

**QUEEN'S AND LORD TREASURER'S REMEMBRANCER
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR
ENDED 31 MARCH 2010**

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Queen's and Lord Treasurer's Remembrancer
Accounts for the year ended 31 March 2010

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2010**

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QUEEN'S AND LORD TREASURER'S REMEMBRANCER

ANNUAL REPORT

For the year ended 31 March 2010

Introduction

Basis of Accounts

1. These accounts have been prepared in accordance with the Scottish Public Finance Manual ("SPFM") and the accounts direction issued under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000. The accounts direction is reproduced at page 16 to these accounts.

Service Accounting Boundary

2. These accounts reflect the receipts and payments of the Queen's Lord Treasurer's Remembrancer (QLTR). A separate set of accounts is produced for the Crown Office and Procurator Fiscal Service (COPFS), which is a separate organisation with a separate Accountable Officer, but shares the same Audit Committee as QLTR.

Background

3. The post of Queen's and Lord Treasurer's Remembrancer is an amalgamation, under the Public Revenues (Scotland) Act 1833, of the posts of King's Remembrancer and Lord Treasurer's Remembrancer, established in 1707. The Queen's and Lord Treasurer's Remembrancer carried out the functions of revenue collection, financial administration of Scottish criminal courts and payment of judicial and legal adviser salaries. Over time, these functions were transferred to other officers and now, the remaining functions of the Queen's and Lord Treasurer's Remembrancer relate to *ultimus haeres* estates, the administration of treasure trove, assets of dissolved companies and other ownerless goods ("bona vacantia").

Principal Activities

4. Principal activities are – (1) administration of estates which have fallen to the Crown as *ultimus haeres* – ingathering funds, paying debts, disposing of heritage and advertising (where appropriate) for blood relatives; (2) disposing of *bona vacantia* falling to the Crown either under the Companies Acts or the property of missing persons or where an owner cannot be identified; (3) administration of treasure trove finds, ingathering award payments and making payments to finders.

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Governance

Senior Officers

5. The Queen's and Lord Treasurer's Remembrancer is a Non-Ministerial office-holder, appointed by HM The Queen. Since 22nd February 2010 this post has been held by Catherine Dyer, the Crown Agent and Chief Executive of the Crown Office and Procurator Fiscal Service, ex officio. Between 1st April 2009 and 21st February 2010 the post was held by Norman McFadyen CBE. Peter Collings (Deputy Chief Executive of the Crown Office and Procurator Fiscal Service) is the Accountable Officer for the Queen's and Lord Treasurer's Remembrancer. Details of their remuneration and pension arrangements are disclosed in the accounts of the Crown Office and Procurator Fiscal Service.

Staff

6. The staff of the Queen's and Lord Treasurer's Remembrancer are on secondment either from the Crown Office and Procurator Fiscal Service or the Scottish Government.

Audit Committee

7. The Queen's and Lord Treasurer's Remembrancer has an Audit Committee, which is chaired by and whose members are all, Non-Executive Members. The Audit Committee supports the Accountable Officers (COPFS and QLTR) in their responsibilities for issues of risk, control and governance over their respective budgets. This includes reviewing the comprehensiveness of assurances in meeting the Accountable Officer's assurance needs and reviewing the reliability and integrity of these assurances. In formal terms, the Audit Committee reports annually to the overarching Scottish Government Audit Committee (SGAC). The Audit Committee has three Non-Executive Members, one of whom is elected as Chair. The audit committee met on:

- 14 May 2009
- 5 October 2009
- 7 December 2009
- 22 February 2010

MANAGEMENT COMMENTARY

Aim and Objectives

8. To achieve effective administration of the Queen's and Lord Treasurer's Remembrancer functions so that public enquiries and transactions are promptly and satisfactorily dealt with.

Financial Performance

9. The Queen's and Lord Treasurer's Remembrancer had net receipts from operations in 2009-10 of £4.17m (2008-09: £3.47m), £3.82 net of operating costs. In 2009-10, £3.48m was paid to the Scottish Consolidated Fund.

Disposal of Assets

10. Disposal of assets falling to the Crown either at common law or statute in a manner generally consistent with the Scottish Public Finance Manual, for the benefit of the Scottish Consolidated Fund.

Post-Balance Sheet Events

11. There are no post-balance sheet events to report.

Policies

Employee Policies

12. The Queen's and Lord Treasurer's Remembrancer's does not have its own policies on the employment of people with disabilities, staff relations or equal opportunities but follows the practices and policies followed by the Crown Office and Procurator Fiscal Service. These are set out in the annual report and accounts of that Service.

