Payment

Most case-related payments are for liabilities of a deceased person's estate which cannot be settled until such time as an administrator is appointed to administer the estate and sufficient assets of the estate have been collected to settle the liabilities. For case-related disbursements, payment is either made (i) in advance of the goods/services being provided (ii) on a Government Procurement Card at the point of purchase or (iii) on account. A small number of disbursements are paid once the goods/services have been provided.

Governance

Day to day responsibility for the system of internal control in the Bona Vacantia Division is delegated to the Head of Division. The Director in the post of Head of Division during 2010-11 was Zane Denton. Group leaders within the Bona Vacantia Division support the Head of the Division; and the Treasury Solicitor's Department's Director of Finance, Performance and Planning manages a discrete unit within his division that is responsible for the Crown's Nominee's payments, receipts, preparation of accounts and general financial assistance. The Head of the Bona Vacantia Division has in place systems for regular communication with all staff, including policy, operational and financial matters, and for informing them of new developments and key issues.

The Head of the Bona Vacantia Division is part of the Treasury Solicitor's Department's Senior Management Team and is subject to the Agency's wider control system. The Head of the Bona Vacantia Division is also a member of the Treasury Solicitor's Department's 'Board and Directors Forum'. Regular reports are provided to me as Chief Executive by the Bona Vacantia's Head of Division, with meetings arranged, as required, to discuss work priorities, progress against business plan targets and the steps being taken to manage risk. The Head of the Bona Vacantia Division is also required to provide an annual Director's Assurance Report reporting on activity during the year, the management of the resources allocated 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.

Looking Forward

In the next financial year, priorities for the Bona Vacantia Division will be: to continue to support delivery of the Treasury Solicitor's Department's "Towards 2012" strategy by (i) working to ensure that its client, HM Treasury, has confidence in how we handle bona vacantia and the value for money that the Bona Vacantia Division represents and (ii) developing the skills and expertise of staff; to continue to identify and develop new business areas, where appropriate; to continue to work with delivery partners to identify, collect and dispose of assets effectively; and to ensure that the file retention policy remains fit for purpose and that the number of files stored are kept to an absolute minimum.

External Audit

The Crown's Nominee Accounts are audited by the National Audit Office on behalf of the Comptroller and Auditor General. The notional audit fee is £48,000 in 2010-11 (£55,000 in 2009-10) and no further assurance or other advisory service has been provided by the NAO.

Provision of Information to Auditors

As the Crown's Nominee, 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 auditors are aware of that information.

Paul Jenkins
Treasury Solicitor and Crown's Nominee
20 May 2011

Statement of the Crown's Nominee's Responsibilities

The Accounts are to be prepared under an Accounts Direction of 17 April 2009 given by HM Treasury in accordance with sections 4 and 5 of the Treasury Solicitor Act 1876. For further information see the Statement of Accounting Policies.

In preparing the Accounts, the Crown's Nominee is required to:

- comply with the Accounts Direction issued by HM Treasury on 17 April 2009;
- comply with the Treasury Solicitor (Crown's Nominee) Rules 1997 (S.I. 1997 No. 2870);
- present to Parliament by 31 July every year the financial statements for the year ending on the preceding 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; and
- prepare the accounts on a going concern basis.

The responsibilities of the Crown's Nominee include responsibility for the propriety and regularity of public finances, for keeping proper records and safeguarding the Crown's Nominee's assets.

By agreement with HM Treasury, an amount is transferred to the Consolidated Fund each year, after retaining sufficient funds 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 Division's website. This responsibility includes accurate reproduction and maintenance of the annual audited Accounts that are made available to users of the website.

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 (Latin literally "vacant 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, which is made up of public funds, and whilst I am not appointed as the Accounting Officer, as defined by Managing Public Money, I am responsible for maintaining a sound system of internal control for the collection and disposal of bona vacantia as if I were. I exercise this system through my Bona Vacantia Division.

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 and impact of those risks being realised; and to manage them efficiently, effectively and economically. The system of internal control has been in place for the Bona Vacantia Division for the year ended 31 March 2011 and up to the date of the approval of those accounts and accords with guidance from HM Treasury.

