



**QUEEN'S AND LORD TREASURER'S REMEMBRANCER
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR
ENDED 31 MARCH 2011**

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Queen's and Lord Treasurer's Remembrancer
Accounts for the year ended 31 March 2011

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ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH
2011**

LIST OF CONTENTS

Page

Annual Report	2
Management Commentary	4
Statement of Accountable Officer's Responsibilities	6
Statement on Internal Control	7
Independent Auditors' Report	9
Receipts and Payment Account	11
Summary Note of Balances Held	12
Notes to the Accounts	13
Direction by the Scottish Ministers	17

QUEEN'S AND LORD TREASURER'S REMEMBRANCER

ANNUAL REPORT

For the year ended 31 March 2011

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 17 to these accounts.

Service Accounting Boundary

2. These accounts reflect the receipts and payments of the Queen's and 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 and Risk 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.

Queen's and Lord Treasurer's Remembrancer
Accounts for the year ended 31 March 2011

Governance

Senior Officers

5. The Queen's and Lord Treasurer's Remembrancer is a Non-Ministerial office-holder, appointed by HM The Queen. This post is held by Catherine Dyer, the Crown Agent and Chief Executive of the Crown Office and Procurator Fiscal Service, ex officio. 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 and Risk Committee, which is chaired by and whose members are all, Non-Executive Members. The Audit and Risk 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 and Risk Committee reports annually to the overarching Scottish Government Audit Committee (SGAC). The Audit and Risk Committee has three Non-Executive Members, one of whom is elected as Chair. The Audit and Risk committee met on:

- 2 June 2010;
- 12 July 2010;
- 28 January 2011; and
- 25 March 2011.

Queen's and Lord Treasurer's Remembrancer
Accounts for the year ended 31 March 2011

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 2010-11 of £5.3m (2009-10 of £4.17m). Net receipts after all payments and administration costs were £4.82m. In 2010-11, £2.59m was paid to the Scottish Consolidated Fund.

Disposal of Assets

10. Disposal of assets falling to the Crown either at common law or statute is 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 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 the Crown Office and Procurator Fiscal 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 have 100% of invoices paid, including disputed invoices once the dispute has been settled, on time in these terms. Suppliers' invoices are paid by the Crown Office and Procurator Fiscal Service who then recharge the Queen's and Lord Treasurer's Remembrancer (see Note 6). During the year ended 31 March 2011 98.5% (2009-10 98.1%) 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.

Queen's and Lord Treasurer's Remembrancer
Accounts for the year ended 31 March 2011

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 2011. The fees payable are disclosed in note 7 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.

P. S. Collings

Accountable Officer:

Date: *4 July 2011*

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 2011 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 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.

Queen's and Lord Treasurer's Remembrancer
Accounts for the year ended 31 March 2011
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. Callings

Date:

4 July 2011

Queen's and Lord Treasurer's Remembrancer
Accounts for the year ended 31 March 2011

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

We have audited the accounts of the Queen's and Lord Treasurer's Remembrancer for the year ended 31 March 2011 set out on pages 11 to 16. The financial reporting framework that has been applied in their preparation is the direction dated 2 March 2007 by the Scottish Ministers under section 19 (4) of the Public Finance and Accountability (Scotland) Act 2000.

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 Accountable Officer and auditor

As explained more fully in the Statement of the Accountable Officer's Responsibilities set out on page 6, the Accountable Officer is responsible for the preparation of the accounts 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. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosure in the accounts sufficient to give reasonable assurance that the receipts and payments account and summary note of balances are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the receipts and payments account and summary note of balances. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts of the Queen's and Lord Treasurer's Remembrancer for the year ended 31 March 2011 have been properly prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Queen's and Lord Treasurer's Remembrancer
Accounts for the year ended 31 March 2011

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

**Opinion on other matters prescribed by the Public Finance and Accountability (Scotland)
Act 2000**

In our opinion the information given in the Management Commentary included in the Annual Report and Accounts for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Public Finance and Accountability (Scotland) Act 2000 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the accounts to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Statement on Internal Control does not comply with Scottish Government guidance.