Payment policy

13. The Queen's and Lord Treasurer's Remembrancer requires that all suppliers' invoices not in dispute are paid within the terms of the relevant contract. The Queen's and Lord Treasurer's Remembrancer aims to pay 100% of invoices, including disputed invoices once the dispute has been settled on time in these terms. During the year ended 31 March 2010 98.1% (2008-09 97.3%) of invoices were paid within the terms of its payment policy. No interest was paid under the terms of the Late Payment of Commercial Debt (Interest) Act.

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Auditors

14. The accounts of the Queen's and Lord Treasurer's Remembrancer are audited by auditors appointed by the Auditor General for Scotland. KPMG LLP carried out the audit of the Queen's and Lord Treasurer's Remembrancer accounts for the financial year ended 31 March 2010. The fees payable are disclosed in note 6 to the accounts.

Disclosure of information to auditors

15. As Accountable Officer, as far as I am aware, there is no relevant information of which the Queen's and Lord Treasurer's Remembrancer's auditors are unaware. I have taken all reasonable steps that ought to have been taken to make myself aware of any relevant audit information and to establish that the Queen's and Lord Treasurer's Remembrancer's auditors were aware of that information.

Accountable Officer: P. S. Collings

Date: 27 July 2010

STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

In accordance with an accounts direction issued under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 the Queen's and Lord Treasurer's Remembrancer is required to prepare accounts for each financial year detailing the receipts and payments made during the year and a summary note of balances held.

The accounts are prepared on a receipts and payments basis and must properly present the receipts and payments during the year.

The Deputy Chief Executive at the Crown Office and Procurator Fiscal Service is the Accountable Officer responsible for preparing the accounts and transmitting them to the Auditor General for Scotland. The Deputy Chief Executive was appointed as the Accountable Officer of the Queen's and Lord Treasurer's Remembrancer by the Principal Accountable Officer for the Scottish Government.

In preparing the accounts the Accountable Officer is required to comply with the Scottish Public Finance Manual and in particular to:

- observe the accounts direction including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts; and
- prepare the accounts on a receipts and payments basis.

The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which an Accountable Officer is answerable, for keeping proper records and for safeguarding the Queen's and Lord Treasurer's Remembrancer's assets, are set out in the *'Memorandum to Accountable Officers'* from the Principal Accountable Officer.

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As Accountable Officer for the Queen's and Lord Treasurer's Remembrancer I have responsibility for maintaining a sound system of internal control which supports the achievement of the Queen's and Lord Treasurer's Remembrancer's policies, aims and objectives, as set by Scottish Ministers, whilst safeguarding the public funds and the Queen's and Lord Treasurer's Remembrancer's assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling of public funds. It is mainly designed to ensure compliance with statutory and parliamentary requirements, promote value for money and high standards of propriety, and secure effective accountability and good systems of internal control.

The Purpose of the System of Internal Control

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the Queen's and Lord Treasurer's Remembrancer's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The general principles for a successful risk management strategy are set out in the SPFM.

The process within the Queen's and Lord Treasurer's Remembrancer accords with the guidance from the Scottish Ministers and has been in place for the year ended 31 March 2010 and up to the date of approval of the annual accounts.

The Risk and Control Framework

The Queen's and Lord Treasurer's Remembrancer operates risk management strategies in accordance with the SPFM. The risk management procedures were reviewed by KPMG in 2009.

The Queen's and Lord Treasurer's Remembrancer is committed to a process of continuous development and improvement as we continue to develop our systems and respond to developments in best practice in this area.

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Review of Effectiveness

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- the work of the internal auditors, who submit reports which include Internal Audit's independent opinion on the adequacy and effectiveness of the systems of internal control together with recommendations for improvement;
- comments made by the external auditors in their management letter and other reports;
- reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key objectives.

Appropriate action is in place to address any weaknesses identified and to ensure the continuous improvement of the system.

Accountable Officer: P. S. Collins

Date: 27 July 2010

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**INDEPENDENT AUDITORS' REPORT TO THE QUEEN'S AND LORD
TREASURER'S REMEMBRANCER, THE AUDITOR GENERAL FOR
SCOTLAND AND THE SCOTTISH PARLIAMENT**

We have audited the receipts and payments account and summary note of balances held of the Queen's and Lord Treasurer's Remembrancer for the year ended 31 March 2010 under the Public Finance and Accountability (Scotland) Act 2000. The receipts and payments account and summary note of balances held have been prepared under the accounting policies set out within them.