Capacity to Handle Risk

Risks in the Bona Vacantia Division are related to the key targets and priority work areas set out in its Business Plan. Risk is managed by identifying and evaluating risks and appropriate control measures, which are set out in its Risk Register. All Bona Vacantia Division staff have access to the Risk Register, which is held on the shared network. As external third party fraud is the main risk, the Bona Vacantia Division has developed links with the Metropolitan Police and other delivery partners such as the Probate Registry and Land Registry. Risk and fraud awareness is also covered in the induction programme for new staff which forms part of their training.

The Head of the Bona Vacantia Division holds regular management meetings where new risks are identified and existing risks reviewed. The Bona Vacantia Division has adapted to changes to the risk environment by focussing on the recent move to applying accrual accounting procedures, potential for fraud and a huge increase in volume of both companies work and Freedom of Information work.

The Risk and Control Framework

Risk management is embedded in the activity of the Division. The system of control underpinning the Crown's Nominee Accounts is based on:

- a budget and business plan which defines priorities, key targets and accountability for delivery;
- systematic identification and management of risks through a Risk Register linked to the Business Plan;
- standardised processes and procedures set out in published guidelines, practice guides and internal desk instructions, supplemented by training events;
- segregation of duties, and the "four eyes" principles in key areas such as post opening, house searches and cheque and cash handling;
- the introduction of an invigilator to oversee post opening;
- detailed procedures for handling valuables and cheques received during post opening to account for all valuable items in a secure way and ensuring there is a clear audit trail;

- Divisional Standards on the handling and management of bona vacantia cases;
- 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 discretionary grants;
- a management information system, based on information from an electronic case management and finance system, which provides details of key performance indicators on a monthly basis;
- a Business Continuity Plan setting out arrangements for dealing with loss of infrastructure or IT;
- a Resource Accounting Project Board in place to improve in-year management accounting and the year end accounts production; and
- money laundering procedures that are applied on the sale of appropriate bona vacantia property.

Senior management meetings are used to identify, evaluate and control risks on an ongoing basis.

The Risk Register for 2010-11 identified the main risks as fraud, loss of infrastructure or IT, under capacity or overburdened staff, managing resources effectively and the secure handling of valuables. These risks continued to be addressed during the year and the action included:

- keeping under review measures to counter fraud, including links with the Metropolitan Police, and other delivery partners such as the Probate Registry and Land Registry, and publishing an anti-fraud statement on the Bona Vacantia Division's website;
- reviewing and updating the business continuity plan;
- identifying key areas of work, reviewing processes and devising an action plan to deal with high volumes of work;
- redistribution of staff to key work areas;
- devising and implementing new processes for handling valuables; and
- establishing a Resource Accounting Project Board to review progress in applying accrual accounting procedures and producing year end accounts.

These processes have not identified the need for any additional controls to mitigate the risk of fraud.

Information Security

A framework was implemented last year for handling data and to provide assurance over the management and security of information held with the Bona Vacantia Division. It included:

- the Head of Bona Vacantia Division having the role of Information Asset Owner for all information held by the Division;
- the Bona Vacantia Division identifying the information held and maintaining an Information Asset Control Register. Access to information is minimised whilst maintaining a balance between business needs and risk;
- instructions being provided to staff on the Treasury Solicitor's Department's and Bona Vacantia Division's data handling and security related policies, procedures for handling information, and a system in place to authorise and record any dispensation from compliance with those policies;
- all staff successfully completing the refresher training course in Protecting Information (Level 1); and
- incorporation of information risks within the risk management policy and process.

Review of Effectiveness

I am responsible for reviewing the effectiveness of the system of internal control in the Bona Vacantia Division. My review of such effectiveness is informed by the work of the executive managers in the Division, Accountability Review reports, Business Plan Review meetings, 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 Audit

The Internal Audit service, provided by audit staff of the Department for Communities and Local Government, provides me with independent assurance on the effectiveness of internal control arrangements in the Bona Vacantia Division. During the year ended 31 March 2011, Internal Audit made eight recommendations; of which six have been fully implemented and good progress is being made on addressing the remaining two.