S Reid

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Saltire Court, 20 Castle Terrace

Edinburgh, EH1 2EG

4 July 2011

Queen's and Lord Treasurer's Remembrancer
Accounts for the year ended 31 March 2011

RECEIPTS AND PAYMENTS ACCOUNT

	2010-11 £' 000	2010-11 £' 000	2009-10 £' 000	2009-10 £' 000
Receipts				
Bona Vacantia & Ultimus Haeres	7,907		6,895	
Treasure Trove	<u>17</u>		<u>13</u>	
Total Receipts		7,924		6,908
Payments				
Meeting debts and obligations of estates, including discretionary payments	(2,583)		(2,727)	
Treasure Trove payments	<u>(17)</u>		<u>(13)</u>	
Total Payments		<u>(2,600)</u>		<u>(2,740)</u>
Net receipts from operations		5,324		4,168
Administrative Costs				
Staff Costs (Note 2)	(338)		(186)	
Office & administration costs (Note 3)	(140)		(137)	
Case related costs	<u>(31)</u>		<u>(25)</u>	
		<u>(509)</u>		<u>(348)</u>
Net Receipts		4,816		3,820
Payments to the Scottish Consolidated Fund		(2,587)		(3,484)
Total Net Receipts		<u>2,229</u>		<u>336</u>

Queen's and Lord Treasurer's Remembrancer
Accounts for the year ended 31 March 2011

SUMMARY NOTE OF BALANCES HELD AT 31 MARCH 2011

	Liabilities	Assets	Liabilities	Assets
	2010-11	2010-11	2009-10	2009-10
	£'000	£'000	£'000	£'000
Paymaster General	-	10,100	-	7,871
Crown Share Account	2,707	-	3,012	-
Sundry Estate	7,570	177	5,019	160
	<u>10,277</u>	<u>10,277</u>	<u>8,031</u>	<u>8,031</u>

Accountable Officer: *P. S. Callings*

Date: *4 July 2011*

Queen's and Lord Treasurer's Remembrancer
Accounts for the year ended 31 March 2011

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 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.

Queen's and Lord Treasurer's Remembrancer
Accounts for the year ended 31 March 2011

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:

	2010/11 £'000	2009/10 £'000
Salaries and Wages	277	143
NI	20	15
Superannuation	<u>41</u>	<u>28</u>
Total	<u>338</u>	<u>186</u>

The average number of whole-time equivalent staff employed by the Queen's and Lord Treasurer's Remembrancer was 6.0 in 2010-11 (2009-10 6.0). The staff costs for 2010-11 include an additional 3.6 whole-time equivalent staff employed by the Crown Office and Procurator Fiscal Service in the National Ultimus Haeres Unit in Glasgow, but the staff costs for whom are now funded by the Queen's and Lord Treasurer Remembrancer.

Queen's and Lord Treasurer's Remembrancer
Accounts for the year ended 31 March 2011

3. Office and Administration Costs

	2010/11 £'000	2009/10 £'000
Travel & Subsistence	3	3
Advertising	1	1
Telecommunications	1	1
Practising Certificates & Publications	2	1
Accommodation	83	91
Equipment Hire & Maintenance	20	18
Printing & Stationery	6	6
Consultancy	8	9
Other Staff & Office Costs	16	7
Total	<u>140</u>	<u>137</u>

4. Losses

	2010/11 £'000	2009/10 £'000
Losses - none	-	-
Special Payments	-	-

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

5. Contingent Liabilities

The Queen's and Lord Treasurer's Remembrancer receives claims for which, due to their nature, no figure can be disclosed. These payments are accounted for when the payments are made.

6. 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.

Queen's and Lord Treasurer's Remembrancer
Accounts for the year ended 31 March 2011

7. Audit fee

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

	2010/11	2009/10
Notional Fee to audit these accounts	3,800	3,800
Other services – advisory		-

Queen's and Lord Treasurer's Remembrancer
Accounts for the year ended 31 March 2011



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