This report is made solely to the Queen's and Lord Treasurer's Remembrancer and to the Auditor General for Scotland, in accordance with sections 21 and 22 of the Public Finance and Accountability (Scotland) Act 2000. Our audit work has been undertaken so that we might state to those two parties those matters we are required to state to them in an auditor's report and for no other purpose. In accordance with the Code of Audit Practice approved by the Auditor General for Scotland, this report is also made to the Scottish Parliament, as a body. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Queen's and Lord Treasurer's Remembrancer and the Auditor General for Scotland, for this report, or for the opinions we have formed.

**Respective responsibilities of the Queen's and Lord Treasurer's Remembrancer, the
accountable officer and auditors**

The Queen's and Lord Treasurer's Remembrancer and the accountable officer are responsible for the preparation of the receipts and payments account and summary note of balances held in accordance with the direction dated 2 March 2007 by the Scottish Ministers under section 19 (4) of the Public Finance and Accountability (Scotland) Act 2000. These responsibilities are set out in the statement of accountable officer's responsibilities.

Our responsibility is to audit the receipts and payments account and summary note of balances held in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

We report to you our opinion as to whether the receipts and payments account and summary note of balances held properly present the receipts and payments during the year ended 31 March 2010 and whether they have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. We report to you whether, in our opinion, the information which comprises the management commentary included with the Annual Report and Accounts, is consistent with the receipts and payments account and summary note of balances held.

In addition, we report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We review whether the Statement on Internal Control reflects the Queen's and Lord Treasurer's Remembrancer's compliance with the Scottish Government's guidance, and we report if, in our opinion, it does not. We are not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the body's corporate governance procedures or its risk and control procedures.

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We read other information contained in the Annual Report and Accounts and consider whether it is consistent with the audited receipts and payments account and summary note of balances held. This other information comprises only the management commentary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the receipts and payments account and summary note of balances held. Our responsibilities do not extend to any other information.

Basis of audit opinion

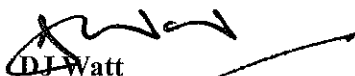
We conducted our audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the receipts and payments account and summary note of balances held. It also includes an assessment of the significant estimates and judgements made by the Queen's and Lord Treasurer's Remembrancer and accountable officer in the preparation of the receipts and payments account and summary note of balances held, and of whether the accounting policies are most appropriate to the body's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the receipts and payments account and summary note of balances held are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the receipts and payments account and summary note of balances held.

Opinion

In our opinion:

- the receipts and payments account and summary note of balances held of the Queen's and Lord Treasurer's Remembrancer properly present the receipts and payments during the year ended 31 March 2010;
- the receipts and payments account and summary note of balances held of the Queen's and Lord Treasurer's Remembrancer have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- information which comprises the management commentary included with the Annual Report and Accounts is consistent with the receipts and payments account and summary note of balances held.


DJ Watt

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
29 July 2010

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RECEIPTS AND PAYMENTS ACCOUNT

	2009-10	2009-10	2008-09	2008-09
	£' 000	£' 000	£' 000	£' 000
Receipts				
Bona Vacantia & Ultimus Haeres	6,895		6,046	
Treasure Trove	<u>13</u>		<u>25</u>	
Total Receipts		6,908		6,071
Payments				
Meeting debts and obligations of estates, including discretionary payments	(2,727)		(2,581)	
Treasure Trove payments	<u>(13)</u>		<u>(25)</u>	
Total Payments		<u>(2,740)</u>		<u>(2,606)</u>
Net receipts from operations		4,168		3,465
Administrative Costs				
Staff Costs (Note 2)	(186)		(198)	
Office & administration costs (Note 3)	(137)		(31)	
Case related costs	<u>(25)</u>		<u>(19)</u>	
		<u>(348)</u>		<u>(248)</u>
Net Receipts		3,820		3,217
Payments to the Scottish Consolidated Fund		(3,484)		(2,610)
Total Net Receipts		<u>336</u>		<u>607</u>

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SUMMARY NOTE OF BALANCES HELD AT 31 MARCH 2010

	Liabilities	Assets	Liabilities	Assets
	2009-10	2009-10	2008-09	2008-09
	£'000	£'000	£'000	£'000
Paymaster General	-	7,871	-	7,535
Crown Share Account	3,012	-	3,198	-
Sundry Estate	5,019	160	4,337	-
	<u>8,031</u>	<u>8,031</u>	<u>7,535</u>	<u>7,535</u>

Accountable Officer: *P. S. Callings*

Date: *27 July 2010*

Notes to the accounts

1. Statement of Accounting Policies

In accordance with the accounts direction issued by the Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 these accounts have been prepared in compliance with the relevant principles and disclosure requirements of the Scottish Public Finance Manual. The particular accounting policies adopted by the Queen's and Lord Treasurer's Remembrancer are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts are prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of properly presenting the expenditure and receipts in accordance with the principles, set out in FRS 18 *Accounting Policies*.