Audit Committee

The Treasury Solicitor's Department's Audit Committee scrutinises and challenges the Department's control, risk and corporate governance systems, including those that operate in the Bona Vacantia 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 Accounts.

Business Plan Review and Accountability Review Meetings

I am provided with Business Plan Review reports from the Head of the Division every six months. Progress against Business Plan objectives and associated risks are reviewed. I hold Accountability Review meetings with the Head of the Division as required.

External Audit

External Audit scrutiny of the Crown's Nominee Accounts for the year ended 31 March 2010 resulted in six recommendations. The audit findings have been accepted and taken forward. All recommendations have been implemented.

Significant Control Issues

No significant control issues were identified during the year. In relation to the control issues identified last year, we have ensured that all cheques are now banked promptly in the Crown's Nominee Accounts. A list of unbanked cheques is produced each month including the date the cheques will become 'out of date'. This action has significantly minimised the risk of cheques becoming 'out of date'.

Paul Jenkins
Treasury Solicitor and Crown's Nominee
20 May 2011

Independent Auditor's Report to the Crown's Nominee

I have audited the financial statements of the Crown's Nominee for the year ended 31 March 2011. These comprise the Statement of Net Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Reserves and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Crown's Nominee and auditor

As explained more fully in the Statement of the Crown's Nominee's Responsibilities, the Crown's Nominee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Crown's Nominee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Crown's Nominee; and the overall presentation of the financial statements.

In addition, I read all the financial and non-financial information in the Foreword, the Statement of Crown's Nominee's Responsibilities and the Statement on Internal Control to identify material inconsistencies with the audited financial statements. If I became aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Crown's Nominee's affairs as at 31 March 2011 and of its net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Treasury Solicitor Act 1876 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or

- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Amanda Measures
For the Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
27 May 2011

Statement of Net Income
for the year ending 31 March 2011

	Notes	2010-11	2009-10
		£000	£000
Income	2	55,228	78,355
Expenditure			
Staff costs	3	(2,137)	(2,060)
Expenditure in relation to estates passing to the Crown under the Administration of Estates Act 1925	4	(23,632)	(17,032)
Expenditure arising from the realisation of property which belonged to dissolved companies and trusts which have failed or are no longer existing	4	(12,852)	(10,110)
Other expenditure	4	(1,846)	(1,958)
Total expenditure		(40,467)	(31,160)
Net Income		14,761	47,195

All income and expenditure is derived from continuing operations.

The notes on pages 16 to 23 form part of these accounts.

Statement of Financial Position
as at 31 March

		2011	2010
	Note	£000	£000
Current Assets			
Inventory	5	11,413	10,124
Trade and other receivables	6	6,472	7,395
Cash and cash equivalents	7	10,170	15,650
Total current assets		28,055	33,169
Current Liabilities			
Trade and other payables	8	(11,755)	(6,658)
Total current liabilities		(11,755)	(6,658)
Net current assets		16,300	26,511
Non-current liabilities			
Provisions	9	-	(20)
Total non-current liabilities		-	(20)
Assets less liabilities		16,300	26,491
Reserves			
Capital Reserve		14,722	25,461
Crown Share Reservation		1,578	1,030
Total Reserves		16,300	26,491

Paul Jenkins
Treasury Solicitor and Crown's Nominee
20 May 2011

The notes on pages 16 to 23 form part of these accounts

Statement of Cash Flows

for year ending 31 March 2011

	Notes	2010-11	2009-10
		£000	£000
Net cash flow from operating activities		14,761	47,195
Adjustments for non-cash transactions			
Use of provisions	9	(20)	(95)
Auditors' remuneration	4	48	-
(Increase) in inventory	5	(1,289)	(3,066)
Decrease/(increase) in trade and other receivables	6	923	(4,477)
Increase in trade and other payables	8	5,097	5,819
Net cash inflow from operating activities		19,520	45,376
Payments to the Consolidated Fund		(25,000)	(40,000)
(Decrease)/increase in cash in period	7	(5,480)	5,376
Cash and cash equivalents at the beginning of the period		15,650	10,274
Cash and cash equivalents at the end of the period		10,170	15,650

The notes on pages 16 to 23 form part of these accounts

Statement of Changes in Reserves

for year ending 31 March 2010

	Capital Reserve £000	Crown Share £000	Total Reserves £000
Balance at 1 April 2009	19,093	203	19,296
Surplus for the year	47,195	-	47,195
Payments to Consolidated Fund	(40,000)	-	(40,000)
Transfer to Crown Share Reservation	(827)	827	-
Balance at 31 March 2010	25,461	1,030	26,491

Statement of Changes in Reserves

for year ending 31 March 2011

	Notes	Capital Reserve £000	Crown Share £000	Total Reserves £000
Balance at 1 April 2010		25,461	1,030	26,491
Surplus for the year		14,761	-	14,761
Payments to Consolidated Fund		(25,000)	-	(25,000)
Non cash charges: auditors' remuneration	4	48	-	48
Transfer to Crown Share Reservation		(548)	548	-
Balance at 31 March 2011		14,722	1,578	16,300

Crown Share represents the monies retained by the Crown, as set out in the Royal Warrant, when making a discretionary payment. The reservation is five per cent retention of the net value of the estate or the value of the payment for the company's assets (in cases where the company can be restored). The retention is a form of insurance to protect the Crown in the event that, subsequent to the discretionary payment having been made, (i) kin come forward to claim the estate or (ii) the company, a member or a creditor restores the company to the register.

The notes on pages 16 to 23 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, HM 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 the Treasury Solicitor (Crown's Nominee) Rules 1997 (SI 1997 No 2870) emanating from the Act and with the 2010-11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted to the extent that it is meaningful and appropriate to public bodies.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Crown's Nominee Accounts for the purpose of giving a true and fair view has been selected. The Crown's Nominee Accounts accounting policies have been applied consistently in dealing with items considered material in relation to the Accounts.

1.1. Income

The sources of income are:

- the sums arising from the realisation of estates passing to the Crown under the Administration of Estates Act 1925;
- the 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; and
- the recovery of costs and disbursements incurred by the Crown.

Income is recognised when it is probable that any economic benefits associated with the items of bona vacantia will flow to the Crown's Nominee Account and these benefits can be measured reliably at fair value. Assets for which there is no ready market are valued at nil until realised.

1.2. Inventory

The Crown's Nominee receives assets from estates of deceased people and dissolved companies and trusts. These assets are normally converted into cash within a year. Non-cash assets are recorded as inventory at their estimated fair value until sold. Any movements in fair value are taken to the Statement of Net Income. Valuations are based on professional valuation reports, market prices or previous experience.

1.3. Expenditure

The categories of expenditure are:

- expenditure in relation to estates passing to the Crown under the Administration of Estates Act 1925;
- expenditure arising from the realisation of property which belonged to dissolved companies and trusts which have failed or are no longer existing; and
- administration expenditure primarily reflecting the charge made by the Treasury Solicitor's Department and the Crown Solicitor's Office for running the Bona Vacantia Division. The charges are calculated on a full cost recovery basis.

1.4. Crown Share Reservation

Crown Share

This term is used to represent a percentage retention as set out in the Royal Warrant (this may be waived under delegated or HM Treasury Authority) when a discretionary payment is made. The Crown's Nominee currently has delegated authority, from HM Treasury, to agree a waiver of up to £25,000.

Reservation

This is currently a 5% retention of the net value of the estate or the value of the payment for the company's assets (only in cases where the company can be restored) and is a form of insurance to protect the Crown, after a discretionary payment has been made, in the event that (i) kin come forward to claim the estate or (ii) the company, a member or a creditor restores the company to the register. The reservation is not taken where the net value of an estate is under £750 or where the discretionary payment for a companies case is under £750.