1.1 Accounting Convention

These accounts have been prepared in accordance with the historic cost convention. As in previous years, income and expenditure are recognised on the basis of cash received and paid out.

1.2 Basis of Accounting

These accounts reflect the receipts and payments and a summary of the balances held for the year of the Queen's and Lord Treasurer's Remembrancer.

1.3 Tangible Fixed Assets

The only tangible assets utilised by the Queen's and Lord Treasurer's Remembrancer are computer equipment and these are accounted for by the Crown Office and Procurator Fiscal Service.

1.4 Receipts

Receipts arise from the engathering of funds in relation to *ultimus haeres* estates and disposal of heritable assets of such estates, and disposal of assets which fall to the Crown under the Companies Acts or the common law which can include both heritable and moveable property. A contingency fund of £2.0 million is kept to cover potential liabilities. Thereafter, the remaining net receipts are surrendered quarterly to the Scottish Consolidated Fund.

1.5 Payments

Payments are analysed between staff and office administration costs which reflect the costs of running the Queen's Lord and Treasurer's Remembrancer, and case related costs which represent those outlays which are necessary in order to progress case work.

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1.6 Foreign Exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction.

1.7 Pensions

As per paragraph 6 of the Annual Report, the Crown Office and Procurator Fiscal Service and the Scottish Government are the employers for Queen's and Lord Treasurer's Remembrancer staff. The costs pertaining to these staff are recharged to the Queen's and Lord Treasurer's Remembrancer and the superannuation costs are included at note 2.

1.8 Value Added Tax (VAT)

The majority of services provided by the Queen's and Lord Treasurer's Remembrancer fall outwith the scope of VAT. The Queen's and Lord Treasurer's Remembrancer is not separately registered for VAT but recovers VAT on certain contracted-out services via the Crown Office and Procurator Fiscal Service.

2. Staff Numbers and Costs

Total staff costs for the Queen's and Lord Treasurer Remembrancer were split as follows:

	2009/10 £000	2008/09 £000
Salaries and Wages	143	149
NI	15	14
Superannuation	<u>28</u>	<u>35</u>
Total	<u>186</u>	<u>198</u>

The average number of whole-time equivalent staff employed by the Queen's and Lord Treasurer Remembrancer was 6.0 (2008/09 5.8).

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3. Office and Administration Costs

	2009/10 £000	2008/09 £000
Travel & Subsistence	3	1
Advertising	1	1
Telecommunications	1	2
Practising Certificates & Publications	1	2
Accommodation	91	0
Equipment Hire & Maintenance	18	15
Printing & Stationery	6	9
Consultancy	9	0
Other Staff & Office Costs	<u>7</u>	<u>1</u>
Total	<u>137</u>	<u>31</u>

4. Losses

	2009/10 £000	2008/09 £000
Losses - none (2008/09 1 case)	-	60
Special Payments	-	-

There were no individual losses of more than £250,000 in either year.

5. Related Party Transactions

The Crown Office and Procurator Fiscal Service, which is headed by the Queen's and Lord Treasurer's Remembrancer in her capacity as Crown Agent, processes administrative payments on behalf of the Queen's and Lord Treasurer's Remembrancer. The Crown Office and Procurator Fiscal Service then recharge the Queen's and Lord Treasurer's Remembrancer for all payments made on their behalf. None of the Senior Officers or staff entered into transactions with the Queen's and Lord Treasurer's Remembrancer during the year.

6. Audit fee

The following fees were payable to the auditors for services provided during the year.

	2009/10 £	2008/09 £
Notional Fee to audit these accounts	3,800	3,800
Other services – advisory	-	10,235

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Queen's & Lord Treasurer's Remembrancer

DIRECTION BY THE SCOTTISH MINISTERS

in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000

1. An account of the Queen's & Lord Treasurer's Remembrancer for the year ended 31 March 2007 and subsequent years shall be prepared, in the form of an Annual Report, and shall include a receipts and payments account and a summary note of balances held.
2. The accounts shall comply with the relevant accounting principles and disclosure requirements of the edition of the Scottish Public Finance Manual in force for that period.
3. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers

D A Stewart
Acting Director of Finance

Dated 2 March 2007