1.5. Transfer to the Consolidated Fund

By agreement with HM Treasury, on a date after the last day of January but no later than 14 March, there shall be transferred to the Consolidated Fund from the Crown's Nominee Account 85% of the net balance held in the bank at the end of January subject always to a balance of at least £5 million being retained in the bank for administration costs, kin payments, contingencies and creditors.

1.6. Contingent Liabilities

Under section 1013 of the Companies Act 2006 the Treasury Solicitor, as the Crown's Nominee, may disclaim property vested in the Crown under section 1012 of the Act. Some of this property is potentially onerous. The Treasury Solicitor has three years to disclaim, which is reduced to one year on receipt of a specific request to disclaim from a member of the public. However, there is a small risk that some property held by the Treasury Solicitor, in his capacity as Crown's Nominee, could give rise to third party claims. The risk arises primarily from un-disclaimed land, which it would be uneconomic to identify or evaluate. For this reason, the amount of any contingent liability is unquantifiable and is not shown in the Accounts.

1.7. Provisions

The Crown's Nominee provides for legal or constructive obligations which are of uncertain timing or amount at the reporting date on the basis of a best estimate of the expenditure required to settle the obligation.

1.8. Taxation

The Crown's Nominee is exempt from Income and Corporation Tax by way of his Crown exemption.

Where VAT is recoverable on its costs and charges, amounts are included net of VAT. Irrecoverable VAT is included in income and expenditure. The amount due to or from HM Revenue and Customs in respect of VAT is included within receivables or payables as appropriate.

1.9. Impending Application of Newly Issued Accounting Standards As Yet Not Effective

The Crown's Nominee provides disclosure in Note 14 that it has not yet applied a new accounting standard, and known or reasonable estimatable information relevant to assessing the possible impact that initial application of the new standard will have on the Crown's Nominee financial statements.

1.10. Capital Charge

The assets held by the Crown's Nominee are made up of cash balances held within accounts maintained by the Government Banking Services, where the cost of capital charge is nil. In accordance with HM Treasury's Fees and Charges Guide, a cost of capital charge is contained within the administration expenditure charged by the Treasury Solicitor's Department.

2. Income

	2010-11	2009-10
	£000	£000
2.1. Analysis by type		
Sums arising from the realisation of estates passing to the Crown under the Administration of Estates Act 1925	16,989	24,465
Sums arising from the realisation of property which belonged to dissolved companies and trusts which have failed or are no longer existing	36,178	52,101
Recovery of Crown costs	1,840	1,504
Disbursement receipts (Estates)	143	182
Disbursement receipts (Companies)	78	103
	<u>55,228</u>	<u>78,355</u>

2.2. Segmental information

Analysis by geographical location

	2010-11	2009-10
Income	£000	£000
England and Wales (excluding the Duchies of Cornwall and Lancaster)	54,415	77,305
Northern Ireland	813	1,050
	<u>55,228</u>	<u>78,355</u>
Surplus		
England and Wales (excluding the Duchies of Cornwall and Lancaster)	14,167	46,254
Northern Ireland	594	941
	<u>14,761</u>	<u>47,195</u>

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

3. Staff Numbers and Costs

3.1. Staff costs comprise:

	2010-11	2009-10
	£000	£000
Staff costs		
Permanent staff costs	2,076	2,001
Agency staff	61	59
Total staff costs	<u>2,137</u>	<u>2,060</u>

The permanent staff costs are gross costs, including National Insurance and pension contributions, and are reimbursed to the Treasury Solicitor's Department who make payment to staff and settle employee related liabilities on behalf of the Bona Vacantia Division.

3.2. Staff numbers

The average number of whole-time equivalent persons employed (including senior management) during the year was as follows.

	2010-11			2009-10		
	Permanent staff number	Other staff number	Total staff number	Permanent staff number	Other staff number	Total staff number
Bona Vacantia Division	49	2	51	46	2	48

The Bona Vacantia Division is a division of the Treasury Solicitor's Department.

4. Analysis of Non-staff Expenditure

Expenditure in relation to Estates under administration	2010-11 £000	2009-10 £000
Legal liabilities and debts of estates	1,584	2,151
Discretionary grants	930	1,547
Payments to kin	20,848	12,998
Disbursements	270	336
	23,632	17,032
Expenditure in relation to dissolved companies		
Legal liabilities	12,056	9,451
Discretionary grants	572	461
Disbursements paid	244	293
Non-Cash Costs		
Use of provisions	9	(95)
	12,852	10,110
Other expenditure		
Accommodation	795	522
Training	18	15
Administration costs*	922	1,361
Bank charges	4	5
Website payments	6	8
Systems administration	18	16
Compensation	-	7
General expenses	35	24
Non-Cash Costs		
Auditors' remuneration*	48	-
	1,846	1,958

*Administration costs for 2009-10, recovered by the Treasury Solicitor's Department, included the notional audit fee of £55,000. From 2010-11 onwards the notional audit fee will be recognised directly by the Crown's Nominee. The auditors' remuneration for 2010-11 represents the notional audit fee of £48,000.

The Crown's Nominee Accounts are audited by the National Audit Office on behalf of the Comptroller and Auditor General.

5. Inventory

	2010-11		2009-10	
	£000	£000	£000	£000
Estates passing to the Crown under the Administration of Estates Act 1925				
Freehold/leasehold property	5,487		5,515	
Goods, chattels and shares	<u>2,330</u>		<u>1,062</u>	
		7,817		6,577
Assets which belonged to dissolved companies and trusts which have failed or are no longer existing				
Freehold/leasehold property	3,514		3,546	
Goods, chattels and shares	<u>82</u>		<u>1</u>	
		3,596		3,547
		<u>11,413</u>		<u>10,124</u>

6. Trade Receivables and Other Current Assets

6.1 Analysis by type

Amounts falling due in one year

	2010-11 £000	2009-10 £000
Trade receivables in relation to estates under administration	3,308	3,858
Trade receivables in relation to dissolved companies	2,974	3,535
Prepayments	<u>190</u>	<u>2</u>
	<u>6,472</u>	<u>7,395</u>

The Crown's Nominee has no receivables falling due after more than one year.

6.2 Intra-government balances

	2010-11 £000
Balances with other central government bodies	96
Balances with local authorities	204
Balances with NHS Trusts	-
Balances with public corporations and trading funds	-
Sub total: intra-government balances	<u>300</u>
Balances with bodies external to government	<u>6,172</u>
	<u>6,472</u>

This note provides an analysis of the amounts owed to the Crown's Nominee by different groups of public sector bodies and bodies external to government. For estates receivables this includes, for example, refunds due to overpayment of council tax and rent. For companies receivables this will include, for example, refunds from HMRC in relation to VAT overpayments and refunds from local authorities for business rates overpayments. No data is available to provide the analysis for 2009-10.

7. Cash and Cash Equivalents

	2010-11	2009-10
	£000	£000
Balance at 1 April	15,650	10,274
Net cash (outflow)/inflow	<u>(5,480)</u>	<u>5,376</u>
Balance at 31 March	<u><u>10,170</u></u>	<u><u>15,650</u></u>

The following balances at 31 March were held at:

Balance held at the Royal Bank of Scotland and Citibank	10,157	15,272
Cash in hand	<u>13</u>	<u>378</u>
Balance at 31 March	<u><u>10,170</u></u>	<u><u>15,650</u></u>

Segmental analysis

	2010-11	2009-10
	£000	£000
England and Wales (excluding the Duchies of Cornwall and Lancaster)	8,581	14,677
Northern Ireland	<u>1,589</u>	<u>973</u>
Balance at 31 March	<u><u>10,170</u></u>	<u><u>15,650</u></u>

8. Trade Payables and Other Current Liabilities

8.1 Analysis by type

	2010-11	2009-10
	£000	£000
Trade payables in relation to estates under administration	10,557	5,854
Trade payables in relation to dissolved companies	758	508
VAT	79	70
Other taxation and social security	272	142
Accruals	<u>89</u>	<u>84</u>
	<u><u>11,755</u></u>	<u><u>6,658</u></u>

The Crown's Nominee has no payables falling due after more than one year.

8.2 Intra-government balances

	2010-11
	£000
Balances with other central government bodies	362
Balances with local authorities	66
Balances with NHS Trusts	12
Balances with public corporations and trading funds	<u>1</u>
Sub total: intra-government balances	<u>441</u>
Balances with bodies external to government	<u>11,314</u>
	<u><u>11,755</u></u>

This note provides an analysis of the amounts owed by the Crown's Nominee to different groups of public sector bodies and bodies external to government. For estates payables this includes, for example, amounts due for council tax, rent and pensions. For companies this includes, for example, amounts due to HMRC in relation to VAT. No data is available to provide the analysis for 2009-10.

9. Provisions for Liabilities and Charges

	2010-11	2009-10
	£000	£000
Balance at 1 April	20	115
Arising in the year	-	-
Write back of provision not required	(5)	(95)
Utilised in the year	(15)	-
Balance at 31 March	<u>-</u>	<u>20</u>

The provision has been calculated based on the best estimate of the liabilities associated with holding undisclaimed assets as at 31 March 2011 where a present obligation has arisen as a result of past events.

10. 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. There are no known contingent liabilities at the reporting date.

11. Related Party Transactions

The Treasury Solicitor is 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. The actual administration costs to 31 March 2011 are £3,803,073 (2009-10: £3,944,782) and to date, £3,990,000 has been paid (2009-10: £3,911,936). The Division has outstanding administration costs of £67,500 with the Crown Solicitor's Office (2009-10 £32,500). 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.

12. Compensation Payments

There are no compensation payments included within the Statement of Net Income to 31 March 2011 (2009-10: £7,049). Compensation payments relate to reimbursement or compensation made to those who incurred a loss during the administration of bona vacantia. The Treasury Solicitor has delegated authority from HM Treasury to make such payments up to £20,000 except in novel or contentious cases.

13. Financial Instruments

As the cash requirements of the Crown's Nominee are met from realised income from estates and companies, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy in non-financial items in line with the Bona Vacantia Division expected purchase and usage requirements. Financial assets and liabilities vested in the Crown are not held to change the risk facing the Division in undertaking its activities and the Division is, therefore, exposed to little credit, liquidity or market risk. The Bona Vacantia Division is shielded from the risk of financial instruments since there is no cost associated with the financial instruments it holds.

14. Impending Application of Newly Issued Accounting Standards Not Yet Effective

The Crown's Nominee has reviewed the IFRSs in issue but not yet effective, to determine if it needs to make any disclosure in respect of those new IFRSs that are or will be applicable. Reference to 'new IFRSs' includes new Interpretations and any new amendments to IFRSs and Interpretations. It has been determined that the following new IFRS is relevant to the Crown's Nominee, but will have no significant impact on the Crown's Nominee financial statements.

New IFRS

- IFRS 9 – set to replace IAS 39 Financial Instruments

Major FReM Changes for 2011-12

The Crown's Nominee has reviewed major changes to FReM for 2011-12 and determined that none of the changes would have an impact on the Crown's Nominee financial statements.

15. Events after the Reporting Period

There were no events after the reporting date that would have a material impact on the 2010-11 financial statements. In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate of the Comptroller and Auditor General.



information & publishing solutions

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

Online

www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-Call 0845 7 023474

Fax orders: 0870 600 5533

E-mail: customer.services@tso.co.uk

Textphone: 0870 240 3701

The Parliamentary Bookshop

12 Bridge Street, Parliament Square

London SW1A 2JX

Telephone orders/General enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: bookshop@parliament.uk

Internet: <http://www.bookshop.parliament.uk>

TSO@Blackwell and other Accredited Agents

Customers can also order publications from:

TSO Ireland

16 Arthur Street, Belfast BT1 4GD

Tel 028 9023 8451 Fax 028 9023 5401

ISBN 978-0-10-297208-5

